

<b>Committee</b>	<b>Dated:</b>
Procurement Sub Committee	9 June 2021
<b>Subject:</b> City Procurement Risk Management – Quarterly Report June 2021	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Information</b>
<b>Report author:</b> Darran Reid, City Procurement, Chamberlain's Nicholas Richmond-Smith, City Procurement, Chamberlain's	

### Summary

This report provides Procurement Sub Committee with an overview of the management of risks faced by City Procurement. Risk is reviewed regularly by the Senior Management Team within City Procurement as part of the ongoing management of the service.

The City Procurement team currently has four service-level risks on its risk register. These risks are broken down under the RAG rating of one RED and three AMBER.

The Senior Management Team continues to monitor closely the progress being made to mitigate these risks.

### Recommendation

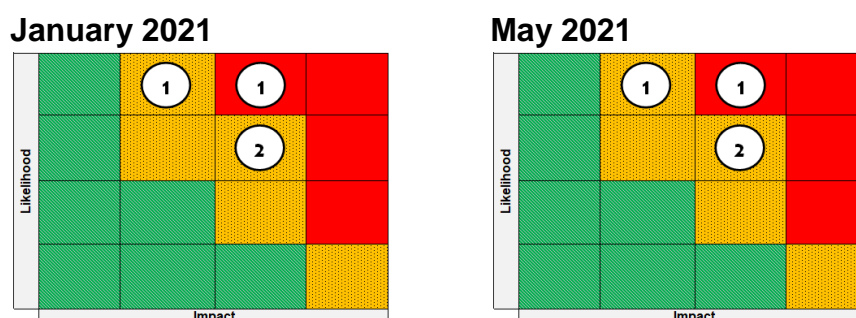
Members are asked to note the report and the actions taken by the City Procurement team to monitor and manage risks arising from our operations.

### Main Report

#### Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Departmental risks from City Procurement are included in a quarterly report to Finance Committee.
2. This paper is a summary of all risks identified by City Procurement including service level risks that are not typically reported to Finance Committee as part of the required departmental risk report.
3. City Procurement's risk management is reviewed on a monthly basis at Senior Management Team (SMT) meetings. Consideration is also given as to whether there are any emerging risks for inclusion in the risk register within each section within City Procurement and updates on key issues from each of the Assistant Directors, ensuring that adequate consideration is given to each risk.

4. Risk and control owners are regularly consulted regarding the risks for which they are responsible, with updates captured accordingly.
5. City Procurement risks as depicted by heat maps:



### Summary of Risks

6. City Procurement currently has four service-level risks on its risk register attached as Appendix 1. There is currently one RED and three AMBER. In order of risk rating, the City Procurement's risk register includes:

#### **CHB CP012 – City Procurement Budget Pressure 2021/22 (Current Risk: Red)**

7. The approved budget for City Procurement for 2021/22 projects total expenditure at £3,095,000. The budget includes for a vacancy allowance of £71,000, unidentified savings of £348,000, and income of £376,000. The total local risk budget is £2,300,000.
8. Mitigations being applied by City Procurement SMT include the holding of vacancies, and officers are seeking to maximise income, in order to fund the deficit of £795,000.
9. The assistant directors will provide a progress report in July 2021, when the period monitoring report for Q1 is finalised.

#### **CHB CP011 – City Procurement Resource Pressure (Current Risk: Amber)**

10. A reduction in City Procurement resources due to the year-on-year savings requirement and the existing moratorium on filling vacancies has left little-to-no capacity to respond to emerging/unplanned projects without impacting service KPIs.
11. The Sourcing & Category Management teams are currently carrying four vacant or frozen positions, Accounts Payable three frozen positions, Procurement Policy & Compliance two vacant positions and the Commercial Contract Management team has one vacant role. Sourcing and Category Management will look to cover some of the vacant or frozen roles following discussion with the Chamberlain.
12. There continue to be emerging priorities for the business which require additional resource that City Procurement does not have, for example, work to support Climate action consultancy. Whilst unplanned activities are reviewed on an

individual basis for options to ease this pressure, resource cannot currently meet demand.

13. For the medium-to-long term, SMT has been reviewing the governance and operational set up of the Category Management and CCM teams. This is to fit with the objectives of City Procurement Strategy 2020 and will be aligned to the core principles of the Target Operating Model.
14. The target date has been updated to March 2022 as the resource pressure is expected to last through the next financial year.

**CHB CP004 – City accelerate delays and impact on income levels (Current Risk: Amber)**

15. City Accelerate uptake has not been as projected. The Assistant Director (AD), Commercial Contract Management, met with our commercial partner to discuss terms of a mutual exit. A mutual exit agreement has not been agreed upon, but the AD will be working to rebase the projected savings based solely on contracts that qualify i.e. non-grant/concession/income Services and Goods.

**CHB CP009 – Monitoring Corporate Contract Spend (Current Risk: Amber)**

16. The CCM team are taking steps to mitigate the risks arising from incomplete data on contract expenditure. The Assistant Director of the CCM team, working closely with the Chamberlain's Oracle team, identified a systems-based solution that will allow contract managers and City Procurement to track contract spend accurately reducing the process to a single point failure at the requisitioner level. The development order will be issued in June 2021 with a target to trial Category A contracts in the new financial year.

**Conclusion**

17. Members are asked to note the actions taken to manage risks in relation to the operations of City Procurement.

**Appendices**

- Appendix 1 - City Procurement Risk Register May 2021

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