

Committee(s)	Dated:
Procurement Sub Committee	15 July 2021
Subject: City Procurement Quarterly Progress Report (July 2021)	Public
Report of: The Chamberlain	For Information
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Summary

The report updates Members on the work of City Procurement, key performance indicators and areas of progress.

Performance for 2020/21 financial year is summarised below:

- Procurement savings at end of March 2021 were £15.9m, made up of £3.1m Commercial Contract Management savings and £12.8m Sourcing & Category Management savings.
- Purchase order compliance was 98% (target of 97%).
- 92% of all supplier invoices were paid within 30 days (target of 97%).
- 86% of SME invoices were paid within 10 working days (target of 88%).
- Non-compliant waivers over £50k:
 - Nine non-compliant waivers over £50,000 totalling £770,371.24
 - Four of the nine non-compliant waivers were Procurement Code Breaches totalling £283,291.24

Recommendations

- Members are asked to note the report.

Main Report

Background

1. City Procurement has four main functions: Category Management/Sourcing, Commercial Contract Management, Accounts Payable, and Policy & Compliance. This report provides an update on the progress and current performance against the service KPIs set out in the Chamberlain's Business Plan.

Efficiency and Savings

2. City Procurement is set an annual savings target at the start of each year based on the contracts to be let during the financial year that have the potential to make efficiency or cost savings and contracts let in previous years that are generating guaranteed savings in the current year. Contracts are reviewed by Category and savings set using industry benchmarks. The 2020/21 City Procurement savings target was £6.1m.

2020/21 Efficiencies and savings as at 31 March 2021

3. Sourcing & Category Management achieved procurement savings of £12.8m for financial year 2020/21. Additionally, Commercial Contract Management has achieved efficiencies and savings to the value of £3.1m, giving total savings for

financial year 2020/21 of £15.9m, more than two and a half times the target of £6.1m.

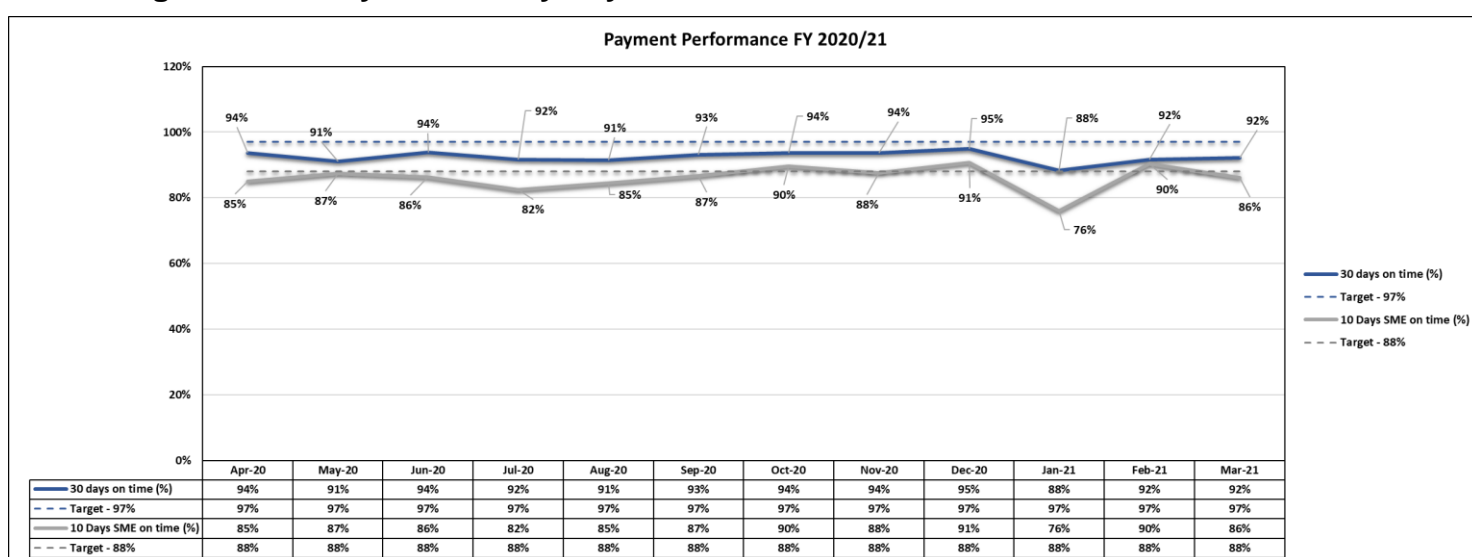
Accounts Payable Performance – Compliance with No PO No Pay Policy

4. We continue to achieve high levels of compliance with 98% PO compliance for financial year 2020/21, the same as for 2019/20, and therefore exceeding our target of 97% again.

Payment Performance

5. The Corporation's 30-day invoices paid-on-time performance for financial year 2020/21 is 92%, below the target of 97% and down 1% on 2019/20. Our 10-day SME invoice payment performance for financial year 2020/21 is 86%, falling just short of the 88% target, but up from the 85% achieved the previous year. There have been a number of factors impacting results this year including carrying vacancies to balance budget, increased work for Accounts Payable assisting other parts of the organisation (including processing 7,150 Covid-19 grant payments) and some periods of downtime in IT access to the payments systems.
6. We are pleased to report that payment performance is steadily increasing and we have achieved figures of 96% for 30-day invoices in both April and May 2021. Furthermore, we have exceeded the 10-day goal for SME invoices of 88%, achieving 90% in April and 89% in May 2021.

Figure A: 30-Day and 10-Day Payment Performance trend charts



Electronic Invoices Received

7. Of all the invoices received from suppliers in financial year 2020/21, 95% were in the desired True PDF format, a significant improvement on the 82% achieved in 2019/20, and far exceeding the target of 75%.
8. All Accounts Payable staff continue to work from home due to the COVID-19 pandemic, so the necessity for invoices to be submitted electronically remains.

Non-compliant Waivers

9. Three Poor Operational Planning and one Procurement Breach waivers were issued in Q4 of 2020/21.
10. As reported in the Annual Waiver Report to Procurement Sub in June 2021, a summary of non-compliant waivers for the year would be:
 - Nine non-compliant waivers over £50,000 totalling £770,371.24
 - Four of the nine non-compliant waivers were Procurement Code Breaches totalling £283,291.24.
 - Members are asked to note that three of the four breaches were carried over from the last financial year so there has only been one new Procurement Code Breach in FY 2020/21.
11. In comparison to FY 2019/20, there has been a further decrease in the number of Procurement Code Breaches over £50,000. In 2019/20 nine Procurement Code Breaches were noted, compared to just four in 2020/21: a reduction of 55%.

Freedom of Information (FOI) Requests

12. City Procurement received seven FOI requests between January and March 2021 totalling eight hours of officer time. This is a significant drop from the previous quarter when 16 requests amounting to 22 hours of officer time were received.
13. Members of Procurement Sub Committee have asked City Procurement to review any solutions which would make FOIs easier and quicker to answer. In the last quarter, the permanent posts to answer FOIs have been vacant but two of three posts will be filled from July 2021. Weekly touch-ins for officers answering FOIs and the Assistant Director for Commercial Contract Management will be put in place for this review. City Procurement will report any interventions in the next quarterly update.
14. Analysis of FOIs for Q4 2020/21 provides the following breakdown:

Nature of FOI Query	Instances
Contract Specific	5
Understanding our expenditure	2
Grand Total	7

15. City Procurement received a total 41 FOI requests, amounting to 74 hours of officer time, during FY 2020/21. This compares to 62 requests and 117 of officer time in FY 2019/20.

Conclusion

16. City Procurement continues to achieve high levels of performance during an extremely challenging period. We have achieved savings totalling £15.9m in for FY 2020/21, more than two and a half times the target of £6.1m for the year, achieving. The payment performance figures fell short of their respective targets, however considering the factors mentioned earlier in the report the Accounts Payable Team has managed to maintain standards in very difficult

circumstances, and even improved in the 10-day performance, which increased to 86% from 85% the previous year, by prioritising payments to SMEs throughout the pandemic. PO compliance remains high at 96% and we have seen a significant increase in the proportion of invoices received in the desired True PDF format, which made up 95% of all invoices received in FY 2020/21, well above the 75% target, and a significant improvement on the 82% achieved in FY 2019/20. Throughout this period, the impact of Covid-19 has created significant additional work, such as emergency procurement of PPE in a highly competitive environment, payment of grants to businesses affected by the pandemic, and compliance with a series of new government policy notices.

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