

<b>Committee(s)</b>	<b>Dated:</b>
Procurement Sub Committee	20 October 2021
<b>Subject:</b> City Procurement Quarterly Progress Report (Q1 FY2021/22)	<b>Public</b>
<b>Report of:</b> The Chamberlain and the Chief Operating Officer	<b>For Information</b>
<b>Report author:</b> Andrew Lenihan, Head of Accounts Payable	

### Summary

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

Performance for Q1 2021/22 financial year is summarised below:

- Procurement savings Q1 FY 2021/22 of £974,000, made up of £360,000 Commercial Contract Management savings and £614,000 Sourcing & Category Management savings.
- Purchase order compliance was 99% (target of 97%).
- 96% of all supplier invoices were paid within 30 days (target of 97%).
- 89% of SME invoices were paid within 10 working days (target of 88%).
- Non-compliant waivers over £50k:
  - Two non-compliant waivers over £50,000 totalling £426,610 which were Procurement Code Breaches.

### Recommendations

- Members are asked to note the report.

### Main Report

#### Background

1. City Procurement has three main functions: Category Management/Sourcing, Commercial Contract Management, and Policy & Compliance. City Procurement now sits within the remit of the Chief Operating Officer, while Accounts Payable has been removed from City Procurement and remains within the Chamberlain's Department. 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 are set using industry benchmarks. The 2021/22 City Procurement savings target is £9.9m.

### 2021/22 Efficiencies and savings as at 30 June 2021

- Sourcing & Category Management achieved procurement savings of £614,000 while Commercial Contract Management achieved efficiencies and savings to the value of £360,000, giving total savings for Q1 FY 2021/22 of £974,000.

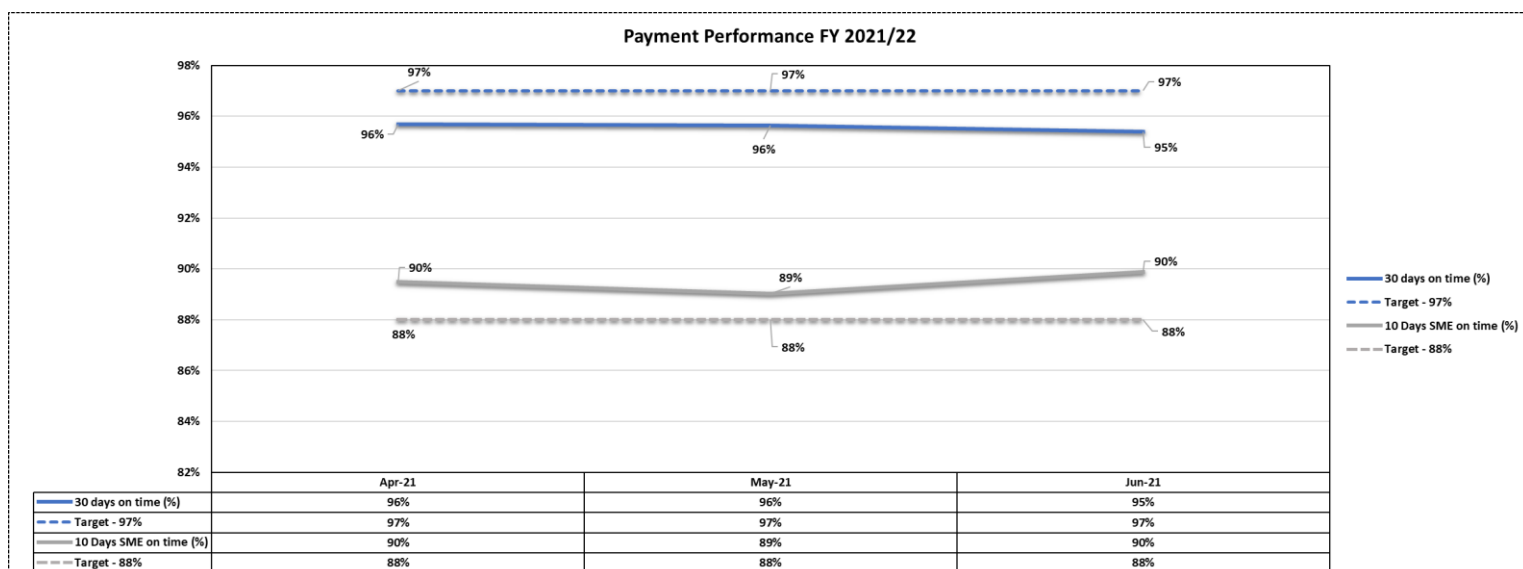
### Accounts Payable Performance – Compliance with No PO No Pay Policy

- We continued to achieve high levels of compliance with 99% PO compliance for Q1 FY 2021/22, thereby exceeding our target of 97%.

### Payment Performance

- The Corporation's 30-day invoices paid-on-time performance for Q1 FY 2021/22 was 96%, falling just short of the target of 97%. Our 10-day SME invoice payment performance for Q1 FY 2021/22 was 89%, exceeding the 88% target.

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



### Electronic Invoices Received

- Of all the invoices received from suppliers in Q1 FY 2021/22, 95% were in the desired True PDF format, far exceeding the target of 80%.
- Throughout Q1 Accounts Payable staff continued to work from home (or remotely). They started to return to office-working on 19 July and since the start of September have been working in the office twice a week. Even though there is now a regular team presence in the office, the necessity for invoices to be submitted electronically remains. Furthermore, we have not issued any cheques, which are comparatively expensive and inefficient, since returning to regular office-based working.

### Non-compliant Waivers

- The use of non-compliant waivers continued to be exceptional with only one Poor Operational Planning and two Procurement Breach waivers issued in Q1 of FY 2021/22:

<b>Waiver Reason</b>	<b>Total Number</b>	<b>Total Value (£)</b>
Poor Operational Planning	0	0
Procurement Code Breach*	2	426,610
<b>Total</b>	<b>2</b>	<b>426,610</b>

9. In Q1 of the previous financial year there were also two Procurement Code breaches. City Procurement will continue to monitor the situation and deploy Waiver Danger messaging as required.

### **Freedom of Information (FOI) Requests**

10. City Procurement received thirteen FOI requests between April and June 2021 totalling twenty-two hours of officer time. This has significantly increased from the previous quarter which saw 7 requests take up 8 hours of officer time.
11. Members of Procurement Sub Committee have asked City Procurement to review any solutions which would make FOIs easier and quicker to answer. Weekly touch-ins for officers answering FOIs and the Assistant Director of Commercial Contract Management have been put in place for this review. City Procurement will report any interventions in the next quarterly update.
12. Analysing the make-up of FOIs for this period gives the following categorisation:

<b>Nature of FOI Query</b>	<b>Instances</b>
Contract Specific	8
Compliance Specific	1
Seeking Sales Opportunity	4
<b>Grand Total</b>	<b>13</b>

13. City Procurement received a total 13 FOI requests, amounting to 22 hours of officer time, during Q1 FY 2021/22. This compares to 7 requests and 16 hours of officer time in Q1 FY 2020/21.

### **Conclusion**

14. Both the 30-day and 10-day payment performance figures for Q1 FY 2021/22 saw a significant improvement compared to the previous quarter, with the former rising from 91% to 96%, just short of the 97% target, and the latter climbing from 85% to 89%, exceeding 88% target. PO compliance remained high at 99%, above the 97% target, and 95% of invoices were received in the desired True PDF format, well above the 80% target. The number of FOIs received in Q1 FY 2021/22 has nearly doubled compared with the corresponding quarter of the previous financial year, so weekly touch-ins have been booked to monitor FOIs and decide how best to manage these requests.

### **Report Author**

Andrew Lenihan, Head of Accounts Payable, Chamberlain's Department  
E: [andrew.lenihan@cityoflondon.gov.uk](mailto:andrew.lenihan@cityoflondon.gov.uk)