

Committee(s): Procurement Sub-Committee	Dated: 18 th January 2022
Subject: City Procurement Quarterly Progress Report (Q2 2021/22)	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	5
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chief Operating Officer	For Information
Report author: Darran Reid (City Procurement)	

Summary

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

Performance to end Q2 2021/22 financial year is summarised below:

- City Procurement savings of £2,626,000, comprising £479,000 Commercial Contract Management, Sourcing £778,000 and Category Management savings of £1,369,000.
- At the midpoint, the full year savings projection is £4,182,000 towards the agreed target of £7,300,000, leaving an additional £3,118,000 to be found in the second half of the year.
- Three non-compliant waivers over £50,000 totalling £597,897 which were Procurement Code Breaches.
- 32 FOI requests have been responded to using 46 hours of officer time.

Recommendations

Members are asked to note the report.

Main Report

Background

1. City Procurement has four main functions:
 - a. Sourcing (Procurement Operations) & Category Management;
 - b. Commercial Contract Management;
 - c. Responsible Procurement; and
 - d. Policy & Compliance.
2. City Procurement reports quarterly on its progress and current performance against commercial KPIs.
3. Following the establishment of the Chamberlain's Shared Transactional Finance Function, performance against KPIs for transactional elements of the procure to pay cycle will be reported on by the Chamberlain.

Efficiency and Savings

4. City Procurement is set an annual savings target at the start of each year. This is based on the contracts to be let during that 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 £7,300,000.

Efficiencies and savings performance to 30 September 2021

5. Savings achieved to end Q2 are £2,626,000 comprising:
 - a. Sourcing (Procurement Operations) £778,000
 - b. Category Management £1,369,000
 - c. Commercial Contract Management £479,000
6. The full year projection, at the run rate at the end of period 6, is £4,182,000 which is 57%.
7. Further savings and efficiencies of £3,118,000 will need to be secured in the second half of the year to achieve the target of £7,300,00.

Non-compliant Waivers

8. The use of non-compliant waivers continued to be exceptional with only three Procurement Breach waivers issued to end Q2 of FY 2021/22:

Waiver Reason	Total Number	Total Value (£)
Poor Operational Planning	0	0
Procurement Code Breach	3	597,897
Total	3	597,897

9. To end Q2 of the previous financial year 2020/21 there were also a total of three non-compliant waivers: one Procurement Code breach and two for Poor Operational Planning.
10. City Procurement will continue to monitor the situation and deploy Waiver Danger messaging as required.

Freedom of Information (FOI) Requests

11. City Procurement has received 32 FOI requests to date totalling 46 hours of officer time, averaging 1.4 hours each.
12. In the same period in the previous year 29 requests took 53 hours of officer time, averaging 1.8 hours each.
13. Despite an increase in FOI requests, officer time has reduced by 22%, suggesting that the revised FOI management process introduced in Q1 2021 has increased efficiency.
14. Analysing the make-up of FOIs for this period gives the following categorisation:

Nature of FOI Query	Instances
Contract Specific	24
Compliance Specific	4
Seeking Sales Opportunity	4
Grand Total	32

Conclusion

15. City Procurement has achieved 57% of its savings target. The number of non-compliant procurements remains low with only three Procurement Breach Waivers being issued at a combined value of £597,897. The number of FOIs received in has increased but average officer time to respond to these has reduced, indicating increased officer efficiency.

Report Author

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