



## Finance Committee

**Date:** TUESDAY, 22 SEPTEMBER 2015  
**Time:** 1.45 pm  
**Venue:** COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

**Members:**

Roger Chadwick (Chairman)	Wendy Hyde
Jeremy Mayhew (Deputy Chairman)	Deputy Jamie Ingham Clark
Randall Anderson	Clare James
Deputy John Barker	Alderman Vincent Keaveny
Nicholas Bensted-Smith	Deputy Alastair King
Chris Boden	Gregory Lawrence
Alderman Charles Bowman	Oliver Lodge
Nigel Challis	Alderman Professor Michael Mainelli
James de Sausmarez	Deputy Robert Merrett
Simon Duckworth	Deputy Henry Pollard
Deputy Anthony Eskenzi	Adam Richardson
John Fletcher	Ian Seaton
Stuart Fraser	Sir Michael Snyder
Lucy Frew	David Thompson
Deputy Brian Harris	Deputy John Tomlinson
Christopher Hayward	Philip Woodhouse
Alderman Peter Hewitt	Mark Boleat (Ex-Officio Member)
Tom Hoffman	Deputy Alastair Moss (Ex-Officio Member)
Deputy Robert Howard	

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Lunch will be served in Guildhall Club at 1PM  
NB: Part of this meeting could be the subject of audio or video recording

John Barradell  
Town Clerk and Chief Executive

# AGENDA

## Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**  
To agree the public minutes and non-public summary of the meeting held on 21 July 2015.  

**For Decision**  
(Pages 1 - 8)
4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**  
Report of the Town Clerk.  

**For Information**  
(Pages 9 - 10)
5. **DRAFT PUBLIC MINUTES OF SUB-COMMITTEES**  
To note the draft minutes of the following Sub-Committee meetings:  

**For Information**

  - a) Draft public minutes of the Information Technology Sub-Committee held on 9 June 2015 (Pages 11 - 14)
  - b) Draft public minutes of the Efficiency and Performance Sub-Committee held on 17 July 2015 (Pages 15 - 18)
  - c) Draft public minutes of the Corporate Asset Sub-Committee held on 28 July 2015 (Pages 19 - 22)
6. **RESOLUTION FROM THE MARKETS COMMITTEE - REVENUE OUTTURN REPORTS**  
To receive a resolution from the Markets Committee regarding the presentation of Revenue Outturn Reports to the Markets Committee.  

**For Information**  
(Pages 23 - 24)
7. **CITY PROCUREMENT - QUARTERLY UPDATE**  
Report of the Chamberlain.  

**For Information**  
(Pages 25 - 34)
8. **CITY OF LONDON PROCUREMENT CODE 2015**  
Report of the Chamberlain.  

**For Decision**  
(Pages 35 - 62)

9. **CITY OF LONDON PURCHASING CARD POLICY**  
Report of the Chamberlain.  
**For Decision**  
(Pages 63 - 82)
10. **SUPERFAST CITY BROADBAND - MEMBERS' UPDATE**  
Report of the Chamberlain.  
**For Information**  
(Pages 83 - 88)
11. **CYBER SECURITY RISKS**  
Report of the Chamberlain.  
**For Information**  
(Pages 89 - 112)
12. **RISK MANAGEMENT - MONTHLY REPORT**  
Report of the Chamberlain.  
**For Information**  
(Pages 113 - 114)
13. **CENTRAL CONTINGENCIES**  
Report of the Chamberlain.  
**For Information**  
(Pages 115 - 120)
14. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
16. **EXCLUSION OF THE PUBLIC**  
**MOTION** - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.  
**For Decision**

### **Part 2 - Non-Public Agenda**

17. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**  
To agree the non-public minutes of the meeting held on 21 July 2015.  
**For Decision**  
(Pages 121 - 124)
18. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**  
Report of the Town Clerk.  
**For Information**  
(Pages 125 - 126)

19. **DRAFT NON-PUBLIC MINUTES OF SUB-COMMITTEES**

To note the draft non-public minutes of the following Sub-Committee meetings:

**For Information**

- a) Draft non-public minutes of the Information Technology Sub-Committee held on 9 June 2015 (Pages 127 - 128)
- b) Draft non-public minutes of the Efficiency and Performance Sub-Committee held on 17 July 2015 (Pages 129 - 130)
- c) Draft non-public minutes of the Corporate Asset Sub-Committee held on 28 July 2015 (Pages 131 - 134)

20. **PROPOSED CRITERIA FOR CHARITIES JOINING THE CITY OF LONDON CHARITIES POOL**

Report of the Chamberlain.

**For Decision**  
(Pages 135 - 148)

21. **COMMUNITY SAFETY PROJECT - CITY ESTATES**

Report of the Director of Community and Children's Services. This report was also considered and approved by the Housing Management and Almshouses Sub (Children's and Community Services) Committee on 14 September 2015.

**For Decision**  
(Pages 149 - 154)

22. **GATEWAY 4/5 OPTIONS APPRAISAL - OPEN MEDIATED WI-FI**

Report of the Chamberlain. This report was considered and approved by the Projects Sub-Committee on 8 September 2015.

**For Decision**  
(Pages 155 - 162)

23. **ADMITTED BODY STATUS AND THE LOCAL GOVERNMENT PENSION SCHEME - WESTMINSTER DRUG PROJECT**

Report of the Chamberlain.

**For Decision**  
(Pages 163 - 166)

24. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**

Report of the Town Clerk.

**For Information**  
(Pages 167 - 170)

25. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

26. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

**Part 3 - Members Only Agenda**

27. **CHAMBERLAIN'S DEPARTMENTAL UPDATE**  
Report of the Chamberlain.

**For Decision**

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## FINANCE COMMITTEE

Tuesday, 21 July 2015

Minutes of the meeting of the Finance Committee held at the Guildhall EC2 at 1.45 pm

### Present

#### Members:

Roger Chadwick (Chairman)	Deputy Robert Howard
Jeremy Mayhew (Deputy Chairman)	Wendy Hyde
Randall Anderson	Deputy Jamie Ingham Clark
Deputy John Barker	Clare James
Nicholas Bensted-Smith	Alderman Vincent Keaveny
Alderman Charles Bowman	Oliver Lodge
Nigel Challis	Alderman Professor Michael Mainelli
Simon Duckworth	Deputy Robert Merrett
Deputy Anthony Eskenzi	Ian Seaton
John Fletcher	Deputy John Tomlinson
Stuart Fraser	Philip Woodhouse
Lucy Frew	Mark Boleat (Ex-Officio Member)
Tom Hoffman	

#### In attendance:

Deputy Billy Dove (Chief Commoner)

#### Officers:

Christopher Braithwaite	Town Clerk's Department
Scott Morgan	Town Clerk's Department
Peter Kane	Chamberlain
Caroline Al-Beyerty	Chamberlain's Department
Christopher Bell	Chamberlain's Department
Graham Bell	Chamberlain's Department
Kate Limna	Chamberlain's Department
Steve Telling	Chamberlain's Department
Michael Cogher	Comptroller and City Solicitor
Nigel Lefton	Remembrancer's Department
Peter Bennett	City Surveyor

#### 1. APOLOGIES

Apologies for absence were received from Christopher Boden, Deputy Kevin Everett, Deputy Brian Harris, Christopher Hayward, Alderman Peter Hewitt, Deputy Alastair Moss, Deputy Henry Pollard and David Thomson.

#### 2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

The Chairman, Simon Duckworth, Wendy Hyde and Ian Seaton declared non-pecuniary interests in respect of item 28 due to being Members of the Court of the Honourable Irish Society. The Town Clerk advised these Members that they would still be eligible to participate in the meeting for this item.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** – That the public minutes and summary of the meeting held on 9 June 2015 be approved as an accurate record.

4. **OUTSTANDING ACTIONS FROM PREVIOUS MEETINGS**

The Committee considered a report of the Town Clerk which set out actions outstanding from previous meetings of the Committee.

**RESOLVED** – That the Committee notes the report.

5. **DRAFT PUBLIC MINUTES OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE HELD ON 26 MAY 2015**

**RESOLVED** – That the public minutes and non-public summary of the Efficiency & Performance Sub-Committee meeting held on 25 May 2015 be noted.

6. **AUDITED 2014/15 CITY FUND AND PENSION FUND FINANCIAL STATEMENTS**

The Committee considered a report of the Chamberlain which provided the Committee with the Audited 2014/15 City Fund and Pension Fund Financial Statements for approval. The Committee was advised that the Financial Statements had been considered by the Audit and Risk Management Committee the previous day and a resolution from that Committee had been put around the room.

The Chamberlain advised that there was one significant outstanding issue with the accounts, which many Members had been advised of through the briefing meetings the previous week. The Chamberlain explained that this issue was the accounting treatment for the proceeds from long leasehold disposals. This specifically applied to the sale of 2 Fann Street, but would also be applicable to all similar transactions. The Chamberlain advised that the Corporation currently considered all income from these transactions as capital receipts, but the auditor had advised that they believed that an element of these transactions was a lease of land and therefore this element of the receipt should be treated as deferred income. This would then be released as revenue on an annual basis over the lengths of the leases.

The Committee was advised that if the auditor's opinion prevailed, this would have an impact on the long leasehold sales which the Corporation had made to meet its £200m contribution to Crossrail. This impact was estimated to be in the region of a maximum of £30m, although the Committee was assured that sufficient money would be available to make the contribution. It was also noted that if revenue reserves were required to be used to meet the balance of the Crossrail contribution, these reserves could not be replenished in the future



from capital receipts, as this was not permitted under Local Government finance rules.

**RESOLVED** – That the Committee:

- a) notes the resolution from the Audit and Risk Management Committee;
- b) delegates to the Town Clerk, in consultation with the Chairman and Deputy Chairman, approval of any material changes to the financial statements required before the signing of the audit opinion by Deloitte - which is expected to be by the end of August or early September.
- c) Subject to the satisfactory completion of a) above, delegates to the Town Clerk, in consultation with the Chairman and Deputy Chairman, approval of the City Fund and Pension Funds Financial Statements for the year ended 31 March 2015.

**7. AUDITED 2014/15 BRIDGE HOUSE ESTATES AND SUNDRY TRUSTS FINANCIAL STATEMENTS**

The Committee considered a report of the Chamberlain which provided the Committee with the Bridge House Estates, City's Cash Trust Funds and Sundry Trust Funds Annual Reports and Financial Statements 2014/15 for approval. The Committee was advised that the Audit and Risk Management Committee had considered the report the previous day and endorsed the Financial Statements for approval.

**RESOLVED** – That the Committee:

- a) notes the contents of Moore Stephens Management Letter;
- b) approves the Annual Reports and Financial Statements for Bridge House Estates, City's Cash Trust Funds and the Sundry Trust Funds taking account of the observations from the Audit and Risk Management Committee; and
- c) agrees that the Annual Reports and Financial Statements are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.

**8. REVENUE OUTFURN 2014/15 - FINANCE COMMITTEE OPERATIONAL SERVICES**

The Committee considered a report of the Chamberlain which provided the revenue outturn for Finance Committee operational services for 2014/15.

**RESOLVED** – That the Committee notes the revenue outturn report for 2014/15 and the budgets proposed to be carried forward to 2015/16.

**9. BUDGET MONITORING - FIRST QUARTER UPDATE**

The Committee considered a report of the Chamberlain which provided the first quarterly budget monitoring report for 2015/16.

**RESOLVED** – That the Committee notes the report.

10. **CHAMBERLAIN'S BUSINESS PLAN - FIRST QUARTER UPDATE**

The Committee considered a report of the Chamberlain which provided the first quarterly update for the Chamberlain's Departmental Business plan for 2015/16.

The Chamberlain noted that excellent progress had been made on the No Purchase Order (PO), No Pay initiative.

**RESOLVED** – That the Committee notes the report.

11. **INFORMATION TECHNOLOGY DEPARTMENT QUARTERLY UPDATE**

The Committee considered a report of the Chamberlain which provided the regular quarterly update on the work of the Information Technology Division.

The Chairman noted that Information Technology was a particularly critical Division within the Chamberlain's Department at the current time, as the majority of Red or Amber risks within the Chamberlain's Department were related to Information Technology.

Members discussed the major incident referred to within the report and progress with the Superfast City project.

**RESOLVED** – That the Committee notes the report.

12. **RISK MANAGEMENT - QUARTERLY UPDATE**

The Committee considered a report of the Chamberlain which provided updates regarding the top risks within the Departmental Risk Register.

The Chamberlain advised that confirmation had been received of the City of London Police's compliance with the Public Service Network (PSN) requirements. The Chamberlain also advised that a Head of Information Technology had been provisionally appointed and, subject to confirmation, the successful candidate was likely to commence work by the end of July 2015.

**RESOLVED** – That the Committee notes the report.

13. **MEDIUM TERM FINANCIAL PLAN AND LOCAL GOVERNMENT FINANCE UPDATE**

The Chamberlain provided the Committee with an oral report regarding the Medium Term Financial Plan and Local Government Finance, following the recent Budget announcement.

The Chamberlain advised that the Chancellor of the Exchequer had announced a one-year slippage to the aspirations to achieve a budget surplus, which would therefore allow some smoothing of the further cuts to local Government finance which were anticipated over the course of the next Parliament. The overall amount which would be cut from Local Government funding would be likely to be announced in the Autumn Spending Review. However, it had been

confirmed that Local Government and Policing were not within budget areas which were protected against cuts.

The Chamberlain confirmed that the Corporation's prudent budget assumption was that the formula funding element of the Government grant would no longer be received by the Corporation by the end of the decade.

A report on the savings proposals for the City of London Police would be brought forward to the appropriate Committees in September.

The Chairman requested that the Chamberlain provide a further update on Local Government Finance to the Committee's September 2015 meeting.

**RESOLVED** – That the Committee notes the verbal report.

**14. CHAMBERLAIN'S FINANCIAL APPRAISALS OF THIRD PARTY ENTITIES**

The Committee considered a report of the Chamberlain which provided the procedure guide for financial appraisals of third party entities for the Committee's approval.

The Chairman requested that further information was incorporated into the financial appraisal guide to ensure that periodic appraisals were undertaken of existing contractors to ensure that the Corporation was aware of the ongoing financial situation of contractors.

A Member, who was also the Chairman of the Barbican Centre Board, advised that financial appraisals had been discussed regularly at that Board due to the small and specialised nature of many of the contractors which the Barbican Centre used. He welcomed that the procedure provided for more detailed information, drawn from the financial appraisal process, to be included in the Committee reports where appropriate.

**RESOLVED** – That the Committee:

- a) Notes the report;
- b) Adopts the financial appraisal procedure guide, subject to the inclusion of a provision for periodic appraisals of existing contractors; and
- a) Delegates authority to the Chamberlain to amend the guide as necessary to comply with United Kingdom and European Community procurement law and any other legal and accounting requirements which may arise in due course.

**15. CITY RE LIMITED - PERFORMANCE MONITORING**

The Committee considered a report of the Chamberlain which provided the annual performance monitoring report on City Re Limited.

A Member asked for clarification regarding the maximum exposure for City Re. The Chamberlain clarified that this was a maximum of £250k per claim, and a maximum of the reinsurance premium (£1.7m) plus a further £250k (totalling £1.95m) per year.

**RESOLVED** – That the Committee notes the report.

**16. CHARITIES RISK REGISTERS**

The Committee considered a joint report of the Town Clerk and Chamberlain which provided a key risks register for each charity administered by the Finance Committee on behalf of the City of London Corporation.

The Town Clerk advised that as a result of the Review of Grants which had been considered by this Committee at its last meeting, it was anticipated that the review of the risk registers for each charity administered by the City of London Corporation would be considered by the Service Committee responsible for administering each charity, and overseen by the Finance Committee in its monitoring role.

**RESOLVED** – That the Committee approves the risk registers to confirm that they satisfactorily set out the risks faced by each charity and that appropriate measures are in place to mitigate those risks.

**17. CENTRAL CONTINGENCIES**

Consideration was given to a report of the Chamberlain which provided the Committee with information regarding the current balance of the Finance Committee Contingency Funds for the current year.

**RESOLVED** – That the Committee notes the report.

**18. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

The Town Clerk advised Members that the 2016 Finance Committee Dinner had been set for 27 January 2016. Andrew Likierman, Dean of London Business School, would be the guest speaker for the Dinner.

**19. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There were no urgent items.

**20. EXCLUSION OF THE PUBLIC**

**RESOLVED** - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

<b>Item No.</b>	<b>Paragraphs in Schedule 12A</b>
21	1, 2, 3
22-32	3

**21. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

The non-public minutes and summary of the meeting held on 9 June 2015 were approved as a correct record.

22. **OUTSTANDING ACTIONS FROM NON-PUBLIC MINUTES OF PREVIOUS MEETINGS**  
The Committee considered and noted a report of the Town Clerk which set out actions outstanding from previous non-public minutes of the Committee.
23. **DRAFT NON-PUBLIC MINUTES OF THE EFFICIENCY AND PERFORMANCE SUB-COMMITTEE HELD ON 26 MAY 2015**  
The non-public minutes of the Efficiency & Performance Sub-Committee meeting held on 25 May 2015 were noted.
24. **SERVICE BASED REVIEW - CHAMBERLAIN'S DEPARTMENT**  
The Committee considered and approved a report of the Chamberlain which provided the Committee with an update on the Service Based Review Savings within the Chamberlain's Department.
25. **CORPORATE CLEANING SERVICES - CONTRACT AWARD**  
The Committee considered and approved joint report of the Chamberlain and City Surveyor on behalf of the Facilities Services Procurement Category Board which requested the Committee to approve the award of the Corporate Cleaning Services Contract.
26. **INTEGRATED SUBSTANCE MISUSE AND TOBACCO CONTROL SERVICES TENDER**  
The Committee considered and approved a report of the Director of Community and Children's Services which requested the Committee to award the contract for Integrated Substance Misuse and Tobacco Control Services.
27. **CITY FUND & CITY'S ESTATE HIGHWAY DISPOSAL - 100 MINORIES, EC3**  
The Committee considered and approved a report of the City Surveyor which requested approval for the disposal of City Fund and City's Estates Highway at 100 Minories.
28. **REQUEST TO MATCH GRANT FUNDING FROM THE HONOURABLE THE IRISH SOCIETY TO THE NATIONAL CITIZENSHIP SCHEME**  
The Committee considered and approved a joint report of the Town Clerk and Remembrancer which requested the Committee to consider a request to match grant funding from the Honourable The Irish Society to the National Citizenship Scheme.
29. **GATEWAY 3 - POLICE ACCOMMODATION PROJECT**  
The Committee noted a joint report of the Chamberlain, City Surveyor and Commissioner of the City of London Police which provided information on progress with the Police Accommodation Project.
30. **PROVISION FOR BAD DEBTS**  
The Committee considered and approved a report of the Chamberlain which set out the proposed provision for bad debts for 2015/16.

**31. NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**

The Town Clerk provided Members with a verbal update of one decision taken under urgency procedures since the last meeting.

**32. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no non-public questions relating to the work of the Committee.

**33. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There was no other non-public business.

**The meeting closed at 3.00 pm**

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Chairman

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## Finance Committee – Outstanding Actions

Item	Date	Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
1.	21 July 2015, Item 6	<u>Audited 2014/15 City Fund and Pension Fund Financial Statements</u> Authority is delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman, to approve any material changes to the financial statements and, subject to this, approval of the financial statements.	Chamberlain	End of September 2015	Discussions are ongoing with the auditors regarding the issue in relation to the accounting treatment of the sale of capital assets. This will be completed to allow the accounts to be signed by the end of September 2015.
2.	21 July 2015, Item 13	<u>Local Government Finance Update</u> The Chamberlain to provide a further update on emerging issues regarding Local Government Finance at the Committee's next meeting.	Chamberlain	September 2015	There are currently no updates to provide beyond the information which was given at the July 2015 meeting. Further updates once they are available.
3.	9 June 2015, Item 7	<u>Grant Giving – Open Spaces and City Gardens Grants Working Party</u> The Chairman to nominate one Member of the Finance Grants Sub-Committee to serve on the Open Spaces and City Gardens Grants Working Party	Chairman	First meeting of the working party is in September 2015.	A Member to be nominated, if appropriate, before the first meeting of the Working Party in September 2015.
4.	14 April 2015, Item 13	<u>Cybersecurity</u> A report on cybersecurity to be submitted to a future meeting of the Committee, in non-public session if appropriate.	Chief Information Officer	June 2015	Report included on agenda for this meeting.
5.	14 April 2015, Item 14	<u>Purchase Order Exemptions Policy</u> The inclusion of legal counsel and advice fees within the list of purchase order exemptions to be reviewed and a	Head of City Procurement	June 2015	Update included within the City Procurement Update report at this meeting.

Item	Date	Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
		report be provided to the Committee.			
6.	17 February 2015, Item 16	<u>City of London Festival – Loan Repayment Deferral</u> An interim cashflow report for the festival to be submitted to the Committee in September 2015	Director of Culture, Heritage and Libraries.	22 September 2015	Report to be submitted to Committee in October 2015.
7.	18 November 2014, Item 8	<u>Spitalfields Music Grant</u> The Finance Grants Sub-Committee to be provided with an annual monitoring report from Spitalfields Music.	Committee and Member Services Officer	November 2015 meeting of the Finance Grants Sub-Committee	Grant has been added to the database of grants to be monitored by Finance Grants Sub Committee in November 2015.



## INFORMATION TECHNOLOGY SUB (FINANCE) COMMITTEE

Tuesday, 9 June 2015

Minutes of the meeting of the Information Technology Sub (Finance) Committee held at Guildhall, EC2 on Tuesday, 9 June 2015 at 12.00 pm

### Present

#### Members:

Roger Chadwick (Chairman)  
Jeremy Mayhew (Deputy Chairman)  
Randall Anderson  
Sylvia Moys  
Graham Packham  
Chris Punter  
Deputy John Tomlinson

#### Officers:

Susan Attard	Deputy Town Clerk
Jacqui Daniels	Town Clerk's Department
Peter Kane	Chamberlain
Graham Bell	Chamberlain's Department

#### In attendance

Agilisys Representatives.

#### 1. APOLOGIES

Apologies were received from Nigel Challis, Deputy John Chapman, Deputy Jamie Ingham Clark, Hugh Morris, Alderman Matthew Richardson and James Tumbridge.

#### 2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations.

#### 3. MINUTES

**RESOLVED:** That the public minutes and non-public summary of the meeting held on 11 March 2015 be approved as a correct record.

#### 4. REVIEW OF OUTSTANDING ACTIONS

Members received a note of outstanding actions from the public minutes and noted that there had not been any non-public outstanding actions to report.

The Chamberlain undertook to include the present position on outstanding actions in future such reports.

#### 5. JOINT OPERATIONAL REVIEW

The Sub Committee considered a report and a detailed presentation of the Chief Information Officer putting into context a joint operational review which

had been underway since late April 2015 to address issues affecting both IT services and the Oracle project.

It was particularly noted that:-

- There had been a period of significant change for the IT service, including changing all infrastructure, bringing the Police on Board together with significant resource challenges;
- Public sector network accreditation had been achieved in April and the future on-going accreditation would be managed by Agilisys in future
- Whilst some disruption was inevitable, prior to the review there had been an extended period where this had been below acceptable levels;
- As each project progressed, underlying legacy issues had been exposed, these were being worked through and, as changes were being implemented, complexity was being removed and the joint operational review accelerated this process;
- Operational Reviews were being undertaken and a number of improvement projects were progressing through the Gateway Process;
- The identified key areas for improvement were making a difference for users however, issues remained and further work was required to ensure all users were receiving an effective service;
- Plans to achieve medium and long term actions were being developed and would be submitted to Summit and Chief Officer Groups for consideration;
- There had been issues which were being overcome but more positive engagement of the teams, working together with the technical support was now improving the customer experience;
- The IT Strategy would be reconsidered once matters had settled;
- It had been intended that internal knowledge of the Corporation's systems would be retained by the TUPE of roles from the City Corporation.

Members welcomed the current sense of common purpose and emphasised the need for renewed enthusiasm across the board to make this work and for this to be converted into progress on the ground. The Sub Committee requested that a report be submitted to their next meeting on the first two years of operation and that the information they had been given be translated into a work plan for the next six months and beyond.

**RESOLVED** – That the contents of the report and the presentation be noted and that a report be submitted to the next meeting on the first two years of operation of the Oracle Project and that the information within the report and presentation be translated into a work plan for the next six months and beyond.

**6. KEY PROJECTS UPDATE**

The Chamberlain informed Members of the progress made on the Superfast City Programme.

**7. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB COMMITTEE**

**IT Refresh**

In answer to a Member's question, the Chamberlain confirmed that, as 60% of the City's IT equipment was in excess of four years old, this would have an

impact on the way that it worked and a strategic policy for the turnover of equipment on a rolling basis (with certain exceptions) would be drawn up.

8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no other business.

9. **EXCLUSION OF THE PUBLIC**

**RESOLVED** - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

**Item No.**

10

**Paragraph in Schedule 12A**

3

10. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

**RESOLVED:** That the non-public minutes of the meeting held on 11 March 2015 be approved as an accurate record.

11. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB COMMITTEE**

There were no non-public questions.

12. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There were no items of non-public urgent business.

**The meeting ended at 1.15 pm**

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Chairman

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## EFFICIENCY AND PERFORMANCE SUB (FINANCE) COMMITTEE

Friday, 17 July 2015

**Minutes of the meeting of the Efficiency and Performance Sub (Finance) Committee held at the Guildhall EC2 at 11.30 am**

### **Present**

#### **Members:**

Roger Chadwick (Chairman)	Deputy Anthony Eskenzi
Jeremy Mayhew (Deputy Chairman)	John Fletcher
Randall Anderson	Deputy Jamie Ingham Clark
Nicholas Bensted-Smith	Ian Seaton
Nigel Challis	

#### **Officers:**

Susan Attard	Deputy Town Clerk
Neil Davies	Town Clerk's Department
Philippa Sewell	Town Clerk's Department
Peter Kane	Chamberlain
Caroline Al-Beyerty	Chamberlain's Department
Christopher Bell	Chamberlain's Department
Peter Bennett	City Surveyor
Andrew Crafter	City Surveyor's Department
David Pearson	Director of Culture, Heritage and Libraries

#### **1. APOLOGIES**

Apologies were received from John Tomlinson and Philip Woodhouse.

#### **2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

There were no declarations.

#### **3. MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** - That the public minutes and non-public summary of the meeting held on 26 May 2015 be agreed as an accurate record.

#### **4. OUTSTANDING ACTIONS**

The Sub Committee received an updated schedule of outstanding actions.

#### Staff Suggestion Scheme

The Deputy Town Clerk advised that the pilot had gone live this week. Members discussed the facility for Member suggestions and, as a result of the ensuing discussion, the Town Clerk undertook to speak to the Committee and Members' Services Team about changing the default post arrangements for Members.

Soft Market Testing of the Finance Function

The Financial Services Director reported that officers were at an information-gathering stage, and a synopsis of the findings and advice would be provided to the Sub Committee in September.

5. **WORK PLAN FOR FUTURE MEETINGS**

The Sub Committee received the updated programme of work for the year, and requested that options regarding scheduling of departmental reports be provided at the next meeting.

**RESOLVED** – That the report be noted.

6. **SERVICE BASED REVIEW ROADMAP**

The Sub Committee received a report of the Deputy Town Clerk presenting the latest update of the Service Based Review Roadmap and the Opportunity Outlines for each project. The Deputy Town Clerk detailed the Outline for the Grants Review, and Members requested that a timetable of these ‘deep dives’ be considered before the next meeting.

**RESOLVED** – That the report be noted.

7. **PROCUREMENT SAVINGS 2015-2016 PROGRESS REPORT QUARTER 1**

The Sub Committee received a report of the Chamberlain regarding savings realised at the end of quarter 1 (April – June 2015) against the target for 2015-2016. Members noted that these were in addition to savings being made as part of the Service Based Reviews, but the primary concern in all negotiations was ensuring value for money and quality of services. Members queried the ‘non-cashable’ savings identified, and officers undertook to present these separately in future reports.

**RESOLVED** – That the report and non-public appendix be noted.

8. **ONE SAFE CITY GOVERNANCE**

The Sub Committee received a report of the Deputy Town Clerk regarding the vision and objectives for the One Safe City programme, a joint initiative between the City of London Corporation and the City of London Police. The report provided an update on this programme, its terms of reference and its governance arrangements.

**RESOLVED** – That the report be noted.

9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

10. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no other business.

11. **EXCLUSION OF THE PUBLIC**

**RESOLVED** - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

<b>Item</b>	<b>Paragraph</b>
12 – 14	3
15 – 16	-

12. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** - That the non-public minutes of the meeting held on 26 May 2015 be agreed as an accurate record.

13. **SERVICE BASED REVIEW: DEPARTMENTAL MONITORING - CULTURE HERITAGE AND LIBRARIES**

The Sub Committee received a report of the Director of Culture, Heritage & Libraries.

14. **CITIGEN COMBINED HEAT AND POWER SYSTEM - NEGOTIATION STRATEGY FOR EXTENSION OF CONTRACTS**

The Sub Committee considered a report of the City Surveyor.

15. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There was no other business.

**The meeting closed at 12.43 pm**

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Chairman

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## CORPORATE ASSET SUB (FINANCE) COMMITTEE

Tuesday, 28 July 2015

**Minutes of the meeting of the Corporate Asset Sub (Finance) Committee held at the Guildhall EC2 at 1.45 pm**

### **Present**

#### **Members:**

Roger Chadwick (Chairman)	Deputy Brian Harris
Jeremy Mayhew (Deputy Chairman)	Tom Sleigh
Randall Anderson	Deputy John Tomlinson
Deputy John Chapman	

#### **Officers:**

Matthew Pitt	Town Clerk's Department
Caroline Al-Beyerty	Chamberlain's Department
Peter Bennett	City Surveyor
Andrew Crafter	City Surveyor's Department
Bob Meldrum	City Surveyor's Department
Dorian Price	City Surveyor's Department
Peter Young	City Surveyor's Department
Hannah Bibbins	Barbican Centre
Jim Turner	Barbican Centre

### **1. APOLOGIES**

Apologies were received from Mark Boleat and Deputy Alistair Moss.

### **2. DECLARATIONS BY MEMBERS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

The Chairman declared a non-pecuniary interest in Item 8 (Matters Arising from the non-public minutes) as Treasurer of St Lawrence Jewry.

### **3. MINUTES**

**RESOLVED** – That the public minutes and non-public summary of the previous meeting held on 31 March 2015 are approved as an accurate record.

#### **Matters arising:**

In respect of item 5 (the provision of toilets and cloakroom facilities), the City Surveyor advised that further investigative work in this area would be conducted during the Summer recess and a further report would be submitted to the Projects Sub (Policy and Resources) Committee in September 2015.

4. **OPERATIONAL PROPERTY REVIEW - UPDATE REPORT**

The Sub-Committee considered a joint report of the Chamberlain and the City Surveyor which provided an update on the Operational Property Review Project.

The Chamberlain clarified that capital receipts for properties within the Review were not yet known. The City Surveyor advised Members that all opportunities outlined would require investment to realise the potential outlined in the Review.

The Deputy Chairman asked that clarity be provided regarding which Committee had lead responsibility for the Operational Property Review.

**RESOLVED** – That the Committee notes the progress of the Operational Property Review to date and that a further report, including prioritised opportunities, will be provided at a future meeting in autumn 2015.

5. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

There were no questions.

6. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There were no urgent items.

7. **EXCLUSION OF THE PUBLIC**

**RESOLVED** - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

**Item No.**

**Paragraphs in Schedule 12A**

8-17

3

8. **NON-PUBLIC MINUTES**

The non-public minutes of the previous meeting held on 31 March 2015 were approved as an accurate record.

9. **ADDITIONAL WORKS PROGRAMME 2013/14, 2014/15 AND 2015/16 - PROGRESS REPORT**

The Sub-Committee noted a report of the City Surveyor which provided an overview of progress and expenditure on the three Additional Works Programmes (AWP) which were currently running.

10. **BARBICAN CENTRE CAPITAL CAP PROGRAMME - ANNUAL REPORT (2015)**

The Sub-Committee considered and approved a report of the Managing Director of the Barbican Centre which set out the final outturn position for the second year of Cap 3 (2014/15) and provided a revised project programme and expenditure plans for the final two years of Cap 3 (2015/16 and 2016/17).

11. **GUILDHALL SCHOOL OF MUSIC AND DRAMA - PROPOSALS FOR EXTENSION OF CAPITAL/SUPPLEMENTARY REVENUE PROGRAMME TO 2016/17**  
The Sub-Committee noted a report of the Principal of the Guildhall School of Music and Drama which provided proposals for the extension of the Guildhall School's Capital/ Supplementary Revenue Programme for 2016/17.
12. **BARBICAN CENTRE AND GUILDHALL SCHOOL OF MUSIC AND DRAMA CAPITAL CAP REPLACEMENT**  
The Sub-Committee noted a report of the Chamberlain which provided information of the proposed options for the replacement of the existing Capital Cap arrangements for the Barbican Centre and the Guildhall School of Music and Drama.
13. **GATEWAY 3 ISSUE REPORT: POLICE ACCOMMODATION PROJECT**  
The Sub-Committee noted a joint report of the Chamberlain, City Surveyor and Commissioner of the City of London Police which provided an update on the current status of the City of London Police Accommodation Project.
14. **CITIGEN COMBINED HEAT AND POWER SYSTEM - NEGOTIATION STRATEGY FOR EXTENSION OF CONTRACTS**  
The Sub-Committee noted a report of the City Surveyor which outlined the suggested strategy for the renegotiation of the existing suite of contracts with Citigen (London) Ltd for a Combined Heat and Power System.
15. **TRANSPORT FOR LONDON UPDATE**  
The Sub-Committee noted a report of the City Surveyor which provided an update on the progress with Transport for London in relation to Greater London Authority (GLA) roads.
16. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**  
There were no questions.
17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB-COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**  
There was one item of urgent business.

**The meeting closed at 3.20 pm**

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Chairman

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# Agenda Item 6

TO: **FINANCE COMMITTEE**

22 September 2015

FROM: **MARKETS COMMITTEE**

22 July 2015

#### 4. **REVENUE OUTTURN 2014/15**

The Committee received a joint report of the Chamberlain and the Director of Markets and Consumer Protection comparing the 2014/15 revenue outturn for the services overseen by the Markets Committee with the final budget for the year.

Members questioned why only the latest agreed budget and final budget were shown in the report as they recalled that the Committee had previously requested to see the original approved budget featured. The Chamberlain responded by stating that Members had seen fuller details in reports submitted to the Committee in both November and January and that this report was therefore intended to compare any further changes. The Chamberlain went on to state that if the Committee wanted to see details of the original budget presented each time then this could be arranged going forwards. The Chamberlain tabled an additional paper which also detailed the original approved budget.

A Member questioned the proposed carry forward of £147,000 for a second consecutive year due to “delays in procurement and City Surveyor resources” and whether or not this was a systemic problem given that the same reason had been cited at other Committees. The City Surveyor responded by explaining that his Department’s workload for minor works often fluctuated from year to year and explained that it wasn’t unusual for unplanned factors to arise and cause timetables to slip. He reported that all works were carried out in conjunction with the relevant Departments/Committees who were also tasked with prioritising some works ahead of others. Finally, Members were informed that, whilst there had recently been a relatively high turnover of staff within this Department, resources were not an issue.

In response to a question regarding the Satellite Unit, the Superintendent of Billingsgate Market reported that there would be no actual savings arising from this as the reduced fees quoted were due to timing issues. The costs relating to this would now be met in the current financial year. In response to a further question, the Superintendent confirmed that the professional fees referred to were in relation to the letting of the unit and to a refrigeration ‘proving’ exercise undertaken by external consultants.

A Member stated that the general presentation of the Corporation’s accounts had been discussed for many years now and that many Members were strongly of the view that accounts for commercial activities should be presented in conventional format to show expenditure deducted from income i.e. expenditure in brackets, rather than income.

The Chamberlain reported that the accounts were presented as public sector accounts across the board. She stated that she would, however, raise Members’ concerns with the new Chamberlain and seek his views as to the future presentation of the Corporation’s commercial activities.

The Committee requested that the minute for this item be sent to the Finance Committee so as to make them aware of Members' concerns around the presentation of accounts.

**RESOLVED:** That the revenue outturn report for 2014/15 and the proposed carry forward of under spending to 2015/16 are noted and that, in future reports, the original approved budget always be featured.

<b>Committee:</b>	<b>Date:</b>
Finance Committee	22 September 2015
<b>Subject:</b> City Procurement Quarterly Update	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>

## Summary

The report updates Members on the work of City Procurement and key areas of progress between May and July 2015.

## Recommendations

Members are asked to:

- a) Note the progress report on key strategic improvement projects and performance:
  - a. Projected 2015/16 Savings of £8.65M against target of £8.27M
  - b. PO Compliance averaging at 94% in 2015/16
  - c. 95% of all supplier payments happening within 30 days
  - d. 85% of Small and Medium Sized Enterprise (SME) supplier payments happening within 10 days
- b) Note the update on exemption of Legal Counsel Fees as requested at May Finance Committee and the recommendation for the exemption to remain until a viable and efficient process can be developed and adopted.

## Main Report

### Background

City Procurement has three main functions, Category Management/Sourcing, Accounts Payable and Policy and Compliance. The service has a number of key improvement projects that support the objectives of the Procurement Strategy 2015-2018 presented to Finance Committee in June 2015. This report updates on progress of the key projects and current performance of delivery against the service KPIs set in April 2015.

### City Procurement Strategy and Key Improvement Projects

1. The City Procurement 3 year strategy has 4 themes and in year 1 the focus is on achieving Operational Excellence. The key improvement projects supporting this strategy current are:

- a) **Contract Management Review** – A service based review group sponsored by the Comptroller and City Solicitor has been established to review the City's existing contract management regime and capabilities with an expected report outlining the future recommended approach City should adopt to ensure greater consistency in achieving contracted savings and service levels is realised during the life of a contract. This group led by the Head of City Procurement to date has established that in relation to the City, contract management falls into 3 main disciplines:
- a. Delivery and Performance Management
  - b. Contract Administration
  - c. Commercial and Strategic Management

The group has also been reviewing the City's current performance and capability against each of these disciplines and has found although there are some pockets of good practice in each discipline, they are found at department level with no cross sharing of skills, process or monitoring found. The group will consider the supplier base of the City prior to producing a recommendation paper on the future of City contract management which will cover, governance, process, resource, roles and responsibilities, performance and risk monitoring and reporting.

- b) **Transformation to eInvoicing** – A task group led by the Head of Accounts Payable is reviewing the available software options, as well as learning from other organisations that have transitioned to almost full eInvoicing. A cost benefit analysis and recommendation paper is to be produced by end of September 2015.
- c) **City Procurement Code 2015** – The City's new Procurement Code (formerly known as Regulations) are to be brought to Finance Committee and Court of Common Council in September 2015 for decision. The 2015 Code has been developed to reflect the newly introduced UK Public Contracts Regulations 2015 and Small Business Act 2015 as well as a number of statutory requirements and local operational benefits.
- d) **Implementation of eSourcing** – The City has now fully transitioned to full eSourcing capability with the launch of the CapitalE sourcing platform at 1<sup>st</sup> May 2015. This solution allows all level of buying to be done online giving visibility and transparency to all our buying activities as well as an audit trail of all contracts put in place. This complies with audit and risk recommendations and supports the UK Government's eSourcing and Transparency agenda in relation to procurement. All existing suppliers have now transitioned to the new portal.
- e) **Payment Card Policy Development** – City Procurement in consultation with Finance, Human Resources and current payment card holders have developed a Procurement Card policy. This policy will ensure appropriate use of City payment cards and the description of spend that can now be publically accessed due to the UK Government's Transparency Code 2014 regulations. The policy coincides with a new payment card contract with



Lloyds Banking Group going live and new self-service portal for spend management being introduced in December 2015.

- f) **Responsible Procurement Strategy** – This strategy is being drafted as a sub-set of the City Procurement Strategy with a focus on the City's key objectives in social, sustainability, small business, living wage and equality deliverables that could be achieved through supplier contracts. This Strategy is being developed in conjunction with Economic Development, Town Clerks and other key service departments and will be brought to Finance Committee later this year for information.

- 2. The key projects Roadmap can be found at Appendix 1 showing the full list of key projects underway at present supporting the 4 procurement strategy themes.

### **Efficiency and Savings**

- 3. City Procurement is set an annual savings target at the start of each year, this target is 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. Each contract is reviewed by the relevant Category Board to set the targets, each contract target considers historic spend, scope changes, complexity, risk and industry benchmarks before setting a target. The annual City Procurement target is the total realised cashable savings in-year to be derived from all previously let and new in-year contracts signed off by the 7 operating Category Boards. The 2015/2016 City Procurement target is £8.27M.

### **The Annual Savings Target elements**

- 4. The 2015/2016 annual savings target is set using two types of in-year savings. Those are:
  - a) **Previously let contracts generating savings (known as run-rate)** – Savings already guaranteed for the current financial year from contracts let in previous years. This is for contracts that span different financial years and is typically for service contracts that are let for a 2-7 year period when the savings are spread across the contract life. This sustainable savings approach ensures savings are monitored and match the budgeted amounts.
  - b) **New contracts let generating savings** – Savings targeted to be generated from new contracts let during the financial year, for note depending on when the contract is let, it may only generate a part years' saving, with a full annual saving not realised until the following financial year.
- 5. The savings targets are for competitive price savings and are not inclusive of scope changes/service downgrades or other operation decisions which are treated as local department savings.

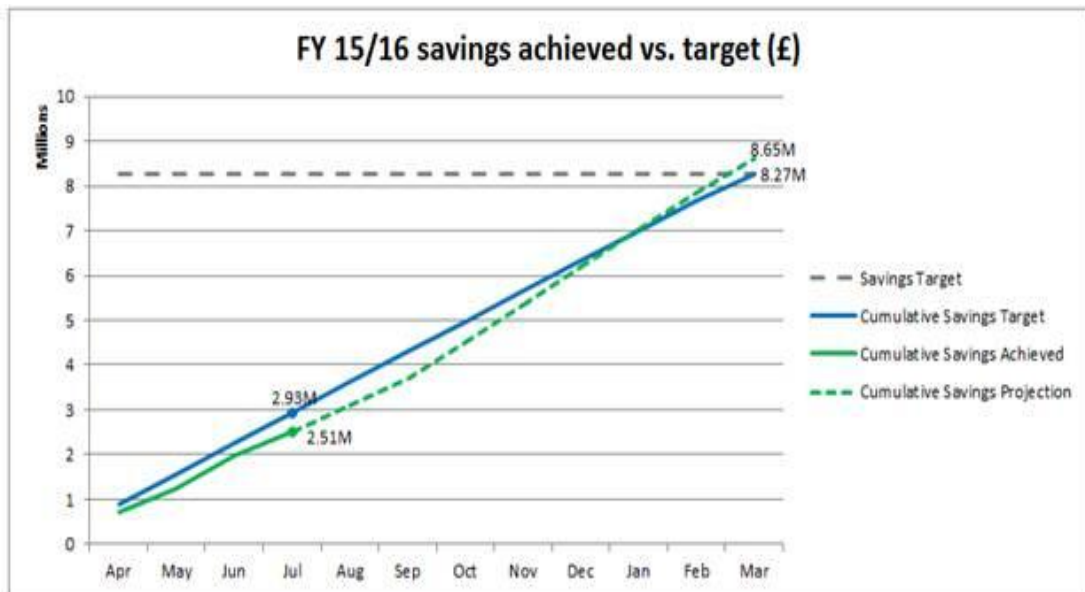
6. The savings are also monitored to capture budget impact savings which are those which will result in budget reductions. Other types of reported efficiencies such as resource reduction and cost avoidance are also tracked and reported within the total targeted savings of £8.27M.

**2015/2016 Efficiencies and Savings progress as end of July 15**

7. City Procurement has achieved £2.51M at the end of July 15 compared to the target of £2.93M for this period, the current shortfall is due to 3 key projects taking a little longer to conclude than expected, the finalisation of these contracts during September/October should see the savings achieved return to a positive position. In terms of the annual position City Procurement is projecting a positive end of year position of realised savings totally £8.65M against the 2015/2016 target of £8.27M as illustrated in the Figure A below. Of the projected £8.65M total savings, it is projected that £6.74M will be budget impact savings resulting in budget adjustments for any newly realised savings achieved within 2015/2016.

8. This projected position is reconciled on a monthly basis.

Figure A



**Accounts Payable Performance - PO Compliance/No PO No Pay**

9. Extensive communication was undertaken with City Corporation departments and suppliers in the final months of 2014/15 in preparation of the launch of the City's No PO No Pay policy. Early results in the first 4 months of 2015/16 indicate that Our PO Compliance is currently averaging at 94%, improving vastly from 70% prior to implementation of the policy in late 2014. A summary of PO Compliance by Department is at Appendix 2.

**Payment Performance**

10. As at the end of July 15, The City's 30 days invoice paid on time performance is 95% (Target 98%) with our mean average payment days being 11 days and our 10 day SME invoice paid on time is 85% (Target 80%) with our mean average

payment days being 8 days. The 30 payment figure has reduced slightly from 97% across April, May and June due to a task team working to close out older invoices that have been on-hold or in dispute. Their positive actions in reducing such invoices from circa 4,000 invoices down to less than 1,000 during June/July have had a negative impact on our payment performance stats as many are invoices that have been in the system longer than 30 days. We expect payment performance to increase to targeted levels after the summer recess period once the majority of officers are present and on-hold invoices are at a management level.

### Current Waiver performance

11. This part of the report sets out the quarterly update on the approval of waivers. The following tables set out a summary of the total number and value for waivers in 2014/15 and the reasons for the waivers. Waivers under £50,000 require Chief Officer approval, with those above requiring the approval of the Chamberlain or a spend committee.

**Table 1- Waivers under £50,000**

2015/16	Number	Value (£)	Average Value(£)
Q1 (April – June)	388	3,099,325	7,988
2014/15	Number	Value (£)	Average Value(£)
Q1 (April – June)	141	938,861	6,659

**Table 2 - Waivers over £50,000**

2015/16	Number	Value (£)	Average Value(£)
Q1 (April – June)	5	726,985	145,397
2014/15	Number	Value (£)	Average Value(£)
Q1 (April – June)	3	277,000	92,333

**Table 3 – Analysis of reasons for waivers**

	15/16 Q1	14/15 Q1
Officer's Chosen Supplier	212	68
Single Source Supplier	98	44
Not Stated / Other	65	24
Outside Corporate Contract	7	5
Extension of Contract	6	0
<b>Total</b>	<b>388</b>	<b>141</b>

12. The number of waivers is under the current regulations is still significant with circa 400 in total recorded in quarter 1 of 2015/2016. They have increased in both numbers and value since the same period last year. The new Procurement Code 2015's introduction will remove the vast majority of waivers as table 1 illustrates the average waiver value is £7k. The increase of the procurement

minimum threshold to £10k will remove the vast majority of waivers, thus reducing administration for City Procurement and City officers and allow City Procurement resource to be deployed in more value add activities.

### **Spend with SMEs**

13. For the period July 14 to July 15, 40% of the City's spend was with SMEs (inclusive of 8% Social Enterprises). This figure remains positive and well in advance of the UK Government's public sector target of 25%.

### **Purchase Order Exemptions – legal fees**

14. At May's Finance Committee the inclusion of Counsel fees/legal advice in the purchase order exemption policy was discussed, and Members asked for this to be reviewed and a report submitted to a future meeting.

15. A Purchase Order (PO) exemption was given to Comptrollers & City Solicitors (C&CS) on the basis that C&CS do not know how much the counsel fees will total when they request the work, making it difficult to raise an accurate Purchase Order for an exact amount. The City Procurement Team has conducted further research and recommends that 'counsel fees' remains an exemption on the basis of the following additional information.

16. When new work is commissioned via any given chambers, the work may be allocated by the supplier to any of a number of different individual barristers/counselors. In such situations the City of London Corporation has to pay the individual barristers directly as they are regarded as self-employed. The "supplier" on a PO needs to be the same as the payee on the invoice in order to be able to match the invoice to the PO. Therefore, C&CS could only raise a PO in advance if they knew which barrister(s) would be carrying out the work.

17. Due to the increased administration of having to set up each new barrister as a new supplier on Oracle, the raising of PO's for all work undertaken by barristers (on an individual basis) once they are named and the impact of cancelling PO's when they do not match to the exact amount invoiced it is recommended that 'counsel fees' remain on the PO exemption List. City Procurement will continue to explore with C&CS alternative methods to work with barristers that could allow the raising of purchase orders. To confirm there is a process internally to C&CS to ensure value for money and appropriate approvals are sought prior to work orders being sent to chambers.

### **Conclusion**

18. City Procurement continues to enhance its service levels whilst achieving improving performance, attaining consistently its KPIs. The strategy of developing to operational excellence levels during 2015/2016 is well underway with a series of improvement programmes, managed at an implementation pace that does not impact service delivery levels.

### **Christopher Bell**

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Appendix 1 – City Procurement Key Projects Roadmap

ID	Key Projects Last updated March 2015	2015										2016			RAG	Expected Completion Date	Comments (needed if RAG Amber or Red)
		Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar			
	<b>Procurement Strategy 2015-2018</b> <i>Lead: Chris Bell</i>	<ul style="list-style-type: none"> <li>• Drafting of procurement strategy with consultation from stakeholders</li> <li>• To PSG Apr and Chief officers in May for approval</li> <li>• Approved by Finance Committee June</li> <li>• Strategy now public</li> </ul>														Jun-15	Complete
L1	Review and proposal for enhanced Contract Management within City of London <i>Lead: Chris Bell/Michael Cogher</i>	<ul style="list-style-type: none"> <li>• Service based review group to be set up an opportunity outline finalised</li> <li>• Workshop 1 to be held 17th June</li> <li>• Homework task issued 25th Jun, Homework responses issued by 2nd week Jul</li> <li>• Workshop 2 held 24th July</li> <li>• Homework workshop 7th Aug</li> <li>• Workshop 3 to be held start of Sept</li> <li>• SBR final report Nov</li> </ul>														Nov-15	Project taken longer due to complexity and number of stakeholders to be consulted
	<b>Operational Excellence</b> <i>Lead: CP Leadership Team</i>																
	<b>► Payment Efficiency</b> <i>Lead: CP Leadership Team</i>	<ul style="list-style-type: none"> <li>• A1 - No PO No Pay</li> <li>• A2 - E-Invoicing</li> <li>• A3 - New Supplier creation Process</li> <li>• A4 - Invoices on Hold</li> <li>• A5 - P-Card Implementation, Policy, Communications and Training</li> <li>• A6 - No PO No Pay - Non Compliance Report</li> </ul>															
A2	E - Invoicing - Identify the best e-Invoicing solution (currently using Procsolve and then develop strategy to switch the majority of supplier invoices from paper based to electronic) <i>Lead: Geoff Pamell</i>	<ul style="list-style-type: none"> <li>• Project plan put in place for adding suppliers to e-invoicing</li> <li>• AP and BE team working on e-invoicing review and will produce report to be presented at PSG</li> <li>• Procsolve license finishes Nov 15. Decision needs to be made to continue or source new solution in advance</li> <li>• Onboarding suppliers to e-invoicing</li> </ul>														Mar-16	
A3	New Supplier creation Process - Process for creating a supplier on CBIS <i>Lead: Mark Vincent/Andrew Lenihan</i>	<ul style="list-style-type: none"> <li>• Check with Cat Mans form has been designed to cover everything, get developments approved and e-forms updated ready for testing if req</li> <li>• If developments/testing go well report live Dec, comms out with go live date then new system release Jan</li> </ul>														Jan-16	E-invoicing and P-Card system implementation have taken priority
A4	Invoices on Hold - Reduce number of invoices on hold to improve invoice payment statistics <i>Lead: Geoff Pamell/Andrew Lenihan</i>	<ul style="list-style-type: none"> <li>• Develop strategy to ensure holds stay at manageable level</li> <li>• Reduce holds to manageable level</li> <li>• Clear all necessary holds by R12 go live (Apr)</li> <li>• AP contact people chase up inv on hold quarterly Apr - Jun</li> <li>• Continuing to review effectiveness how we report and resolve holds</li> <li>• Initial change with holds team plan to chase up bi-monthly, but review to take place to see whether this frequency will continue</li> <li>• Bi-monthly chase invoices on hold and review effectiveness</li> <li>• Bi-monthly chase invoices on hold and review effectiveness</li> <li>• Bi-monthly chase invoices on hold and review effectiveness</li> </ul>														Mar-16	
A5	P-Card Implementation, Policy, Communications and Training - City of London payment card policy to be published after committee approval; Select a P-Card provider to handle our P-Card spend <i>Lead: Mark Vincent/Beth Forge</i>	<ul style="list-style-type: none"> <li>• Demo's, tender and decision</li> <li>• Draft policy in development, ready for public view in July</li> <li>• Build and implement system</li> <li>• User workshop, pre-build the system</li> <li>• Consultation of key stakeholders</li> <li>• Policy workshop</li> <li>• Training and finalising the policy documentation</li> <li>• Amendments to the system</li> <li>• Go live new P-card system Nov-15</li> <li>• Ensure functionality and all info embedded</li> </ul>														Dec-15	Policy taken longer than expected, continuous amendments to build and training plan held up as lead training officer out of office for number of weeks
	<b>► Compliance, Policies, Risk Assurance and Health and Safety</b> <i>Lead: CP Leadership Team</i>	<ul style="list-style-type: none"> <li>• B1 - Procurement and EU Regulations Re-fresh, Guidance, Communications and Training</li> <li>• B2 - Design and Implementation of Corporate Procurement Documentation</li> </ul>															
B1*	Procurement Code and EU Regulations Re-fresh, Guidance, Communications and Training - Publish and implement the City procurement regulations 2015 <i>Lead: Gary Dowling/Will Rattigan/Joanna Smith/Beth Forge</i>	<ul style="list-style-type: none"> <li>• Draft revised regulations and agree new interim procedure by mid Jun 15</li> <li>• Chris &amp; CP Leadership team to review, to wider consultation before PSG 16th Jul</li> <li>• Revising code, pt 2 first draft ready PSG Oct for app, Get regs app Part 1 - Rules</li> <li>• Part 1 to Finance 22 Sept &amp; Common Council 10 Oct once B16* advocated</li> <li>• Regs published Oct 15 (linked to B2*)</li> <li>• Training to run Oct onwards</li> <li>• Need impact assessment and develop implementation plan for comms, training and guidance</li> <li>• Classroom based training and e-learning ongoing</li> </ul>														Nov-15	Committee approvals moved from July to Sept to facilitate production of a more user friendly Procurement Code
B2*	Design and implementation of Corporate Procurement Documentation - Rollout a complete suite of standard procurement documentation <i>Lead: Joanna Smith/Gary Dowling</i>	<ul style="list-style-type: none"> <li>• Standard monthly documents approved for use on Bravo</li> <li>• Bravo to start in April</li> <li>• PQQ agreed &amp; below threshold contracts</li> <li>• Comments received by comptrollers final draft ITT ready by Jun</li> <li>• Produced core document for supplies &amp; services (PQQ, ITT Open &amp; ITT Restricted)</li> <li>• Requirements of new Regs (linked to B1*) incorporated in standard documents</li> </ul>														Aug-15	Complete

<b>► Effective and engaged Resourcing</b> <i>Lead: CP Leadership Team</i>		<ul style="list-style-type: none"> <li>B3 - City Procurement Training needs analysis and plan for 2015/16</li> </ul>												
B3	City Procurement Training needs analysis and plan for 2015/16 - Develop a training plan for City Procurement <i>Lead: Will Rattigan</i>	<ul style="list-style-type: none"> <li>Initial training needs analysis to be completed April</li> </ul>	<ul style="list-style-type: none"> <li>AP and Project Data team training</li> </ul>	<ul style="list-style-type: none"> <li>Proc Ops training</li> </ul>	<ul style="list-style-type: none"> <li>Category management training</li> </ul>	<ul style="list-style-type: none"> <li>Business Enablement training</li> </ul>	<ul style="list-style-type: none"> <li>AP and Project Data team training</li> </ul>	<ul style="list-style-type: none"> <li>Proc Ops training</li> </ul>	<ul style="list-style-type: none"> <li>Category Management training</li> </ul>	<ul style="list-style-type: none"> <li>Business Enablement training</li> </ul>			Dec-15	Lead officer out of the business for a number of weeks holding up the program
<b>► Sourcing &amp; Category Management</b> <i>Lead: CP Leadership Team</i>		<ul style="list-style-type: none"> <li>S1 - Review and Implementation of the waiver process</li> </ul>												
<b>Technology and Innovation</b> <i>Lead: CP Leadership Team</i>		<ul style="list-style-type: none"> <li>S2 - Procurement and implementation of new e-Tendering solution</li> <li>S3 - Implementation and data upload of new corporate Contract Register</li> </ul>												
S3*	Implementation and data upload of new corporate Contract Register - Complete data entry on the new electronic contract register that goes live 1st May <i>Lead: Mona Lewis</i>	<ul style="list-style-type: none"> <li>Linked to S2*, will be completed by July, on track</li> <li>Collating contracts info from departments and Legal, ready for upload</li> </ul>			<ul style="list-style-type: none"> <li>Existing contract register upload</li> </ul>		<ul style="list-style-type: none"> <li>Remainder of contract information from departments</li> </ul>		<ul style="list-style-type: none"> <li>Update upload phase</li> </ul>				Dec-15	Capital doing upgrade in Sept so asked if we can upload once completed
<b>Value for Money</b> <i>Lead: CP Leadership Team</i>		<ul style="list-style-type: none"> <li>S4 - Production of a savings and efficiencies handbook for City of London</li> <li>S5 - FY 15/16 Sourcing Plan report</li> </ul>												
S4	Production of an Efficiency and Savings Process Manual for City of London <i>Lead: Mona Lewis</i>	<ul style="list-style-type: none"> <li>Team exercise to develop savings handbook</li> <li>April draft handbook to be reviewed</li> </ul>	<ul style="list-style-type: none"> <li>Handbook to be reviewed by Heads of Finance 28th May</li> </ul>	<ul style="list-style-type: none"> <li>PSG in June</li> </ul>	<ul style="list-style-type: none"> <li>PSG instructed process needs further round of consultation with key stakeholders - go to PSG Sept for approval</li> </ul>			<ul style="list-style-type: none"> <li>Feed agreements into regulations</li> </ul>				Oct-15	PSG instructed process needs further round of consultation with key stakeholders - go to PSG Sept for approval	
S5*	FY 15/16 Sourcing Plan report - Finalise sourcing plan with associated savings targets agreed <i>Lead: Mona Lewis</i>	<ul style="list-style-type: none"> <li>Draft new FY 15/16 Sourcing Plan, then S14</li> </ul>	<ul style="list-style-type: none"> <li>Awaiting sign-off savings targets agreed by each Cat Board - Been to PSG</li> <li>Finance Committee in July</li> </ul>										Aug-15	Awaiting Cat Board sign-off, final Cat Board on Mon 29th June, FS, DCCS Constr agreed
<b>Corporate, Social Responsibility</b> <i>Lead: CP Leadership Team</i>		<ul style="list-style-type: none"> <li>B4 - LLW Policy Re-fresh, Communications and Training</li> <li>B5 - Responsible Procurement Strategy</li> </ul>												
B4	LLW Policy Re-fresh, Communications and Training - Recommendation committee paper to be completed revising the City's London Living Wage policy <i>Lead: Beth Forge/Gary Dowding</i>	<ul style="list-style-type: none"> <li>Initial discussion with Chamberlain to determine whether we go to Finance Committee with the new policy (Possibly to Process and Resources)</li> </ul>	<ul style="list-style-type: none"> <li>Policy drafted and approved by finance</li> </ul>	<ul style="list-style-type: none"> <li>Communications and training plan finalised</li> </ul>	<ul style="list-style-type: none"> <li>Completing communications plan</li> <li>Updated training deck</li> </ul>	<ul style="list-style-type: none"> <li>Revise training deck to finalise</li> <li>Supporting documents to go before the training</li> <li>Training/Contract management training</li> </ul>						Nov-15		
B5	Responsible Procurement Strategy - Implementing responsible procurement within strategy and operations <i>Lead: Natalie Evans</i>	<ul style="list-style-type: none"> <li>Review of current state of RP - key risks and quick wins</li> </ul>	<ul style="list-style-type: none"> <li>Revision of Col's RP strategy phase 1: Consult, Prioritise and Plan</li> </ul>	<ul style="list-style-type: none"> <li>Outline plan/framework of RP Strategy</li> </ul>									Aug-15	
<b>Completed Projects</b>														
A1	No PO No PAY - Implementation of the City's No PO No Pay policy <i>Lead: Geoff Pamell</i>	No PO No Pay went live 1st April 2015. Process embedded with both suppliers and departments successfully. Completed June 2015.												
A6	No PO No Pay - Compliance Report	AP Team designed new Compliance Report (formally non-compliance report) which received feedback from PSG and FLG prior to circulation. First report sent out to departments 21st May 2015												
S1	Review and implementation of the Waiver Process <i>Lead: Mona Lewis/Gary Dowding/Chris Bell</i>													
S2*	Procurement and implementation of new e-Tendering solution - Procurement and implementation of new e-Tendering solution <i>Lead: Mona Lewis</i>													

L = Leadership	Project is in a critical state, guaranteed that the project will go, or has, gone beyond agreed tolerances (financial, benefits, timescales, quality)	Project is in a controlled state	Project closed
A = Accounts Payable	Project is slipping, project has slipped or will about to slip into agreed tolerances	Positive direction of travel (De-escalation)	Step closed
B = Business Enablement	Project is on track	Negative direction of travel (Escalation)	CP Key Strategic Themes
S = Sourcing & Category Management	* Project / step link	Milestone	Sub-categories
<b>CPDU</b>	Partnership Working	Technology Led Project/Programme	

## Appendix 2 - Summary of PO Compliance by Department

### City of London Compliance Report Overview – July 2015

Compliance Ranking by Department - July 2015					
Department	Invoices* Received	Invoices Returned to supplier	Value of Invoices Returned to Supplier	% of Invoices Returned to supplier	Ranking
CCC - (Central Criminal Court)	43	0	£0.00	0%	1
CHA - (Chamberlains)	1005	9	£30,913.26	1%	2
CLG - (CoL School for Girls)	165	2	£766.26	1%	2
SOL - (Comptrollers & City Solicitors)	53	1	£11,040.00	2%	3
TCK - (Town Clerks)	367	8	£11,472.79	2%	3
MAN - (Mansion House)	88	2	£1,233.09	2%	3
GSM - (Guildhall School of Music & Drama)	736	28	£28,825.79	4%	4
BBC - (Barbican Centre)	1255	60	£249,331.54	5%	5
SVY - (City Surveyors)	731	35	£252,523.06	5%	5
OSD - (Open Spaces)	604	29	£22,438.00	5%	5
CLF - (CoL Freeman's School)	186	9	£6,157.98	5%	5
CHL - (Culture, Heritage & Libraries)	399	20	£24,585.47	5%	5
REM - (Remembrancers)	52	3	£1,066.75	6%	6
DCCS - (Children and Community Services)	810	56	£84,244.25	7%	7
ENV - (Environmental Services)	405	33	£271,685.44	8%	8
MKT - (Markets)	309	26	£19,990.96	8%	8
CLS - (CoL School for Boys)	169	19	£12,002.03	11%	9
CSJ - (Sir John Cass)	72	12	£6,654.17	17%	10
POL - (Police)	631	128	£170,507.63	20%	11
<b>Grand Total</b>	<b>8080</b>	<b>480</b>	<b>£1,205,438.47</b>		

\* Invoices above includes Payment Request Forms and RCG Refunds

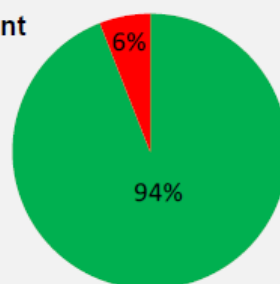
#### Invoices Returned to Supplier with No PO

480	6%	£1,205,438.47
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#### Breakdown of Compliance - July 2015

Type	Invoice Volume	Value of Invoices	% of Invoices
Compliant	7600	£42,100,902.58	94%
Non Compliant	480	£1,205,438.47	6%
<b>Grand Total</b>	<b>8080</b>	<b>£43,306,341.05</b>	<b>100%</b>

Non Compliant



Compliant

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<b>Committees:</b>	<b>Dates:</b>
Finance Committee Court of Common Council	22 September 15 15 October 15
<b>Subject:</b> City of London Procurement Code 2015	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Decision</b>

## Summary

The report summarises the new City of London Procurement Code 2015, with key updates reflecting new legislation introduced by the Government in February 15 and recommended operational changes to drive future procurement efficiency and savings.

### Recommendation:

Members are asked to approve the City of London Procurement Code 2015 Part One, to be effective from 1<sup>st</sup> November 2015.

## Main Report

### Background

1. The Procurement Steering Group (PSG) agreed that in line with newly introduced UK procurement legislation and on-going operational efficiencies that City Procurement should develop refreshed City of London procurement regulations. The City of London Procurement Code 2015 is the proposed new version. The name change comes at the request of the Comptroller to differentiate our regulations from the UK Public Contracts Regulations 2015 and avoid confusion.
2. The Procurement Code has been developed in consultation with the Comptrollers, Chief Officers, PSG members, Procurement Category Boards members and Heads of Finance.
3. A paper will be presented to Project Sub Committee and Finance Committee in October/November reflecting on the UK and Local Government interpretation of the EU Procurement Directives in comparison to other member states.

### City of London Procurement Code 2015

4. The City of London Procurement Code 2015's format has been substantially revised from the current City of London Procurement Regulations 2014. The Code will be published in two Parts.
  - **Part One** – Procurement Rules, these are the over-arching rules that must be followed by any City of London officer when purchasing goods, works or services or entering into or extending a contract with a 3<sup>rd</sup> party supplier

to the City. The full City of London Procurement Code 2015 Part One can be found at Appendix 1.

- **Part Two** – An internal supporting guide to the Procurement Code, this part will give more detailed advice, process and information on each of the rules to support those officers who are not familiar with the rules or infrequent purchasers of 3<sup>rd</sup> party supplier goods, works or services. The full City of London Procurement Code 2015 Part Two is being finalised to support the launch of the Part One Code as at 1<sup>st</sup> November.

5. A summary table of the rationale for each of the rules in Part One below illustrates which changes are due to UK Law and which are local arrangements recommended by City of London's interpretation of the UK and EU regulations. The table reflects the fact that the public procurement process is highly regulated, more so with the advent of the newly introduced Public Contracts Regulations 2015 and the Small Business Employment and Enterprise Act 2015. There are now clear government sanctions and legal remedies available for suppliers where contracting authorities fail to apply the regulations correctly. Those rules which specifically address legislative requirements are marked with a Yes. It is hoped that the table will prove useful in referencing the main changes within the Procurement Code 2015.

<b>Rule</b>	<b>Rationale</b>	<b>Legislation</b>
<b>Section One – Introduction</b>	Brief Summary of the purpose & format of the Code	No
<b>1 External Regulations</b>	Makes clear that there are a number of UK public regulations that govern procurement and thereby the City is subject to statute for all City Fund spend, with a consistent approach taken for City Cash activity.	Yes
<b>2 Public Contracts Regulations 2015</b>	New rule with brief summary of the new changes to UK public procurement arising from PCR 2015 and that City Procurement must undertake all procurements above the OJEU thresholds including non-local authority procurement unless the Comptroller advises otherwise in writing	Yes
<b>3 Governance</b>	Brief summary of the governance arrangements for City Procurement	No
<b>4 Monitoring</b>	Makes clear the arrangements for monitoring procurement & that City Procurement is responsible	No
<b>5 Best Value</b>	Part of a section of new rules setting out the key public procurement principles set out in LG Act 1999, EU Treaties, PCR 2015, Bribery Act 2010 – failure to apply these principles could open the City to legal challenge	Yes
<b>6 Codes of Conduct</b>	See 5 above & aligns Rules to the City's Codes of Conduct	Yes

<b>Rule</b>	<b>Rationale</b>	<b>Legislation</b>
<b>7 Conflicts of Interest</b>	See 5 above & note that PCR 2015 requires authorities to have procedures to address conflicts	Yes
<b>8 Transparency</b>	See 5 above and note that the rules sets out the City's obligations regarding the LG Transparency Code and the exemptions for private funds	Yes
<b>9 Collaboration</b>	See 5 above and makes clear that collaboration is a key requirement of the City's new Procurement Code	Yes
<b>10 Equal Treatment</b>	See 5 above – a key feature of PCR 2015 reinforces the need to be fair to all bidders	Yes
<b>11 Proportionality</b>	See 5 above a key feature of public procurement rules & processes should be proportionate to risks and not unduly add costs to the public or bidders	Yes
<b>12 Annual Sourcing Plan</b>	Updated rule confirming procedures for planning major procurements	No
<b>13 Section 20 Consultation</b>	New rule to ensure compliance with Section 20 of the Landlord & Tenant Act 1985 as amended by the Common hold & Leasehold Reform Act 2002.	Yes
<b>14 Estimating Contract Values</b>	New rule for calculating contract value for the purposes of the thresholds in the Code makes clear that deliberate disaggregation to avoid the thresholds is non-compliant: this is a key part of PCR 2015	Yes
<b>15 Procurement Thresholds</b>	Updated rules setting out thresholds for inviting and advertising tenders. Main change is the new minimum threshold for officer's discretion of £10k agreed by PSG and Chief Officers Group in June. Also supplies, services & works merged into one table for easier use and consultancy now subject to services thresholds (consultancy has always been classified as a services for the purposes of the PCR 2015)	Yes – below and above OJEU threshold procurement subject to legislation
<b>16 Contracts Lettings Thresholds</b>	Updates contracts thresholds rule removing the per annum provision to total contract value to align with rules 14 and 15 bringing more clarity & consistency but it will result in more contracts being subject to committee approval	No
<b>17 Corporate Contracts</b>	New rule setting out the benefits of corporate contracts, stating that they must be used & the information is commercially sensitive and must not be disclosed to external suppliers	No

<b>Rule</b>	<b>Rationale</b>	<b>Legislation</b>
<b>18 Concession Contracts</b>	New rule requiring officers to consult City Procurement when considering concession contracts. This is a complex area where the supplier accepts all the commercial risk and delivers the service in return for direct income without cost to the City – will soon be subject to an EU Concessions Directive for contracts above £5m. Guidance to be provided in Part 2	Partially but only for contracts over £5m
<b>19 Creating a City of London Framework Agreement</b>	Confirms that City Procurement must manage the procurement process when the City invites tenders for the award of its own frameworks in accordance with PCR 2015	Yes
<b>20 Using Framework Agreements created by external authorities</b>	Confirms that City Procurement must be consulted before external frameworks are used. Incorrect use of framework agreements could result in legal challenges especially for high value contracts so these checks are important to mitigate risk. The levels of checks are proportionate to the value and risk of the proposed contract.	Yes
<b>21 Access Agreements</b>	Confirms that City Procurement must be consulted before access agreements (required to use some external frameworks) are signed to check the City's liabilities	No
<b>22 Police Act 1996 Regulations 2001</b>	New Rule to ensure that where the CoLP are required to use contracts mandated by the Regulations they are not required to obtain a waiver from the City's Code	Yes
<b>23 Appointment of External Procurement and Legal Consultants</b>	Rule designed to ensure that City Procurement is consulted before external procurement or legal advisors are appointed. Several reasons: avoidance of duplication & increased costs and if such appointments are necessary ensuring appropriate terms are in place for IP, disclosure, conflicts of interest etc.	No
<b>24 Communication with Suppliers and Consultants during procurement</b>	New rule designed to ensure that City Procurement manage communication's during tenders and mitigate the risks associated with miscommunications etc.	No
<b>25 Waivers</b>	Updated rule but with a change that the minimum threshold for procurement waivers has been increased from £2k to £10k in line with the tender thresholds in rule 14 agreed by PSG and Chief Officers Group in June	No

<b>Rule</b>	<b>Rationale</b>	<b>Legislation</b>
<b>26 Procurement Exemptions</b>	New rule confirming those areas not subject to competitive tendering. The exemptions will be set out in a table Part 2 of the Code and will generally be those things such as contracts of employment, grants, ALMO's and reciprocal public authority service provision that are not subject to PCR 2015	Yes
<b>27 Contract Management</b>	New rule clarifying who is responsible for contract management	No
<b>28 Contracts Register</b>	New rule confirming that City Procurement are responsible for the City's Contract Register and that officers are responsible for keeping it up to date	No
<b>29 Document Retention</b>	New rule aligning the Procurement Rules to Financial Regulations to ensure that original signed copies of contracts are stored by Comptrollers. This ensures that the City is compliant from an audit and legal perspective	Yes
<b>30 Contract Extensions (Non Projects)</b>	New rule confirming that contract managers must consult City Procurement before extending contracts. A new review process with thresholds is introduced to explore commercial opportunities, highlight any risks of non-compliance and to ensure that records are kept & the contract register is updated if the option to extend is taken	No
<b>31 Increases in Contract Value</b>	Update of existing Regulation setting out approvals process and thresholds for increasing contract values where the City has approved a specific amount of funding e.g. projects	No
<b>32 Contract Variations</b>	Carry through of existing Regulation confirming that changes to or suspensions of contract terms must be approved by the appropriate committee	No
<b>33 Contracts Procured by Third Parties Assigned to the City</b>	Carry through of existing Regulation confirming procedures for the assignment of third party contracts to the City e.g. when the City acquires buildings with legacy supplies or services contracts	No
<b>34 Assignment (Transfer) of Contracts</b>	New rule confirming procedures for the transfer of existing contracts e.g. when an existing supplier is purchased	No
<b>35 Contract Signatures</b>	New rule aligning the Procurement Rules to the City's scheme of delegations – provides much needed clarity to officers	No

<b>Rule</b>	<b>Rationale</b>	<b>Legislation</b>
<b>36 Financial Standing &amp; Risk Management</b>	Update of existing rule- updates current threshold from £150k to EU threshold £172k and also in Part 2 will be guidance on new processes for evaluating bidders finances in accordance with new statutory rules applying to below and above OJEU threshold procurements in PCR 2015	Ye
<b>37 Contract Terms and Conditions</b>	New rule confirming that Comptrollers is responsible for Contract terms and conditions	No
<b>38 Standard Procurement Documents</b>	New rule confirming that City Procurement is responsible for procurement documentation including standard templates important to ensure consistency and efficiency and that City's processes are legally compliant e.g. ITT packs, PQQ's, Alcatel letters, Evaluation templates, Price Schedules etc.	Yes
<b>39 Disposal of Goods</b>	New rule confirming procedures and responsibility for the disposal of goods	No
<b>40 Complaints about Police Contractors</b>	New rule ensuring that all Police and corporate contracts used by the CoLP include an appropriate clause to ensure that bidders comply with the Independent Police Complaints Commission (Complaints and Misconduct) (Contractors) Regulations 2015.	Yes
<b>41 References and the Marketing of City Suppliers</b>	New rule confirming that City Procurement coordinate requests for references and marketing of City suppliers. This mitigates the potential problem of officers endorsing suppliers who are in dispute or failing or of compromising procurement exercises by showing favour to an incumbent. Also aligns to new HR policy on the use of social media.	No
<b>42 Purchase Order Exemptions</b>	New rule confirming exemptions from the City's No PO No Pay Policy approved by PSG – list and codes set out in Part 2 e.g. grant payments, utility bills, counsels advice etc.	No
<b>43 Amendments to Purchase Orders</b>	New rule confirming that officers must liaise with City Procurement to amend purchase orders in accordance with the guidance in Part 2	No
<b>44 Prompt Payment Code</b>	New rule confirming that suppliers must be paid within 30 days and 10 days for SME in accordance with City's policy and the Prompt Payment Code. Payment of SMEs now monitored by government re the Small Business Enterprise and Employment Act 2015	Yes

<b>Rule</b>	<b>Rationale</b>	<b>Legislation</b>
<b>45 P Cards</b>	New rule confirming that City P Cards must be used in accordance with the City's policy currently being developed by City Procurement subject to Finance Committee approval in September	No
<b>46 Supplier Creation (Oracle)</b>	New rule confirming that City Procurement is responsible for registering suppliers on Oracle: this is an important step to ensuring efficiency and control of the City's supplier base	No
<b>47 Responsible Procurement Policy</b>	Updated rule confirming that procurement must be conducted in accordance with the City's RP policy - a key feature is that a minimum 10% of the qualitative evaluation score for tenders over £250k should be for RP and that this should not be less than 5% of the overall score including price	No
<b>48 Local, SME and Social Enterprise Directive</b>	Updated rule requiring officers to gain at least one quote from either a local, SME or social enterprise for below OJEU thresholds with the exception of procurements under £10k which are at officers discretion in accordance with the new thresholds in rule 14	No
<b>49 Social Value Panel</b>	Updated rule confirming that the Social Value Panel must be consulted for all service contracts above OJEU thresholds. The panel generates a lot of added value to procurement planning and ensures that the City complies with the Public Services (Social Value) Act 2012	Yes
<b>50 Living Wage Policy</b>	Updated rule confirming that the City's new Living Wage Procurement Policy approved by Finance Committee in May must be complied with - details of the process to be followed and administered by City Procurement process guidance to be set out in Part 2	No
<b>51 Noise Control</b>	New rule designed to ensure that all City contracts comply with the City's noise control policies e.g. for deliveries in residential areas	No
<b>52 Air Pollution</b>	New rule designed to officers take account of the City's Air Quality Strategy when planning or undertaking procurement – guidance on ways this can be done will be provided in Part Two	No
<b>53 Climate Change Mitigation</b>	New rule designed to ensure that officers take account of the City's Climate Change Mitigation Strategy when planning or undertaking procurement – guidance on ways this can be done will be provided in Part Two	No

## **Conclusion**

6. City Procurement recommend approval and adoption of the new City of London Procurement Code 2015 and for it to be effective for use from 1<sup>st</sup> November 15 to ensure the City complies with EU Procurement Directives, the newly introduced UK Public Contract Regulations 2015 and Small Business Employment and Enterprise Act 2015 as well as other laws that govern public procurement and policing activity. The new Code also introduces some new operational changes to assist with efficiency and a reduction of bureaucracy and waivers.

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**Appendix 1 - City of London Procurement Code 2015 Part One "Rules"**





**CITY OF LONDON**  
**PROCUREMENT CODE**  
**PART ONE: RULES**

**DRAFT**

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## A. INTRODUCTION

The Procurement Code is a fundamental component that governs procurement and assists the implementation and delivery of the Procurement Strategy 2015-2018. The Procurement Strategy and service performance is ultimately overseen and authorised by elected members and governed by the Procurement Steering Group.

The Procurement Strategy sets out a programme to modernise the City's procurement services to achieve: operational excellence; optimise value for money; enhance technology and innovation; and deliver corporate responsibility all leading to sustainable high performance. Procuring (buying) goods, works and services in the right way is essential to ensure value for money is achieved.

This Code constitutes the rules that must be followed when any procurement is undertaken by the City and are designed to ensure that risks are minimised and procurement complies with the Public Contracts Regulations 2015 and other relevant legislation.

Guidance and templates to underpin each of the rules and assist officers with undertaking procurement can be found in Part Two of this Code.

Part Three of the Code will set out the organisational structure and roles and responsibilities of officers and members for procurement at the City.

The Procurement Code also applies to the City for externally funded or collaborative projects where it is the contracting authority conducting the procurement and signing the contract e.g. the Lottery Heritage Fund.

### Summary of Abbreviations

<b>The City</b>	The Mayor and Commonalty and Citizens of the City of London (i.e. the City of London Corporation)
<b>CoLP</b>	The City of London Police
<b>Code</b>	this Procurement Code
<b>Corporate Contract</b>	a contract for the procurement of supplies, services or works by more than one department of the City
<b>C&amp;CS</b>	Comptroller and City Solicitor
<b>EU</b>	European Union
<b>GHG</b>	Greenhouse gases
<b>General Treaty Principles</b>	The underlying principles of the Treaty on the Founding of the European Union (TFEU) generally understood as promoting equal treatment, non-discrimination and transparency in the award of public contracts, particularly where there is a degree of cross-border interest.
<b>OJEU</b>	the Official Journal of the European Union
<b>PCR 2015</b>	the Public Contracts Regulations 2015
<b>Pcard</b>	Purchasing Card

<b>PQQ</b>	Pre-qualification Questionnaire
<b>PSG</b>	Procurement Steering Group
<b>SME</b>	small and medium enterprise
<b>Social Enterprise</b>	a business that trades to tackle social problems, improve communities, people's life chances, or the environment.
<b>SVP</b>	Social Value Panel

## B. GOVERNANCE AND PRINCIPLES

### 1. External Regulations

- 1.1. Public Procurement is subject to a regulatory framework which directly impacts the City in its capacity as a local and police authority. These include EU treaty principles, EU directives, the regulations that implement them and UK-specific legislation.
- 1.2. The implementation of PCR 2015 (which transposes EU Directives relating to procurement into English law) and the *Small Business Enterprise and Employment Act 2015* means that all processes for above and below EU threshold procurements are now regulated.

### 2. Public Contracts Regulations 2015 (PCR 2015)

- 2.1. PCR 2015 applies to the City without distinguishing between its various functions. When acting in a capacity other than as a local authority or police authority, the PCR 2015 will be considered as applicable, unless C&CS has advised in writing to the contrary.
- 2.2. The key changes of the PCR 2015 include:
  - Abolition of PQQs below OJEU thresholds;
  - Use of a standard PQQ for above OJEU thresholds;
  - Removal of the distinction between Part A and Part B services;
  - Introduction of the 'Light Touch' regime for certain social services and various health, education, community and cultural services over £625,000, which will need to be advertised in OJEU. However, it remains with the contracting authority to determine its own award procedures;
  - Introduction of the Competitive Procedure with Negotiation;
  - Introduction of Innovation Partnerships;
  - Prompt payment provisions;
  - Changes to the financial assessment of suppliers; and
  - Provisions for SMEs, including recommendations to break contracts into lots.

- 2.3. PCR 2015 applies to all public supplies, services and works contracts. Failure to comply with PCR 2015 could expose the City to the risk of a successful legal challenge. Therefore, all procurements subject to PCR 2015 must be undertaken by City Procurement.

### **3. Governance**

- 3.1. The Chamberlain is responsible for City Procurement, which is the central service for the City's procurement operations.
- 3.2. The Finance Committee are responsible for overseeing the performance and development of City Procurement. However, major decisions regarding policy and financial approval will be referred to Policy and Resources, Court of Common Council or other Committees for approval wherever necessary.
- 3.3. PSG is the leadership and Senior Officer Board that oversees procurement performance and policy development. It is jointly chaired by the Chamberlain and Deputy Town Clerk.
- 3.4. Category Boards are decision making forums (normally chaired by Chief Officers) that are responsible for approving and overseeing procurement strategy and performance monitoring in major areas of related expenditure, such as construction or information technology.

### **4. Monitoring**

- 4.1. City Procurement is responsible for monitoring and reporting on all of the City's procurement expenditure and activities. Procurement is subject to scrutiny by the City's Internal Audit Service, which may undertake audits, issue reports and make recommendations on any of its activities. The City's procurement activities and processes are also subject to external audit reviews.

### **5. Best Value**

- 5.1. Officers undertaking procurement on behalf of the City have a duty to apply Best Value principles in accordance with section 3 of the *Local Government Act 1999*. The Best Value principles are relevant to the entire procurement process and this Code and must always be taken into account.
- 5.2. The duty to achieve best value for the City requires us to consider and investigate economic, environmental and social aspects and outputs in relation to the purchasing decisions we make. Through our procurement processes and activities we aim to minimise the negative impacts associated with goods, services and works and their associated supply chains and maximise potential benefits including social value. This commitment is regulated in public services contracts by the *Public Services (Social Value) Act 2012*.
- 5.3. Section 3 of the Local Government Act 1999 and the Public Services (Social Value) Act 2012 applies to the City without distinguishing between its various functions. When acting in a capacity other than as a local or police authority, Section 3 of the Local Government Act 1999 and the Public Services (Social Value) Act 2012 will be considered as applicable, unless C&CS has advised in writing to the contrary.

### **6. Codes of Conduct**

- 6.1. The City expects all officers and elected members involved in procurement to behave with the highest levels of probity and integrity in accordance with the *Bribery Act 2010*, this Code, *The Employee Code of Conduct* and *The Fraud Awareness Policy*. Failure to adhere

to these conditions will result in disciplinary action and in the most serious cases criminal investigation and prosecution.

## **7. Conflicts of Interest**

- 7.1. Any personal conflict of interest arising out of a procurement exercise must be declared immediately to the Head of City Procurement who will determine the action required to address the conflict.

## **8. Transparency**

- 8.1. City Procurement is responsible for publishing procurement information required by the *Local Government Transparency Code 2015* and for managing Freedom of Information Requests relating to procurement. The requirements do not extend to the City's non local authority functions including the Police and Crime Commissioners for whom a separate transparency framework applies.

## **9. Collaboration**

- 9.1. Procurement will be undertaken in a spirit of collaboration between City Procurement, officers and members of the City as whole, our external partners and suppliers and the communities it serves. In many cases this will involve working jointly for the corporate good across the organisation and in collaboration with external partners.

## **10. Equal Treatment**

- 10.1. All procurement undertaken by the City must accord equal treatment and consideration to all organisations competing for its contracts. This involves undertaking the procurement in accordance with the rules, procedures and guidance we publish and applying them equally to all participants without favour.

## **11. Proportionality**

The processes to be followed by the City should be proportionate to the value, strategic and operational importance, statutory obligations, contractual and related risks (including reputational and uninsurable risks) and commercial benefits of the procurement being undertaken.

# **C. OPERATIONS**

## **12. Annual Sourcing Plan**

- 12.1. Chief Officers must provide the Head of City Procurement with a forecast, for the next financial year, every February of all the procurements £100,000 or more for supplies or services and £400,000 or more for works, to enable City Procurement to plan and allocate resources for the following financial year.

## **13. Section 20 Consultations and the use of Nominated Suppliers**

- 13.1. Procurements relating to supplies, services and works for residential properties leased by the City may be subject to statutory requirements for the City to consult with leaseholders under Section 20 of the *Landlord and Tenant Act 1985* (as amended).

- 13.2.** Officers responsible for managing the properties for which the procurements are being undertaken are also responsible for undertaking the consultation with leaseholders and will need to factor in the longer lead-in times for procurement processes in cases of leaseholder consultation.
- 13.3.** Below the EU threshold, procurements relating to supplies, services and works for residential properties leased by the City may also be subject to Section 20 which allows leaseholders to nominate suppliers to be considered for inclusion in tenders.

#### **14. Estimating Contract Values**

- 14.1.** Officers estimating contract values for the purposes of complying with the procurement thresholds should calculate the whole estimated contract value over the life of a contract including provision for subsequent phases of a project and appropriate contract extensions.
- 14.2.** Officers must not deliberately sub-divide or disaggregate procurements for the purpose of avoiding the thresholds in this Code.
- 14.3.** City Procurement must be consulted regarding all procurement estimates above £10,000.

#### **15. Procurement Thresholds**

- 15.1.** The quotation and tender thresholds apply to all procurement including the procurement phases of projects.
- 15.2.** All contracts valued <sup>1</sup>£100,000 or more for supplies or services, and £400,000 or more for works, must be advertised except where an existing approved Corporate Contract or framework is being used.
- 15.3.** The following thresholds apply:

<b>Type of Procurement</b>	<b>Supplies &amp; Services (including Consultancy Services) Threshold</b>	<b>Works Threshold</b>	<b>Basis and Guidance</b>
<b>Operational Purchasing</b>	<b>up to £10,000</b>	<b>up to £10,000</b>	Officers may seek one or more quotations directly from suppliers, providing aggregation, best value and responsible procurement principles are observed. Once a quotation has been obtained, a requisition must be created on iProcurement and submitted to City Procurement who will issue a Purchase Order to the selected supplier. Where a Corporate Contract for the supplies and services exists, it must be used.
<b>One-off</b>	<b>More than £10,000,</b>	<b>More than £10,000</b>	Request for Quotation must be

<sup>1</sup> All of the financial thresholds in the Procurement Code are exclusive of VAT or any other taxes



Type of Procurement	Supplies & Services (including Consultancy Services) Threshold	Works Threshold	Basis and Guidance
Purchasing	but less than £100,000	but less than £400,000	undertaken by City Procurement – a minimum of three firms to be invited to submit written quotations one of which should be a local firm, SME, or a Social Enterprise.
Strategic Purchasing (Advertise)	£100,000 or more, but less than <sup>2</sup> EU Supplies & Services Threshold	£400,000 or more, but less than <sup>3</sup> EU Works Threshold	Tenders must be undertaken by City Procurement. A minimum of three firms to be invited to submit tenders, which must be advertised via Capital e-Sourcing ( <a href="http://www.capitalesourcing.com">www.capitalesourcing.com</a> )
Strategic Purchasing (Advertise in OJEU)	Above EU Supplies & Services Threshold	Above EU Works Threshold	Tenders must be undertaken by City Procurement and advertised in the Official Journal of the European Union ( <a href="http://ted.europa.eu">http://ted.europa.eu</a> ) and via Capital e-Sourcing ( <a href="http://www.capitalesourcing.com">www.capitalesourcing.com</a> ).

**15.4.** For supplies, services and works below the EU threshold which are subject to Section 20 of the *Landlord and Tenants Act 1985* (as amended), please refer to rule 13 above and associated guidance in Part Two of this Code.

## 16. Contracts Lettings Thresholds

- 16.1.** The contracts lettings thresholds set out the types and levels of approvals required by officers to proceed with the various phases of non-project related procurements and the award of contracts.
- 16.2.** Different approval processes and thresholds apply to the procurement phases of projects. The project approval thresholds can be found on the Project pages of COLNET<sup>4</sup>.
- 16.3.** For non-project related contracts, depending on the estimated contract value and the per annum contract value, there may be 3 stages of committee involvement:-
- **Stage 1:** Finance Committee agrees the high level evaluation criteria to be applied in the selection process.
  - **Stage 2:** Finance Committee receives a ‘for information’ update following supplier short- listing.

<sup>2</sup> The current EU Threshold for supplies and services can be found at: <http://www.ojec.com/thresholds.aspx>

<sup>3</sup> The current EU thresholds for works can be found at: <http://www.ojec.com/thresholds.aspx>

<sup>4</sup> <http://colnet/Departments/Town%20Clerks/Project%20Management/Pages/Our%20Business/Home.aspx>

- **Stage 3:** The Chamberlain or Category Board as delegated by the Chamberlain, receives the final recommendation on contract award, and depending on the estimated per annum contract value also the Finance Committee and Court of Common Council as shown in the table below.

16.4. The following thresholds apply to the total contract value:

Estimated Contract Cost	Approval Required by	Stages
<b>Less than EU Threshold</b>	There is no general requirement to report to Committee but the Procurement Thresholds for inviting quotations or tenders in rule 15.1 above must be followed.	
<b>Over EU Threshold, but below £2,000,000</b>	Chamberlain or Category Board as delegated by the Chamberlain and as required a for information report to be presented to Spending Committees for contracts with a total value above £500,000	3
<b>£2,000,000 or more, but less than £4,000,000</b>	Finance Committee	1 ,2 and 3
<b>£4,000,000 and above</b>	Finance Committee and Court of Common Council	1 ,2 and 3

## 17. Corporate Contracts

- 17.1. City Procurement have awarded a range of <sup>4</sup>Corporate Contracts for supplies, services and in some cases works that are commonly required by all or a wide range of the City's departments.
- 17.2. Officers must use Corporate Contracts to ensure value for money, efficiency and best practice.
- 17.3. Information relating to Corporate Contracts may be commercially sensitive and officers must not communicate it directly or indirectly to other external suppliers.

## 18. Concession Contracts

- 18.1. Officers considering the creation of concession contracts at whatever threshold must consult with City Procurement as early as possible in the research or planning phase of the project who will undertake a review in accordance with the explanations and procedures set out in Part Two of this Code.

## 19. Creating a City of London Framework

- 19.1. Where officers wish to invite tenders to create a City of London framework the procurement is subject to the Procurement Threshold and the award decision is subject to the Contracts

<sup>4</sup><http://www.cityoflondon.gov.uk/business/tenders-and-procurement/Pages/contract-lists.aspx>

Letting Thresholds set out in rule 16 above. Mini competitions or call-offs from such frameworks should be administered through City Procurement.

**19.2.** All tenders for the creation of City of London framework must be undertaken by officers in City Procurement.

**19.3.** The majority of framework agreements will be let under the PCR 2015. The minority that are low value will still be subject to General Treaty Principles.

## **20. Using Frameworks created by External Contracting Authorities**

**20.1.** Before using an external framework for the first time, City Procurement will undertake a due diligence assessment of the benefits and risks, adopting a proportionate approach in accordance the guidance set out in Part Two of this Code.

## **21. Access Agreements**

**21.1.** Where use of a framework is conditional upon the City first signing an Access Agreement (or similar) with the external contracting authority, such an agreement must be reviewed by City Procurement in accordance with the procedures Part Two of this Code.

## **22. *The Police Act 1996 (equipment) Regulations 2011 and the Police Act 1996 (services) Regulations 2011***

**22.1.** Where the Secretary of State, the Home Office and the Crown Commercial Service has awarded or approved national police framework for the provision of equipment or services mandated in accordance with the above regulations they must be used by CoLP.

**22.2.** Mini competitions or call-offs from such frameworks should be administered through City Procurement.

**22.3.** Officers are not required to obtain a waiver from this Code when using such frameworks even when an equivalent Corporate Contract or City of London framework is in place.

**22.4.** All other national or regional police frameworks agreements under s23 of the *Police Act 1996* will require a due diligence exercise to be conducted in accordance with rule 20.1 above.

**22.5.** Police collaboration agreements under s.22 and 23 of the Police Act 1996 must be managed by C&CS.

### **23. Appointment of External Procurement and Legal Consultants**

**23.1.** Officers wishing to appoint external consultants to assist with procurement projects must consult the City Procurement before all such appointments are made.

**23.2.** The appointment of external legal counsel including solicitors and barristers is also subject to C&CS consultation and procedures.

**23.3.** Any resulting appointment must comply either with this Code in respect of a procurement in line with services thresholds or via the HR Recruitment and Selection policy in respect of short term contracts of employment or the appointment of temporary staff. All external consultants and companies appointed by the City to assist with procurements must be advised of their obligation to declare conflicts of interest.

### **24. Communication with Suppliers**

**24.1.** City Procurement is responsible for managing all communications with suppliers during procurement projects and officers should follow the advice and instructions of the City Procurement's Category Managers and Procurement Officers. Failure to do so may compromise confidentiality and data protection obligations and jeopardise the procurement.

### **25. Waivers**

**25.1.** In special or exceptional circumstances, the requirements of this Code may be waived provided one of the following authorisations has been received:

<b>Estimated Contract Cost</b>	<b>Approval Required by</b>
<b>Not more than £10,000</b>	No waiver necessary procurement can be undertaken at officer's discretion. With the exception of a decision not to use a Corporate Contract where a Chief Officer waiver is required. Unless there are sound commercial or operational reasons for not doing so approved by the Head of Sourcing.
<b>£10,000 or more, but less than £50,000</b>	Chief Officer must be in writing in line with the waiver process, signed by Chief Officers.
<b>£50,000 or more, but less than £2,000,000</b>	Finance Committee (and Projects Sub-Committee for contracts let as part of projects) unless waiting for the next Spending Committee meeting would have a detrimental effect to the business the urgent waiver process applies.
<b>£2,000,000 and above</b>	Finance Committee (and Projects Sub-Committee for contracts let as part of projects) and Court of Common Council.

- 25.2.** Officers seeking waivers from Projects Sub Committee or Finance Committee are advised that it may be necessary to submit a for information report to the relevant spending committee.
- 25.3.** The following thresholds will apply to **urgent** waivers:

<b>Estimated Contract Cost</b>	<b>Approval Required by</b>
<b>£50,000 or more, but less than £500,000</b>	Chamberlain may authorise waivers
<b>£500,000 or more, but less than £2,000,000</b>	Town Clerk in consultation with Finance Committee Chairman (or Deputy Chairman in Chairman's absence)

- 25.4.** All waivers granted will be reported to the next Finance Committee and relevant spend committees.
- 25.5.** The requirement to obtain waivers for not using Corporate Contracts applies to all procurement values including purchases below £10,000.
- 25.6.** The statutory provisions of PCR 2015 will be applied to all procurements by the City and cannot legally be waived when the City is acting in its capacity as a local authority or police authority. When acting in a capacity other than as a local authority, PCR 2015 waivers will not be considered unless the C&CS has provided written advice in accordance with rule 2.1 above.

## **26. Procurement Exemptions**

- 26.1.** Only in a very limited number of instances is it not necessary to seek a competitive tender or quotations. The approved list of exemptions to procurement is included in Part Two of this Code.

## **D. CONTRACT MANAGEMENT**

### **27. Contract Management**

- 27.1.** Contracts awarded following procurements undertaken by City Procurement will be managed by appropriate officers in City departments directly for their own department, on behalf of a group of departments or, in the case of Corporate Contracts, the City as a whole including any external organisations using the contract.
- 27.2.** Where Category Boards commission City Procurement to create new contracts the agreed sourcing plan will incorporate clear provision for the management of the resulting contract or contracts.

### **28. Contracts Register**

- 28.1.** City Procurement is responsible for managing and maintaining a register of all contracts awarded by the City or assigned to the City by third parties.
- 28.2.** After the contract has been awarded the officers and department responsible for managing the contract are also responsible for notifying City Procurement of any changes

to the status of the contract including but not limited to contract extensions, contract value, scope, terminations and changes to contract management arrangements.

## 29. Document Retention

- 29.1.** The City's regulations for the retention of tenders, quotations and contracts are set out in Part 2 of the City's Financial Regulations.
- 29.2.** City Procurement is responsible for maintaining a register of tenders and quotations and will keep records for 6 years.
- 29.3.** Contracts awarded under seal for supplies and services at £250,000 or above and for works at £400,000 or above must be kept for 12 years from the date of final delivery or completion of the supply, services or works to which they relate. Contracts not under seal must be kept for 6 years from the date of final delivery or completion of the supply, services or works to which they relate.
- 29.4.** Where C&CS have not prepared contracts for execution or signature, City Procurement must provide to the C&CS Information Manager original signed copies of every contract it awards within 14 days of the contract being exchanged and signed by the parties. The 14 days will also apply to all contract variations, extensions and change requests which are prepared at a local level. The C&CS has its own internal procedures for those contracts and other documents it prepares. C&CS is responsible for the storage and archiving of the original contracts.

## 30. Contract Extensions (Non-project related contracts)

- 30.1.** Officers have the right to extend non-project related contracts if the contract terms allow for an extension and the requisite approval was obtained in accordance with the Contracts Lettings Thresholds (see rule 16 above). However, before exercising the right to extend, officers must also undertake a formal contract review for all contracts valued £10,000 or more in conjunction with City Procurement to evaluate contract performance, value for money and alternative procurement opportunities.
- 30.2.** The following thresholds and procedures apply to the review:

Estimated Contract Value	Contract Review Procedure	Approval Procedure
<b>£10,000 or more, but less than £100,000</b>	Contract Manager and City Procurement Category Manager undertake a joint review and produce a brief report with appropriate recommendations. The review should take place 4 months before the expiry of the minimum term	Approval by the Head of Sourcing
<b>£100,000 to OJEU thresholds</b>	Contract Manager and City Procurement Category Manager undertake joint review and produce a report with appropriate recommendations. The review should take place 6 months	Approval of joint report and recommendations by the appropriate Category Board

Estimated Contract Value	Contract Review Procedure	Approval Procedure
	before the expiry of the minimum term.	
Above OJEU thresholds	Contract Manager and City Procurement Category Manager undertake joint review and produce a report with appropriate recommendations. The review should take place 9 months before the expiry of the minimum term.	Approval of joint report and recommendations by the appropriate Category Board

### 31. Increases in Contract Value

- 31.1. For all contracts where specific provision has been previously approved and expenditure will exceed the approved provision (after allowing for inflation) by more than 20% or £400,000, whichever is the lowest; expenditure shall only be incurred when the following authorisations have been obtained:

Expenditure	Approval by
Less than £500,000	Spending Committee and the Committee(s) which considered the Detailed Options Appraisal or Contracts Letting Report
£500,000 and above	Spending Committee, the Committee(s) which considered the Detailed Options Appraisal or Contracts Lettings Report and the Court of Common Council

- 31.2. Where increases in contract value would result in low value contracts exceeding EU thresholds, the City has no authority to approve such increases and a new tender would be required.

### 32. Contract Variations

- 32.1. The alteration of the terms and conditions or the suspension or abrogation of the proper performance of any contract, or part or parts thereof, to which the City is a party, shall be subject to the approval of the relevant Spending Committee.

### 33. Contracts procured by third parties, subsequently assigned or novated to the City

- 33.1. This Code does not apply to contracts which have been procured by a third party and assigned or novated to the City following the acquisition by, or reversion to, the City of long leasehold interests or the acquisition of freehold interests.
- 33.2. These contracts will be handled directly by the City Surveyor who shall ensure in consultation with C&CS that the required due diligence on the contracts is undertaken on any contracts which are to be assigned or novated to the City following the completion of the commercial transaction.
- 33.3. The City Surveyor should advise City Procurement of such contacts to ensure they are included in the Contracts Register.

- 33.4** On the expiry of contracts procured by third parties which have been assigned or novated to the City, where a Corporate Contract exists, the Corporate Contract must be used.

#### **34. Changes in identity of Suppliers**

- 34.1.** City Procurement must be consulted regarding the assignment or novation of contracts in accordance with the guidance and procedures in Part Two of this Code.
- 34.2.** No novation agreement must be entered into until:
- (a) the terms have been agreed in consultation with C&CS;
  - (b) the financial standing and insurances for the new contracting party has been approved by the Chamberlain;
  - (c) the new contractor meets the original qualitative selection criteria and there are no other substantial modifications made to the original contract; and
  - (d) spending committee approval has been obtained to enter into the novation agreement
- 34.3.** Where it is established that no assignment or novation has taken place but only a rebranding exercise following a company merger or acquisition, then a copy of the Change of Name Certificate must be provided to C&CS to place with the original contract.

#### **35. Contract Signatures**

- 35.1.** The Chamberlain and Chief Officers in accordance with the City's Scheme of Delegations are authorised to sign contracts awarded up to a value of £250,000 for supplies or services and up to £400,000 for works.
- 35.2.** C&CS is responsible for signing all contracts awarded of £250,000 or more for supplies or services and £400,000 or more for works. These contracts must be sealed by the City and executed as a deed unless C&CS advise otherwise.

#### **36. Financial Standing and Risk Management**

- 36.1.** City Procurement are responsible in conjunction with the Chamberlain's Financial Division for ensuring that appropriate steps have been undertaken to appraise the financial standing of the contractor and any other risks for contracts with an estimated value over the EU threshold for supplies or services (currently £172,514) and valued £400,000 or more for works.

#### **37. Contract Terms and Conditions**

- 37.1.** C&CS maintain standard templates of conditions of contract. In the absence of a suitable template, or in cases that are complex or novel, C&CS will advise on appropriate terms. All proposals involving non-City standard terms and conditions must be submitted to C&CS for vetting in good time to enable C&CS to amend terms or substitute as necessary.

#### **38. Standard Procurement Documents**

- 38.1.** City Procurement is responsible for developing and maintaining standard procurement documents to be used when conducting tenders or requests for quotations.



### 39. Disposal of goods

- 39.1. City Procurement are responsible for ensuring that the City has a range of services to ensure that goods which have been purchased and are no longer required are disposed of in ways which support probity, value for money, health and safety and sustainability.

### 40. Complaints about Police Contractors

- 40.1. Where goods, services or works are being procured by or for CoLP either under contracts specifically awarded for the CoLP or where the CoLP are utilising a Corporate Contract this Code, the <sup>5</sup>*IPCC statutory Guidance* and <sup>6</sup>*The Independent Police Complaints Commission (Complaints and Misconduct) (Contractors) Regulations 2015* will have to be taken into consideration.

### 41. References and the Promotion and Marketing of Suppliers

- 41.1. Officers must refer all requests for supplier references to City Procurement who will issue a response after consultation with the appropriate contract manager.
- 41.2. Officers must also refer all requests for the promotion and marketing of suppliers to City Procurement who will decide whether the request should be approved.

## E. ACCOUNTS PAYABLE

### 42. Purchase Order Exemptions

- 42.1. It is possible to place a purchase order for all requirements and the vast majority of procurement is covered by the *No PO No Pay policy*<sup>7</sup>. However, in a limited number of circumstances for a limited number of services, it may be appropriate to exempt expenditure from the policy. The approved *Purchase Order Exemption policy* can be found [here](#).

### 43. Amendments to Purchase Orders

- 43.1. Requests to amend Purchase Orders should be submitted to the Procurement Operations team in accordance with the guidance set out in Part Two of this Code.

### 44. Prompt Payment Code

- 44.1. In accordance with the *Prompt Payment Code*, the City aims to pay undisputed invoices, that quote a valid purchase order number (or approved exemption code), within 10 days of the invoice arriving anywhere in the City for SMEs with fewer than 250 employees and 30 days for businesses who employ more than 250 employees.

### 45. Purchasing Cards

- 45.1. The City provides a corporate Pcard service for the procurement and payment of low value goods and services. The Corporate Contract, associated systems, training and

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<sup>5</sup> <http://www.ipcc.gov.uk/page/statutory-guidance>

<sup>6</sup> <http://www.legislation.gov.uk/ukxi/2015/431/contents/made>

<sup>7</sup> Further information on the *No PO No Pay policy* is available on the intranet.

policy is managed by City Procurement but operated and administered by registered departmental managers.

- 45.2.** Pcards must be used and administered in accordance with the policy and user guide in Part Two of this Code.

#### **46. Supplier Creation (Oracle System)**

- 46.1.** The Accounts Payable team in City Procurement is responsible for supplier creation on Oracle in accordance with the guidance contained in Part Two of this Code.

## **F. RESPONSIBLE PROCUREMENT**

#### **47. Responsible Procurement Policy**

- 47.1.** The City recognises its duty to strive to procure products, services and works that mitigate environmental and social impacts throughout the supply chain and which have a positive impact on our environment and surrounding communities.
- 47.2.** For all contracts with a total contract value of £250,000 or above the City requires a minimum of 10% of the weighting for the technical (qualitative) element of the evaluation score, or a 5% flat rate where the percentage falls below 5% of the total score, to be allocated to responsible procurement, incorporating social and/or environmental parameters. All contracts below this value must adhere to the City's local responsible procurement initiatives.
- 47.3.** Officers must use the Government Buying Standards 'Mandatory' criteria and whenever practicable the 'Best Practice' criteria, in the technical specifications, evaluation criteria and/or contract clauses for all relevant product categories.

#### **48. Local, SME and Social Enterprise Procurements**

- 48.1.** Officers are required to invite either a UK based SME or Social Enterprise, or a local supplier from one of the Local Procurement target boroughs to quote for all contracts valued at £10,000 or more, but less than:

- £100,000 for supplies or services; and
- £400,000 for works.

City Procurement is required to report on the delivery of these requirements.

- 48.2.** Although officers have authority to use their own discretion to decide from whom and how many suppliers they invite for procurements valued below £10,000, except where Corporate Contracts are in place, they are strongly encouraged to seek quotations from UK based SME's and Social Enterprises or local suppliers from one of the Local Procurement target boroughs.
- 48.3.** The Local Procurement target boroughs selected due to the high levels of deprivation are: Tower Hamlets, Hackney; Islington; Camden; Lambeth; Southwark; Newham; Greenwich; Haringey; Lewisham; Barking and Dagenham; Waltham Forest.

## 49. Social Value Panel

- 49.1. The *Public Services (Social Value) Act 2012* requires the City to consider how a procurement project might improve the economic, social and environmental well-being of the relevant area when procuring **public services contracts** above the EU threshold.
- 49.2. The City has established a SVP to undertake consultations on the economic, social and environmental impacts of relevant contracts. Officers should ensure that all public service contracts over the OJEU threshold go to the SVP for consultation. Officers must factor in sufficient time into their procurement plans to undertake the consultation.

## 50. Living Wage Policy

- 50.1. The City is an accredited Living Wage employer. There are two rates of Living Wage: one for those based in Greater London (**London Living Wage**) and another rate for the rest of the UK (**UK Living Wage**).
- 50.2. The City has a *Living Wage Policy*<sup>8</sup>. The Living Wage applies to all its employees and current and future contractors and their sub-contractors providing services who work two or more hours a day for eight or more consecutive weeks of the year.

## 51. Noise Control

- 51.1. Officers must ensure that suppliers must be able to meet minimum statutory obligations and the City's policies regarding noise control and emissions.

## 52. Air Pollution

- 52.1. The City of London is an Air Quality Management Area as levels of air pollution exceed health based targets. Officers and contractors must observe and adhere to *The City Air Quality Strategy 2015 – 2020* standards to reduce the impact on local air quality for major contracts namely £100,000 and above for supplies and services or £400,000 and above for works.

## 53. Climate Change Mitigation

- 53.1. According to the City's *Climate Change Mitigation Strategy*, the City of London will contribute to achieving the national medium term target of 34% reduction in GHG emissions by 2020, set under the UK Climate Change Act 2008, the London-specific target of 60% reduction in GHG emissions by 2025 and the national long term target of 80% reduction in GHG emissions by 2050 (from 1990 levels).
- 53.2. All officers must consider the above strategy as part of all procurement activity.

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<sup>8</sup> <http://colnet/Departments/Chamberlains/City%20Procurement/Pages/Policy/Living-Wage-.aspx>

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<b>Committees:</b> Finance Committee	<b>Dates:</b> 22 September 15
<b>Subject:</b> City of London Purchasing Card Policy	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Decision</b>

## Summary

The report outlines the new City of London Purchasing Card (Pcard) Policy 2015 which replaces the interim purchasing card guidance for chief officers and departments issued in February 2015.

The new Pcard Policy have been developed in light of the City of London's new Pcard system to be implemented in December 2015 and the provisions of the Local Government Transparency Code 2015 which recommends the publication of all corporate credit card transactions on our website.

## Recommendation

Members are asked to approve the City of London Purchasing Card Policy 2015 to be effective from 1<sup>st</sup> October 2015.

## Main Report

### Background

1. The current Pcard system (Centresuite) is to be replaced in December 2015 by a new Pcard system which is to be implemented by Lloyds Bank. As part of the communication and training strategy a Pcard Policy has been developed to help implement best practice across the City of London Corporation for card users and managers.
2. There are currently more than 900 cardholders across the Corporation who between them spend approximately £1.5 million per annum with approximately 15,000 individual transactions with an average value of £100.
3. Pcards are often used for online goods or services which cannot be easily bought without a card such as business travel and subsistence, business hospitality, one-off purchases and other expenses.
4. The Local Government Code 2015 recommends the publication of all transactions on all corporate credit cards & charge cards. At present, the publication of this data is not mandatory, however the requirement to publish every transaction on a Government Procurement Card is mandatory. At present the City of London Corporation does not use a Government Procurement Card and is therefore not obliged to publish transactions. The Transparency Code

does not apply to the City's non local government and Police transactions which remain outside the scope of the Transparency Code.

5. Following a review of Pcard transactions, interim purchasing card guidance was developed for chief officers and departments in February 2015 to ensure that Pcard usage was appropriate and wouldn't inadvertently place the City at reputational risk were the expenditure to be published online or in the media.

### **City of London Purchasing Card Policy 2015**

6. The City of London Purchasing Card Policy 2015 has been developed by City Procurement in consultation with the Comptrollers, Audit, Accounts Payable and Human Resources to:
  - Exclude the use of Pcards for inappropriate expenditure
  - Ensure a full description and adequate justification is provided for every transaction recorded on the Pcard system
  - Ensure managers scrutinise and feedback to card holders when approving expenditure
  - Ensure managers and officers apply good practice principles when using Pcards
  - Improve Pcard security
  - Reduce risk with a particular focus on fraudulent behaviour and reputational risk

### **Conclusion**

7. City Procurement recommends approval and adoption of the new City of London Purchasing Card 2015 and for it to be effective for use from 1<sup>st</sup> October 15 to ensure the officers apply best practice principles across the Corporation.

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### **Appendix 1 – City of London Purchasing Card Policy 2015**

DRAFT

# Purchasing Card Policy



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## INTRODUCTION

This policy applies to all staff in possession of a City of London Purchasing Card (Pcard).

This policy should be read in conjunction with the Cardholder agreement (application form signed before receipt of your card) and the Cardholder User Guide<sup>1</sup>. This policy must be signed by the Pcard holder in accordance with Financial Regulation 6.5.

Before signing the Pcard, the Cardholder must read and accept Lloyds Bank Plc's ("the Bank") terms and conditions of use (contained in the Cardholder agreement), and undertake to comply with any conditions of use which are notified to the Cardholder by the City in the Cardholder's terms of employment. The Bank's terms are non – negotiable, and in accordance with the terms, the Bank have the right to make changes to such terms at any time. These changes will be notified to you City Procurement.

The City of London Corporation ("The City") uses Pcards as part of its Procurement to Pay process and Low Value Spend Strategy. Pcards do not replace the current process of raising Purchase Orders (POs) for all categories of spend unless the item required is included on the list of items **exempt** from requiring a PO, but provide a method of payment where POs cannot meet specific strategic business needs, or, it is more cost effective to buy items via a Pcard.

Where appropriate, a Pcard should be used for all expenditure up to £1,000 per transaction. This will dramatically reduce the volume of invoices being processed by the City for spend below £1,000, improving invoice processing efficiency and helping to reduce the cost to the organisation for transactions up to £1,000.

Pcards must be used in accordance with The City's Procurement Code Standing Orders and Financial Regulations, and together with the Purchasing Card Policy must be followed by cardholders at all times.

This policy will enable you to make the best use of your Pcard, understand your obligations and restrictions, and will also advise you of what to do and who to contact if you experience any problems.

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<sup>1</sup> Pcard User Guide is available on the Intranet.

## **POLICY STATEMENT**

The Purchasing Card Policy has been developed for all Pcard users.

Pcards should be used in accordance with the City of London's Procurement Code, Financial Regulations, Employee Handbook, Staff Code of Conduct, Travel and Subsistence Policy and Business Travel Scheme.

When using your Pcard officers must ensure that:

- Whenever possible, expenditure is agreed prior to the purchase.
- Pcards are used for business purposes only and never for personal use.
- The value of the purchase is in line with agreed cardholder limits.
- Costs are kept to a minimum and transactions represent value for money.
- Cards are used by the individual named on the card.
- All transactions are coded to the correct cost centre and account code.

When entering an item onto the Lloyds purchasing card system, the cardholder is required to enter a description which is:

- Clear and accurate, avoiding the use of terms which may be open to misinterpretation.
- Provide enough information for an independent viewer to identify the item being purchased.
- Avoid the use of personal data.

Suspected misuse of the Pcard will be investigated and may be addressed in accordance with the City of London's Disciplinary Procedure and the Corporate Anti-Fraud & Corruption Strategy.

## WHAT IS A PURCHASING CARD?

It is a corporate credit card that has been provided by Lloyds Banking Group, on behalf of City of London Corporation.

## WHEN CAN IT BE USED?

- By the Cardholder to whom the card has been issued.
- To purchase goods and services relating to the business service only.
- Where a purchase order is not suitable.
- Low value, low volume purchases.
- One off or infrequent purchases.
- Examples of categories of spend appropriate for a Pcard include:
  - Learning and development
  - <sup>2</sup>Travel and subsistence
  - <sup>3</sup>Overnight Expenses
  - <sup>4</sup>Overseas Travel
  - Petty cash expenditure
  - **Police only fuel** for hire cars where a fuel card is not available. Please contact Fleet Admin if a fuel card is required.
  - Subscriptions

In the first instance officers should endeavour to pay by purchase card for any subscriptions, as these are small amounts that are suited to the Pcard process.

If the supplier is not able to take payment by Purchase Card we should ask if they are set up to take payments via PayPal. If you have not signed up to this service you can do so by clicking on this link <https://www.paypal.com/uk/home>. This will link your purchase card to a PayPal account.

If neither of these is an option the subscription can be paid either on a full invoice i.e. the document says invoice on it and gives a date and invoice number or we can pay on a payment request form as a last resort.

We should not be using payment request forms unless a card payment cannot be made or they don't produce a valid invoice. We cannot pay on the subscription forms that some suppliers issue as this is not a valid document to pay against.

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<sup>2</sup> Pcards may only be used for travel and subsistence in accordance with the Travel and Subsistence Policy included in the Employee Handbook on the intranet.

<sup>3</sup> Overnight provision is included in the Travel and Subsistence Policy included in the Employee Handbook on the intranet.

<sup>4</sup> Pcards may only be used for overseas travel and subsistence in accordance with the Business Travel Scheme included in the Employee Handbook on the intranet.

A list should be held centrally by each department to provide visibility of subscriptions and ensure that the list can be effectively maintained and managed avoiding the risk of duplication. Lists should be reviewed departments on an annual basis.

## **WHAT NOT TO DO WITH YOUR PURCHASING CARD**

It must **NEVER** be used in the following instances:

- No personal use under any circumstances.
- Withdrawal of cash/cash advances unless you are a pre-approved user of this type<sup>5</sup>.
- Transfer money via Western Union or any other money transfer business.
- Fines, penalties, late fees incurred etc even if they were incurred during work.
- Utilities and Fuel are blocked by default on Pcards. All fuel purchases should be made using the corporate fuel card contract.
- Gift vouchers.
- Disaggregating the total value of a purchase by paying for part of a balance via the Pcard and some of the balance by another means, thus avoiding the procurement threshold rules.
- Off Contract spend i.e. where a corporate contract<sup>6</sup> exists e.g. agency staff, advertising, IT hardware/software, stationery, cleaning and janitorial products, office furniture, printing services.
- The card and card number must not be used for illegal purposes.
- Suspected misuse of the Pcard be investigated and may be addressed in accordance with the City of London Corporation's Disciplinary procedure. Incidents of serious misuse (i.e. those listed above) may lead to action under the disciplinary procedure up to and including dismissal. Use of the purchasing card will be suspended during the course and pending the completion of any investigation.

Where any fraudulent misuse of the card is identified this may be investigated in line with the Corporate Anti-Fraud & Corruption Strategy.

## **ELIGIBILITY FOR A PURCHASING CARD**

It is the Line Manager's discretion and based on business need to nominate staff for assignment of a Pcard.

All requests must be approved by the individuals line manager or designated department approver of Pcards.

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<sup>5</sup> A small number of staff have this facility for emergency procedures.

<sup>6</sup> A list of current corporate contracts is available on the CoL website.

A cardholder must be a permanent member of staff who has worked for the City of London for a period of at least six months and must also have completed the probation period. Unless there are exceptional business needs, cards must not be allocated to consultants, temporary or agency staff.

Any new Purchasing cardholder must sign a declaration that they have read, understood and fully agree to comply with the purchasing card policy.

## **HOW MANY CARDS CAN BE HELD BY A BUSINESS UNIT?**

A business unit can choose to have only one cardholder or multiple card holders dependant on genuine need and frequency of card use.

## **CARDHOLDER'S RESPONSIBILITIES**

- Comply with all of Lloyds terms and conditions.
- Ensure the Purchasing card is used for business use only.
- Never allow any other employee to use the card or quote its number when ordering.
- Reconcile and submit for approval all transactions monthly in line with the Pcard User Guide<sup>7</sup>.
- Obtain value for money. Any quotations obtained should be attached to the expense report to demonstrate value for money has been sought.
- Retain all valid receipts to support each item of expenditure including VAT receipts<sup>8</sup> where appropriate and upload onto the card management system each month for submission to your approver with the reconciled statement.
- Follow the User Guide that accompanies this policy on reporting the use of the Card.
- Be aware of the budget available and ensure that purchases made on the Card do not exceed the available budget.
- Ensure that all transactions are coded to the correct cost centre and account code.
- Ensure that the Pcard is used in accordance with The City's Procurement Code Standing Orders and Finance Regulations, and these together with the Purchasing Card Policy must be followed by cardholders at all times. Breach of these procedures may result in your card being suspended pending investigation and your authorisation to use a card may be removed.
- Report any changes in your circumstances that might affect your card use (such as name or job changes or long term absence) promptly to your Department Administrator.

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<sup>7</sup> Pcard User Guide is available on the intranet

<sup>8</sup> Guidance on treatment of VAT on purchase card transactions is available on the intranet

- Keep your card and PIN secure, separate from each other, and report the loss or theft of your card or PIN to the Bank as soon as you are aware and to the Pcard Team as soon as possible after that.
- Inform your Department Administrator if you are leaving The City, and return your card<sup>9</sup> to your Department administrator or line manager as soon as possible to avoid issues with reconciling your statement after you have left. Any subscriptions must be cancelled or transferred to a member of staff who requires the subscription.
- Undertake a full reconciliation of their transaction log, receipts and statement every month and submit these to their approver for further scrutiny and authorisation of statement payment. Cardholders should report any unrecognised transactions to the card administrator as soon as they are noticed. Likewise any suspected fraudulent transactions should be promptly notified to Head of Audit & Risk Management.

Transactions must not be split in order to avoid exceeding the single transaction limit.

Where card holders do not review their transactions every month or, fail to obtain valid receipts to support their purchases, this will be reported to senior management for investigation. Repeated or persistent failure to comply may result in your card being suspended or removed in accordance with the three strikes policy.

In exceptional circumstances a request to vary the single transaction or monthly transaction limit on a temporary or permanent basis, will be reviewed on a case by case basis, and will need to be authorised by your Line Manager, accompanied by a business case which includes Category Manager approval. This will then need to be submitted to the City Procurement Pcard team to be amended.

As a cardholder you may be audited by Internal Audit to ensure that you are complying with the Purchasing card guide and Policy.

## **APPROVER'S RESPONSIBILITIES**

- Authorise the issue of a Purchasing card
- Ensure the Purchasing cardholder is using the Pcard appropriately at all times
- Ensure that the cardholder keeps up to date with transaction processing.
- Report any problems that the cardholder is experiencing to the Department Administrator.
- Report changes in the cardholder's circumstances that might affect their card use (such as name or job changes, long term sickness, and maternity leave) promptly to the Pcard Administrators.
- Approve the cardholder's transactions via the card management system once these have been reconciled by the cardholder. Where approvers do not approve their card holder's transactions every month, this will be reported to the approver's line manager. Repeated failure to approve transactions will be reported to your

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<sup>9</sup> In line with the Leavers Policy contained in the Employee Handbook available on the intranet.

Chief Officer and may result in your cardholder having their card removed which may affect your service delivery.

- Ensure that the cost centre and subjective codes are correct.
- Review all receipts to ensure compliance with the policy on items purchased before approving and that the receipts submitted are valid and match to the transactions on the submitted statement.
- Ensure VAT receipts are obtained and that VAT is correctly reconciled so that the City can claim back the VAT (gross amounts will be charged to cost centre where no VAT receipt is obtained). It is vital that VAT is set correctly as any fines incurred from HMRC due to incorrectly coded VAT on the cards will be charged back to the department cost centre.
- Ensure that leavers are reported to Pcard Co-ordinators and the Pcard is recovered and destroyed as soon as possible before the cardholder leaves the CoL.
- Report any suspected fraudulent transactions promptly to Head of Audit & Risk Management.

If you are unsure what the transaction is for or why the money has been spent then this should be clarified before approving. Remember: this is being charged to your budget and you are responsible for authorising any expenditure against your budget.

In the event of misuse of a Pcard, the approver is responsible for ensuring that appropriate and timely action is taken and that any loss associated with such misuse is recovered promptly. Approvers need to take all appropriate steps to ensure that Pcard transactions are for valid business reasons, and that failure to ensure appropriate checks are made may be investigated in accordance with the COL Disciplinary Procedure.

As an approver, you and your cardholder may be audited by Internal Audit to ensure that you are complying with the relevant corporate policies.

## **DEPARTMENTAL ADMINISTRATOR'S RESPONSIBILITIES**

- Provide training, support and guidance to card holders and approvers.
- Check the application form has been completed correctly and authorised by the appropriate line manager.
- Undertake recovery action, including from Payroll, any identified personal transactions, and report these promptly to Internal Audit and HR.
- Inform City Procurement Pcard Co-ordinators when a card holder or approver has changed roles or departments, no longer requires their card or has left the organisation.
- Where the card holder has left the organisation, to retrieve the card and destroy it, and to notify City Procurement for the account to be closed following the last card reconciliation report.
- Where the card holder goes on long-term leave, to retrieve their card (if required) and store securely until the card holder returns. At the point of starting the leave

period, to notify City Procurement so that the card account can be suspended. The departmental administrator should arrange for any outstanding transactions to be cleared by the department on the cardholder's behalf.

- Manage the day to day administration of the Pcard within the business area. Pcard administrators are not permitted to hold a card.

## **REPORTING A LOST, STOLEN OR MISUSE OF A PURCHASING CARD**

The City of London Corporation operates a “zero tolerance” approach towards fraud. Any deliberate misuse of a Pcard will result in disciplinary action in accordance with the City of London Corporation's Anti-Fraud Strategy and Staff Code of Conduct.

Cardholders and their authorising managers are responsible for reporting the loss, theft or misuse of a purchasing card, by calling Lloyds on **0870 513 4588** and **emailing the Pcard Administrators at [chbpurchasecards@cityoflondon.gov.uk](mailto:chbpurchasecards@cityoflondon.gov.uk)**, as soon as you are aware your card is missing or as soon as you become aware of unusual transactions on your account.

## **PCARD SECURITY**

To reduce the risk of fraud, Cardholders should:

- Sign their new card immediately.
- Never lend the card or card number to anyone.
- Never send card details via e-mail.
- Never give out your PIN number to a third party when purchasing on the internet and only use secure sites.
- Ensure the Purchasing Card is kept in a secure location at all times. Leaving cards on your desk could pose a serious security risk for potential fraud or theft, and if lost or stolen due to negligence may result in disciplinary action.
- Always check the total on the sales voucher is correct before you sign or entering your PIN for transactions.
- If found after it is reported stolen, destroy the card and dispose of securely.
- Do not leave receipts with card number unattended.

## **CARDHOLDER ABSENCE**

There may be instances when the deadline for all coding and paperwork falls during a period of short-term absence, for example, annual leave. If you know that there is going to be a deadline while you're away then you should update all transactions on the system and submit for approval. If the absence is likely to take



you well beyond the deadline then temporary arrangements should be made by advising the administrators.

### **APPROVER ABSENCE**

If your approver is absent and your statement and transactions need to be authorised then you must identify a temporary approver – this can be someone in your team/department who has the financial delegation to sign off card transactions. Please make sure that you notify the Card Administrator if this happens.

### **CARD CANCELLATIONS**

Cardholders who are no longer required to hold a Pcard, must inform the Pcard team and copy to their departmental administrator as soon as possible. Cardholders must cancel their cards if they:

- Are requested to do so;
- Leave the service of the City of London Corporation;
- Transfer to a different Department where use of the card is not authorised for that position.
- The Pcard Team will run regular reports on Pcard use for Line Managers. Any Pcards which remain unused for a continuous period of 6 months will automatically be reviewed with the Line Manager. If it is determined that the Pcard is no longer required by the Business Unit, it will be cancelled.

### **PURCHASING CARD THREE STRIKES P OLICY**

It is important that if you have used your card within a particular accounting cycle you must ensure that all end of month procedures are completed prior to the deadline. All cardholders are reminded of the deadline by email around the 1<sup>st</sup> of each month. All transactions must be coded to the relevant cost centre and account code and approved by the 10<sup>th</sup> of each month following the transaction.

For each month that a cardholder fails to complete their coding and / or submit their expense reports by the appropriate deadline, the following will apply:

#### **First Month of incomplete coding/submission of paperwork**

- The cardholder will be notified, by email that they have failed to complete their coding and/or submit their paperwork and will be expected to rectify this as soon as possible.
- The Approver will also be notified.
- The card will be suspended until the coding/submission of paperwork is completed.

### **Second Month of incomplete coding/submission of paperwork**

- The cardholder will be notified, by email that they have failed to complete their coding and/or submit their paperwork and will be expected to rectify this as soon as possible.
- The Approver will also be notified.
- The card will be suspended until the coding/submission of paperwork is completed.

### **Third Month of incomplete coding/submission of paperwork**

- The card will be suspended and the cardholder and their Approver will be notified of this action. The Chief Officer will decide if the card is still required.

## **TRANSPARENCY**

In accordance with the Local Government Transparency Code 2015, the City of London Corporation may publish P Card transactions on our website including transaction date, transaction reference, merchant category and the amount spent. Officers should refer to the Good Practice Guidelines for Purchasing Cards contained in Appendix 2.

## **FREEDOM OF INFORMATION**

Under the Freedom of Information Act the public has the right to ask to see any information held by the City of London Corporation as a local authority, Police Authority or Port Health Authority.

## **DATA PROTECTION**

In the course of applying for, and using, a purchase card, personal data about you will be processed by Lloyd's Bank PLC (the card provider). This includes:

- Your name, and who you are employed by (the City of London);
- Your work contact details (address, email address, telephone number);
- Your date of birth;
- Your staff/payroll number;
- Any proof of identification deemed necessary in order to process your application.

To obtain a purchase card, you must consent to your personal data being processed by Lloyds Bank PLC in accordance with the purchase card conditions of use (data Protection section) and the Lloyds Bank privacy statement ([www.lloydsbank.com/privacy2.asp](http://www.lloydsbank.com/privacy2.asp)).

Such processing includes using your personal data to manage your application for a purchase card and providing the required purchase card services (eg access to online transaction systems). This may include checking your personal data against electoral registers, credit reference agencies and/or fraud prevention agencies

Unless you opt-out, Lloyds Bank PLC will share your personal data, both within and outside of the Lloyds Banking Group, for the purpose of direct marketing.

If, at any time, you wish to access your personal data processed by Lloyds Bank PLC, you may (subject to a £10 fee) submit a Subject Access Request to them under the Data Protection Act.

Should you have any queries or concerns with the processing of your personal data, you may wish to contact the City of London's Data Protection Officer by email at [information.officer@cityoflondon.gov.uk](mailto:information.officer@cityoflondon.gov.uk), or on 020 7332 1209.

## APPENDIX 1: CARD HOLDER LIMITS SCHEDULE

The following cardholder limits are set by default:

	<b>Transaction Limit</b>	<b>Monthly Card Limit</b>
Approved Departmental Officers	£1,000	£2,500

Monthly card limits can be varied in accordance with the following process:

<b>Threshold for monthly card limit</b>	<b>Approval</b>	<b>Process</b>
Up to £10,000	Line Manager approval	Line Manager to send approval confirmation to Departmental Administrator who will forward request to the Pcard team to increase the monthly card limit.
Over £10,000	Line Manager and Member of Finance Team with appropriate budgetary authorisation limit.	Line Manager and Member of Finance Team with appropriate budgetary authorisation limit to send confirmation to Departmental Administrator who will forward request to the Pcard team to increase the monthly card limit.

## **APPENDIX 2: BEST PRACTICE GUIDELINES FOR PURCHASING CARDS**

The following guidance is an outline of good practice for the use of City of London Procurement Cards (Pcards). Expenditure needs to be clear on how it supports the strategic aims in the City's Corporate Plan namely:

- To support and promote The City as the world leader in international finance and business services.
- To provide modern, efficient and high quality local services and policing within the Square Mile for workers, residents and visitors with a view to delivering sustainable outcomes.
- To provide valued services to London and the nation.

### **Chief Officers**

Chief Officers are responsible for ensuring that managers and officers in their departments apply the good practice principles in this guidance. They should utilise the reports provided by City Procurement to monitor the suitability of purchases, check that appropriate descriptions have been used and ensure that appropriate management approvals are being applied.

City Procurement will send Chief Officers a monthly report of all of their departmental transactions. This report will enable them to:

- Monitor the suitability of purchases
- Check that appropriate descriptions and rationales have been recorded for each transaction
- Ensure that appropriate management approval controls have been applied
- Take corrective action where necessary
- Report back actions taken in a form provided

City Procurement will provide Chief Officers with as much support as required, ensuring that good practice is consistently achieved, including management information, further guidance and training.

### **Line managers**

Are responsible for approving Pcard transactions and for challenging officers to clarify the descriptions of their transactions where the suitability and rationale for the purchase isn't clear.

### **Suitability**

Where possible expenditure should be agreed and approved prior to purchase. Care should be taken to exclude transactions deemed to be inappropriate such as alcohol or expenditure for informal staff social events. Care should also be taken in selecting venues, hotels and shops to ensure they represent value for money and there is a clear business case especially where luxury vendors are selected.

The types and values of purchases made with a Pcard must be within the limits agreed with the relevant budget holder or Line Manager at the time of issue or as subsequently amended.

#### *Good Practice Guidelines:*

- Wherever possible, expenditure should be agreed prior to the purchase. This should take account of the suitability of the transaction.
- In relation to staff social events, a distinction should be made between informal staff social events for which no official policy exists and the policies on long service or retirement events or awards set out in the Employee Handbook.
- In the case of the former, Pcards must not be used, in the case of the latter, Pcards can be used and if so, the descriptions and rationale provided on the Pcard system must make it clear that it is for a long service or retirement award in accordance with the City's policy.
- It is appropriate to use Pcards for business hospitality purposes including internal working lunches between officers and those between officers and external organisations, but only where prior managerial approval has been given and the nature and justification of the expenditure is provided in full with detail that shows how this meeting furthers our work e.g. "Working Lunch re Square Mile works maintenance 2 staff & 2 guests". Or 'Working breakfast with London open space partners, 1 staff & 3 guests.'
- Always think when officers seek approval for P Card expenditure whether they have followed the principles in this guidance.
- Bear in mind that in addition to the usual internal checks such as management reports and Chief Officer's reviews, some Pcard transactions may also be subject to external disclosure and scrutiny.
- Special care should be taken when selecting venues and hotels to make sure they are the best choice in terms of value for money, bearing in mind we are often compared to local authorities who are facing large-scale cuts in their services. There may be a good reason for breakfast at the Four Seasons New York, but please describe appropriately, e.g. 'Work breakfast with NY Mayor + 3 re: joint Air Quality programme.'

#### **Descriptions**

All descriptions of Pcard transactions must be clear and understandable and provide enough information for an independent viewer to identify the item (s) being purchased and the reasons for the transaction.

When entering an item onto the Pcard system the cardholder is required to enter a description, as shown below. This description must be an accurate account of the purchase.

### *Good Practice Guidance:*

- All descriptions should be clear and understandable, avoiding the use of terms which may be open to misinterpretation. Please avoid the use of personal data (e.g. names of individuals).
- All descriptions should be given in full and provide sufficient information for an independent viewer to identify the transaction item. The description needs to be clear but concise.
- All descriptions should provide a clear reason for the purchase. For example, a description that reads “Return flight from London to Amsterdam” does not provide an associated reason, whereas “Return economy flight London to Amsterdam to speak at SME Conference” provides a clear rationale for the purchase and shows how it serves the wider public of London and the UK.

### **Approvals:**

It is the responsibility of all Line Managers to assess the suitability of the transaction and that all information has been completed and recorded appropriately. Line Managers will receive an expense report (hard copy). All purchases should be carefully reviewed prior to sign-off and particular attention should be given to the description and rationale for the transaction. Where a description is not suitable, Line Managers should request that the cardholder re-enter the description and produce a new report for sign-off.

- Bear in mind that the shop or payee could also be problematic without proper explanation. ‘Jewellery’ from [www.harrods.com](http://www.harrods.com) is not a proper entry but ‘Repair for Mayoralty sword’ from [www.astors.com](http://www.astors.com) might be.
- If no description is provided and this field is blank, Line Managers cannot sign off the expense report.
- Where unsuitable transactions or inadequate descriptions have been identified, feedback should be provided to staff members to support improvements in the future. Depending on the circumstances, senior management action may be required which could range from simply instructing the member of staff to take corrective action, formally addressing the issue via the Performance Development Framework, removal of the card from the officer concerned, or in the most serious instances initiating disciplinary measures in accordance with the City’s employment policies and procedures.
- Following Line Manager sign-off, Department Administrators will submit the approval on Pcard system. Department Administrators can act as a secondary checker of all information but not be the primary agent of raising concerns with purchase cardholders.
- Pcards should be used in accordance with the City of London’s wider expenditure policies provided in the Financial Regulations, Procurement Code, Employee

Handbook, City Buyer, Staff Code of Conduct, Travel and Subsistence Policy, and Business Travel Scheme.

**I have read and understood the City of London's Purchasing Card Policy:**

**Signed:** \_\_\_\_\_

**Name [print]:** \_\_\_\_\_

**Date:** \_\_\_\_\_



<b>Committee</b>	<b>Dated:</b>
Finance Committee	22 September 2015
<b>Subject:</b> Superfast City Broadband – Members’ update	<b>Public</b>
<b>Report of:</b> Chief Information Officer	<b>For Information</b>

## Summary

The attached Members Briefing provides an update on the progress made by the Superfast City Programme and the plans now in place to improve both wired and wireless communications in the City.

Good progress has been made on both these areas, with the tangible improvements to the availability of superfast broadband being rolled out over the coming 12 months. For mobile communications, the wireless work stream is moving forward with the procurement of a Wholesale Wireless Concession and is currently entering the competitive dialogue stage. There has been a strong response from the market place to this procurement and it is anticipated this concession will be awarded during summer 2016.

This briefing note will be distributed to all Members.

## Recommendation

Members are asked to note this Report

- Appendix 1 – Superfast City Members’ Briefing

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## Superfast City: Member's Briefing September 2015

The Superfast City Programme (SCP) is making excellent progress across the two key workstreams that comprise the overall Programme: **Wired** (upgrading telecoms infrastructure to enable delivery of superfast broadband in the Square Mile) and **Wireless** (engaging with mobile network operators to procure a wireless concession to improve cellular and Wi-Fi coverage in the City).

### Wired Workstream

The Programme team has met with a range of telecommunications providers to encourage investment in affordable, superfast broadband rollout across the City of London. The Programme will continue to work with such providers to drive infrastructure improvements, such as Fibre To The Internal Cabinet (FTTIC) in various Corporation owned office buildings and housing estates, as well as a broader roll out across the City. Project Sub, Resource Allocation and Policy and Resources Committees have approved £107K funding to support the City of London Corporation activities associated with the Wired Workstream Implementation Stage.

The sites listed below are progressing as follows:

- **Golden Lane:** City of London Corporation has approved wayleave applications for installation of three FTTIC cabinets. A phased go-live is likely to take place from Autumn 2015 with final go-live for the entire estate expected by January 2016;
- **Middlesex Street & 65 London Wall:** these sites are already live with superfast broadband take-up from 24 residents and 9 SMEs respectively;
- **Hamilton House:** BT are considering a new technology (variant of FTTIC) for this location;
- **Temple Chambers:** BT have submitted a wayleave to City of London Corporation, which is currently being processed. Installation is expected Autumn 2015.
- In July 2015 the Chairman of Policy and Resources Committee, Chamberlain and Chief Information Officer met with Gavin Pattison, CEO of BT Group. This was a very positive discussion and BT affirmed their commitment to improve the access to affordable superfast broadband within the Square Mile as part of the 2015/2016 BT development plans.
- Working with the Corporation BT have now developed these plans and intend to install 16 further cabinets as part of their 2015/2016 investment plan for the Square Mile.
- Virgin Media has an initiative entitled Project Lightning to improve the depth and breadth of their fibre network to include key urban and rural locations;
- This is a considerable commitment by Virgin representing an investment of £3 billion across the UK. Following positive discussions, Virgin Media has agreed that Project Lightning will conduct a pilot within the Square Mile.

- NDA (non-disclosure agreements) have now been signed between City of London Corporation and Virgin Media to progress this endeavour.
- The SME GLA Voucher uptake now stands at 425 (up from 382).

Those Members who represent specific Wards impacted by such developments will be contacted directly with further details and timetable for rollout as they become available.

A communications and engagement plan has been implemented to highlight the efforts and accomplishments of the Programme of behalf of the City of London Corporation. Future communications will also ensure residents and businesses are informed about forthcoming developments and the services available to them once information becomes available.

### **Wired Workstream Outreach Activity**

In addition to the above, the Superfast City Programme team recently visited the Future City Glasgow Programme team. Glasgow secured £24 million from Innovate UK in 2013 to explore innovative ways to use technology and data to make life in the city of Glasgow safer, smarter and more sustainable. The visit was very productive and a follow up visit for senior Force and Business representatives is being planned for late 2015. Such outreach activities have a wider strategic benefit to the City of London, promoting knowledge sharing and assisting the City in shaping the strategic vision in programmes such as One Safe City, Ring of Steel, exploration of smarter street lighting and development of joint command and control centres. This Programme is in a unique position to facilitate discussions and partnerships in this area, enabling the achievement of operational/technological benefits (e.g. type of CCTV cameras to deploy) and future strategic activity in the 'smart city' field (e.g. the environmental and business benefits of smarter street lighting and use of City data). Further information can be found at <http://futurecity.glasgow.gov.uk/>.

### **Wireless Workstream**

The wholesale concession procurement is now well underway. The market response has been positive and the initial phase has resulted in a strong shortlisted of candidates. We will now enter the competitive dialogue phase with these candidates, with a view to awarding the contract in Summer 2016.

### **Parliamentary activity**

A series of parliamentary activities has ensured that the City is visible in continuing to pressure Ministers and officials to improve broadband speeds in the City. The City Remembrancer's Office has coordinated three debates in the House of Commons and one in the House of Lords, as well as providing support and information in relation to a parliamentary question. The City's MP, Mark Field, has collaborated with officers to highlight broadband's importance to business – resulting in several positive newspaper reports. More generally, the debates have received support from large numbers of MPs and peers, demonstrating that the City's advocacy on broadband resonates across London and the rest of the UK. This activity helps to drive the political and policy debate.

The debates have generated positive leader columns and reports in the London Evening Standard. In addition, the City has been represented at parliamentary meetings and discussions and also has strong links into the newly established All Party Parliamentary Group on Fintech (and into the soon to be formed Group on broadband). As part of its activity with the Fintech APPG (which has included within its aims and objectives a reference to improving broadband connectivity), the City facilitated a well-attended launch event in the House of Commons at which the City's activity in the sector received wide praise. The event was part of Innovate Finance's Technology Week.

For any further queries about the Superfast City Programme please contact:

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**More about the Superfast City Programme:**

[www.cityoflondon.gov.uk/superfastcity](http://www.cityoflondon.gov.uk/superfastcity)

On Twitter: @superfastcity

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<b>Committees</b>	<b>Date:</b>
Audit & Risk Management Committee Finance Committee	17 September 2015 22 September 2015
<b>Subject:</b> Cyber Security Risks	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Information</b>

## Summary

Cyber security and associated risks present a current and continuously evolving risk to the City of London Corporation and the City of London Police. The City Corporation has strengthened its audit activity in this area, drawing on appropriate internal and external expertise.

The Committee received a report in April setting out the cyber fraud risks facing the City Corporation and the City Police. The report summarised the potential vulnerabilities, possible audit activity and action being taken by management to minimise the threat of successful fraud. This report summaries the current position for the City Corporation and the City Police in respect of cyber threats. In particular it considers progress in respect of;

- Policy – a fully embedded Information Security policy, covering cyber security risks is in place at the City Police, whilst a comprehensive Information Security policy, likewise covering cyber security risks has been developed and is pending approval at the City Corporation. Employees have received adequate training to mitigate against the human risks to cyber security, through a programme of mandatory information security training.
- Department for Communities and Local Government (DCLG) guidance on cyber resilience - fully embedded at the City Police and comprehensively integrated at the City Corporation, with work in place to strengthen resilience in a small number of areas.
- Internal Assurance – internal assurance is to be gained by regularly re-assessing the extent to which cyber risks are reviewed as part of the Internal Audit work programme. Contracted IT service providers are required to meet specified security standards as defined by the City Corporation in business partnership contracts; this includes the requirement from Agilisys to ensure compliance with the PSN & PSNP requirements.
- External Assurance - the PSN (Public Secure Network) and PSNP (Public Secure Network - Police) external review process provides an appropriate level of assurance that the City Corporation and City Police networks are operating in a secure manner. Both the City Corporation and City Police are fully compliant with the secure network requirements and hold accreditation

from the Cabinet Office and Home Office respectively. Baker Tilley will be reviewing the City Corporation and City Police response to the DCLG guidance on cyber resilience in order to provide additional assurance.

Members are asked to:

- Note the report.

## **Background**

1. Cyber security and associated risks are a growing issue for organisations, both within the public and private sectors; the City of London Corporation and the City of London Police are not exempt from these risks, and it is essential that the risks are understood, and robust controls are established to secure the City Corporation and City of London Police from these threats. The Committee received a report in April setting out the cyber fraud risks facing the City Corporation and the City Police. The report summarised the potential vulnerabilities, possible audit activity and action being taken by management to minimise the threat of successful fraud. Following on from the June Committee, the Internal Audit team was asked to establish what the current position is in relation to the measures in place to mitigate cyber threats.

## **Current Position**

2. The Internal Audit team has conducted an initial review of cyber security requirements for both the City of London Corporation and the City of London Police and their position in relation to the key control framework requirements for cyber security, including Department for Communities and Local Government Guidance (DCLG), Public Secure Network (PSN & PSNP) requirements and Information Security policies, which incorporate cyber security. Findings have identified that the cyber security requirements for the City of London Police are far greater than those for the City of London Corporation, however it is essential that cyber risks for both organisations are managed effectively in order to mitigate the overall risks of attack.

### City of London Police Information Security Policy

3. The City of London Police Information Security Policy outlines how the City Police safeguard and protect information assets from potential security threats with the following:
  - Information Security Procedures Manual
  - Acceptable Use Policy
  - Forensics Readiness Policy
4. The Information Security Procedures Manual covers information security threats, internal and external produced in line with regulatory requirements covering:
  - Information risk management regime
  - Secure configuration
  - Network security



- Managing user privileges
- User education and awareness
- Incident management
- Malware prevention
- Monitoring
- Removable media controls
- Home and mobile working

#### City of London Corporation Information Security Policy

5. The City Corporation's Information Security policy is currently in draft format and is pending approval by senior management. The policy covers information security threats, internal and external, produced in line with ISO 27002:2013 standards and guidance from the Information Commissioner, local Government, the Cabinet Office and other regulatory bodies. The policy includes:
  - User authentication
  - Device access and allocation
  - Remote access
  - Internet and social media
  - System access and use
  - Email access and use
  - Information sharing
6. The City Police's Information Security policy provides an established and developed response to cyber security risks, in line with the significant security requirements expected of a Police force. The City Corporation's draft Information Security policy represents a proportionate approach to cyber security risks affecting local government organisations.
7. The City Corporation and City of London Police have taken reasonable steps to ensure that employee's receive appropriate training to mitigate against the human risks to cyber security, through a programme of mandatory information security training.

#### **Department for Communities and Local Government (DCLG) Guidance – Understanding Local Cyber Resilience, 10 steps to cyber security**

8. We have benchmarked the cyber security response for the City Corporation and the City Police against DCLG guidance – Understanding Local Cyber Resilience, 10 steps to cyber security, issued in March 2015 (Appendix 1), which covers:
  - Information Risk Management Regime
  - Secure Configuration
  - Network Security
  - Managing User Privileges
  - User Education and Awareness
  - Incident Management

- Malware Prevention
  - Monitoring
  - Removable Media Controls
  - Home & Mobile Working
9. The DCLG cyber security measures are fully embedded at the City Police, as would be expected for an organisation requiring significant security standards. The City Corporation, with a lower level of cyber risk, has measures in place in all key requirements, however a small number of additional measures have been identified where controls can be strengthened, these are;
- a) Finalise approval of the City Corporation's Information Security policy, which incorporates cyber security.
  - b) Strengthen network access controls as an additional security feature.
  - c) Ensure consistency in the application of processes for joiners, movers and leavers.
  - d) Consider creating a central repository for system logs, gathering network data and enabling analysis and interrogation of suspect cyber activity.

### **External and Internal Assurance**

10. The Public Services Network (PSN) is a UK Government programme to unify the provision of network infrastructure across the United Kingdom public sector into an interconnected "network of networks" to increase efficiency and reduce overall public expenditure.
11. PSN compliance requirements are designed to protect the organisations network. The Police Service Network in Policing (PSNP) scheme provides Police forces with improved security and accreditation to Home Office standards. Similarly, the compliance requirements for local Government, although not as extensive, also provide local Government organisations with improved security processes and procedures as set out by the PSN team, within the Cabinet Office.
12. The City Corporation (PSN) and City Police (PSNP) are compliant with the secure network requirements, and hold accreditation from the Cabinet Office and Home Office respectively. The PSN and PSNP external review process provides an appropriate level of assurance that the City Corporation and City of London Police networks are operating in a secure manner
13. PSN compliance is not the only way to deliver security across the organisations. Directing resources towards simply meeting PSN requirements is no substitute for engaging in ongoing risk assessment, management and mitigation across both organisations.
14. Both the City Corporation and City of London Police take reasonable steps, in addition to PSN requirements to monitor the networks for cyber threats.

15. A Police Service Risk Management Organisation annual report is produced and submitted by the City of London Police to the Home Office, in respect of cyber security risks. This includes an information assurance maturity model assessment performed against the following criteria with 1-5 rating
  - Leadership & Governance
  - Training Education & Awareness
  - Information Risk Management
  - Assured Information Sharing
  - Compliance
16. An inspection by the Information Commissioner considered the City of London Police to be exemplary in the cyber security work undertaken, and recommended that the City Police be an example for other forces to follow.
17. The City of London Corporation external penetration testing, conducted in January 2015, and detailed in the non-public report to this Committee in April 2015, provided additional assurance on the strength of the security controls adopted by the City Corporation in response to cyber threats.
18. The Internal Audit IT programme of work has been designed to review cyber associated risks, as set out in the cyber risks paper presented to this Committee on 28 April 2015. Internal Audit will continue to regularly review the programme of IT audit work to ensure that it accurately reflects the cyber risks affecting the City Corporation and the City Police.
19. Baker Tilly's IT Audit team will provide a further external check of conformity with the DCLG guidance for local cyber resilience and advise on the accuracy of policy and procedures covering cyber security.
20. Contracted IT service providers are required to meet specified security standards as defined by the City Corporation in business partnership contracts; this includes the requirement from Agilisys to ensure compliance with the PSN & PSNP requirements.

## **Conclusion**

- 21 The City of London Police has developed and maintains a robust response to cyber related threats. The City Police response to cyber threats is in line with the expectations for an organisation holding sensitive and confidential personal data. The programme of annual external reviews for the City Police provides a strong level of assurance that cyber threats are being managed effectively.
- 22 The City of London Corporation has a proportionate response to cyber threats, it has achieved PSN compliance and is currently developing cyber related policy and procedure through the information security roadmap, which will provide the City Corporation with additional confidence that the threats posed can be managed adequately.

## Appendices

- Appendix 1 – 10 Steps to Cyber Security
- Appendix 2 – DCLG Paper: Understanding Local Cyber Resilience (March 2015)

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**DCLG 10 Steps to Cyber Security****Cyber Security Measure**

**Information Risk Management Regime** - Assess the risks to your organisation's information assets with the same vigour as you would for legal, regulatory, financial or operational risk. To achieve this, embed an Information Risk Management Regime across your organisation, supported by the Board, senior managers and an empowered information assurance (IA) structure. Consider communicating your risk management policy across your organisation to ensure that employees, contractors and suppliers are aware of your organisation's risk management boundaries.

**Secure configuration** - Introduce corporate policies and processes to develop secure baseline builds, and manage the configuration and use of your ICT systems. Remove or disable unnecessary functionality from ITC systems, and keep them patched against known vulnerabilities. Failing to do this will expose your business to threats and vulnerabilities, and increase risk to the confidentiality, integrity and availability of systems and information.

**Network security** - Connecting to untrusted networks (such as the Internet) can expose your organisation to cyber-attacks. Follow recognised network design principles when configuring perimeter and internal network segments, and ensure all network devices are configured to the secure baseline build. Filter all traffic at the network perimeter so that only traffic required to support your business is allowed, and monitor traffic for unusual or malicious incoming and outgoing activity that could indicate an attack (or attempted attack).

**Managing user privileges** - All users of your ICT systems should only be provided with the user privileges that they need to do their job. Control the number of privileged accounts for roles such as system or database administrators, and ensure this type of account is not used for high risk or day-to-day user activities. Monitor user activity, particularly all access to sensitive information and privileged account actions (such as creating new user accounts, changes to user passwords and deletion of accounts and audit logs).

**User education and awareness** - Produce user security policies that describe acceptable and secure use of your organisation's ICT systems. These should be formally acknowledged in employment terms and conditions. All users should receive regular training on the cyber risks they face as employees and individuals. Security related roles (such as system administrators, incident management team members and forensic investigators) will require specialist training.

**Incident management** - Establish an incident response and disaster recovery capability that addresses the full range of incidents that can occur. All incident management plans (including disaster recovery and business continuity) should be regularly tested. Your incident response team may need specialist training across a range of technical and non-technical areas. Report online crimes to the relevant law enforcement agency to help the UK build a clear view of the national threat and deliver an appropriate response.

<b>Cyber Security Measure</b>
<b>Malware prevention</b> - Produce policies that directly address the business processes (such as email, web browsing, removable media and personally owned devices) that are vulnerable to malware. Scan for malware across your organisation and protect all host and client machines with antivirus solutions that will actively scan for malware. All information supplied to or from your organisation should be scanned for malicious content.
<b>Monitoring</b> - Establish a monitoring strategy and develop supporting policies, taking into account previous security incidents and attacks, and your organisation's incident management policies. Continuously monitor inbound and outbound network traffic to identify unusual activity or trends that could indicate attacks and the compromise of data. Monitor all ICT systems using Network and Host Intrusion Detection Systems (NIDS/HIDS) and Prevention Systems (NIPS/HIDS).
<b>Removable media controls</b> - Produce removable media policies that control the use of removable media for the import and export of information. Where the use of removable media is unavoidable, limit the types of media that can be used together with the users, systems, and types of information that can be transferred. Scan all media for malware using a standalone media scanner before any data is imported into your organisation's system.
<b>Home and mobile working</b> - Assess the risks to all types of mobile working (including remote working where the device connects to the corporate network infrastructure) and develop appropriate security policies. Train mobile users on the secure use of their mobile devices for locations they will be working from. Apply the secure baseline build to all types of mobile device used. Protect data-at-rest using encryption (if the device supports it) and protect data-in-transit using an appropriately configured Virtual Private Network (VPN).



Department for  
Communities and  
Local Government

# Understanding Local Cyber Resilience

A guide for local government on cyber threats and how to  
mitigate them



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March 2015

ISBN: 978-1-4098-4619-2



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# Introduction

This paper, commissioned by the Department for Communities and Local Government and prepared in collaboration with the Cabinet Office, outlines the key cyber resilience threat to Local Government. This is a persistent threat that, if left unchecked, could disrupt the day-to-day operations of councils, the delivery of local public services and ultimately has the potential to compromise national security.

Technical advances create opportunities for greater efficiency and effectiveness. These include more engaging and efficient digital services, new ways to work remotely and to store and transfer data, such as mobile devices and cloud services. However, these also present more opportunities for attackers. The networks and public-facing websites of every local authority are threatened. On average, 33,000 malicious emails are blocked from accessing public sector systems every month and this is just one of the many different types of attack government and wider public service systems must defend against. The scale of the targeting, coupled with the difficulty of monitoring all possible attack methods, means some attacks will get through but our collective responsibility is to both reduce the likelihood and the impact of such a threat succeeding. Foreign states, criminals, hacktivists, insiders and terrorists all pose different kinds of threat. They may try to compromising public sector networks to meet various objectives that include:

- Stealing sensitive information to gain an economic, diplomatic or military advantage over the UK
- Financial gain
- Attracting publicity for a political cause
- Embarrassing central and local government
- Controlling computer infrastructure to support other nefarious activity
- Disrupting or destroying computer infrastructure

Whilst the level of threat will vary across local authorities they all possess information or infrastructure of interest to malicious cyber attackers. Council employees can also be targets for criminal activity. Across the country local government IT departments are working hard to reduce these threats every day and the support of senior officers and councillors is vital to ensuring the continued focus and profile of this work. This guide is intended to help the non-technical reader understand the threats and what can be done to reduce their organisations' vulnerability to security incidents and cyber-attacks.

# Cybercrime

Cybercriminals' principal goal is to monetise their attacks. The most common form of cyber-attack against public bodies is the use of false or stolen customer credentials to commit fraud. The uptake in online services means this form of crime can now be done on a much larger scale and foreign nationals as well as onshore criminals can defraud local authorities from outside the UK. Cybercriminals also seek to steal data from government networks that has a value on the black market, such as financial information or data that can be used for ID theft. Several types of malware have been specifically designed by cybercriminals to exploit e-banking details or log-in information. These include Shylock, Gameover Zeus and Citadel. Such malware is sometimes found on public sector networks, but financial and commercial organisations are more likely to be targeted.

Cybercriminals often want to control computer infrastructure and use it as a platform for carrying out other activity such as sending spam and phishing emails. Government networks are an attractive target. These groups also launch ransom attacks, locking victims out of their data and only providing the key once money is paid. Although the victims are usually members of the public and sometimes small organisations, the criminals often purport to come from a public agency leading to the potential for reputational damage.

A recent E-Government Bulletin survey highlighted the concerns amongst Councils of being exposed to risks of losing website traffic, and even blackmail, through 'cybersquatting' of internet domain names. Cyber squatters use these domains to draw traffic away from council sites to their own commercial information services, and perhaps to publish material attacking the council or to imply an endorsement which does not exist.

Despite the continued success of National Crime Agency (NCA) and FBI operations in the USA, cybercriminals adapt their methods and tools to counter law enforcement action. It therefore takes a sustained campaign to keep cyber-security standards up to date. Removing malware from a network is a complex and time-consuming task that would have a significant impact on the running of an organisation, especially if a network needs to be shut down – so prevention is better than cure. Public bodies that fail to secure personal data will be investigated by the Information Commissioner and can expect a fine if found negligent.

# Hacktivism

Hacktivism craves publicity. For them, success is for example causing embarrassment or annoyance to the owners of high-profile websites and social media platforms that they deface or take offline. When targeted against local government websites and networks, these attacks can cause reputational damage locally and to the UK at home and abroad. Hacktivist groups have successfully used distributed denial of service (DDoS) attacks to disrupt the websites of UK local authorities. A DDoS is when a system, service or network is burdened to such an extent by an electronic attack that it becomes unavailable. If targeted at online public services (such as UK visas, Universal Credit, Council Tax payments) this kind of attack would cause financial, as well as reputational harm.

In July 2014 a Council member's Twitter account was hacked. A hacktivist group claimed responsibility and posted political statements. The council involved shut down its entire email system while it investigated.

A May 2014 global survey commissioned by BT showed, on average, organisations take 12 hours to recover fully from an especially powerful DDoS attack. If online services are regularly disrupted by cyber-attacks this could lead to the erosion of public confidence in using such services. Lone hacktivists can pursue their own personal agenda. They do not require detailed technical know-how to achieve their goal. There are many commercially available hacking tools which have easy, step-by-step guides providing motivated but low-skilled individuals with the opportunity to gain illegitimate access to networks. The social media accounts (Facebook, Twitter and LinkedIn) of local authorities and individuals can be hijacked and misleading information posted.

The website of a major unitary authority in the Midlands was taken down by online attackers in 2012. As a result outside browsers wishing to check on services like council tax details, report service issues, pot holes or find out about library times or council committee meetings were unable to do so for up to 48 hours after the initial attack.

# Insiders

An insider is someone who exploits, or intends to exploit, their legitimate access to an organisation's assets for unauthorised purposes. Such activity can include:

Unauthorised disclosure of sensitive information

Facilitation of third party access to an organisation's assets

Physical sabotage

Electronic or IT sabotage

Not all insiders deliberately set out to betray their organisation. An unwitting insider may compromise their organisation through poor judgement or due to a lack of understanding of security procedures. The insider threat is not new, but the environment in which insiders operate has changed significantly. Technological advances have created broader opportunities for staff at all levels to access information. These advances have also made it easier for insiders to collate, remove and circulate vast volumes of sensitive data and local authorities are at risk. Although the number of potential insiders within an organisation is proportionately very small, the potential impact on government and wider public sector is significant.

A clerk at a Magistrates Court was jailed for seven years in 2011 after taking bribes for using privileged access to court systems to help offenders avoid prosecution.

A council worker based in a unitary authority in North East England had been working with information held on a USB stick while using a laptop that was connected to the council's networked computer system. When logging off the system and leaving the office for the day, the user forgot to remove the USB stick. When the employee realised the mistake and tried to retrieve the USB stick, it was gone. As a result the council was subject to a significant fine from the Information Commissioner for the data loss.

# Physical threats

The increasing reliance on digital services brings with it an increased vulnerability in the event of a fire, flood, power cut or other disaster natural or otherwise that impact upon local government IT systems. Authorities take a range of approaches to mitigating threats in this area ranging from accepting the risk (for low impact services), to ensuring information is backed up off site (for medium impact services), having plans in place to recover services in an alternative location (for high impact services), to full resilience across more than one location (for very high impact services). Many local authorities are starting to share services and locations to provide resilience in a cost effective way.

In 2013 a council in the north of England suffered a second fire in a data centre in the space of 24 months so took the decision to invest in a fully resilient solution that now enables them to recover their services in a very short space of time and alternative location in the event of a fire, flood or terrorist event.

# Terrorists

Some terrorist groups demonstrate intent to conduct cyber-attacks, but fortunately have limited technical capability. Terrorist groups could acquire improved capability in a number of ways, namely through the sharing of expertise in online forums providing a significant opportunity for terrorists to escalate their capability.

Terrorist propaganda hacks occur across local public sector on an ad hoc basis such as the case of a town council in the south east that was hacked; viewers accessing the councils' web pages were confronted with the image of a hooded combat figure dressed in black.

So whilst many hacktivist groups do not pose a significant threat to the UK, they do possess skills and capabilities which are desired by some terrorist groups. Terrorists may learn from large-scale data deletion attacks – such as the attack against the Saudi Arabian national oil company, Saudi Aramco, in which data on 30,000 computers was lost – and aspire to have the same impact in the UK.

# Espionage

Several of the most sophisticated and hostile foreign intelligence agencies target UK government and public sector networks to steal sensitive information. This could ultimately disadvantage the UK in diplomatic or trade negotiations, or militarily. In a recent case a hostile, state-sponsored group gained access to a system administrator account on the Government Secure Intranet. Fortunately this attack was discovered early and dealt with to mitigate any damage but it and the example below from Canada illustrates the potential threat from cyber-espionage in this way to both central and local government.

Hackers, believed to be linked to a foreign state, gained control of a number of Canadian Government computers belonging to senior officials. The hackers, then posing as the officials, sent emails to administrators, conning them into providing key passwords that unlocked access to government networks. At the same time, the hackers sent other staff seemingly innocuous memos as attachments. The moment a recipient opened the attachment, malware infected the network. The malware looked for specific kinds of classified government information and sent it back to the hackers over the internet. Once the compromise was detected, access to the internet was shut down for thousands of public servants.

The internet's global nature enables hostile foreign intelligence agencies to conduct espionage on an ever-increasing scale with the added benefit of using deniable infrastructure to keep their activity hidden. This technical infrastructure allows sophisticated state actors to obfuscate their location, making Government networks an attractive target for state cyber programmes. Employees are also a target for hostile foreign intelligence agencies.

# What you can do and who can help

As well as localised threats such as flood or fire the global nature of the internet and its potential for deniability makes it fertile ground for all kinds of cyber-attack. The UK, as one of the world's most internet-dependent nations, is particularly vulnerable. Attackers can use multiple methods to steal your organisation's information or disrupt its systems and it is not currently possible to keep out all the attacks, all the time. Inevitably disasters occur and some attackers will get through, which makes a robust cyber incident management plan essential for all public sector organisations. Advice on protective security is available on the websites of Centre for the Protection of the National Infrastructure ([www.cpni.gov.uk](http://www.cpni.gov.uk)) and Communications-Electronics Security Group ([www.cesg.gov.uk](http://www.cesg.gov.uk)).

## Adopt the 10 Steps to Cyber Security approach

A good starting point is adopting the basic cyber-security measures, set out in CESG's the [10 Steps to Cyber-security](#), is highly effective at preventing most attacks. A more detailed guide around how to brief board-level corporate and business decision making can be found at <http://www.cpni.gov.uk/highlights/cyber-advice-businesses/>

- **Information Risk Management Regime** - Assess the risks to your organisation's information assets with the same vigour as you would for legal, regulatory, financial or operational risk. To achieve this, embed an Information Risk Management Regime across your organisation, supported by the Board, senior managers and an empowered information assurance (IA) structure. Consider communicating your risk management policy across your organisation to ensure that employees, contractors and suppliers are aware of your organisation's risk management boundaries.
- **Secure configuration** - Introduce corporate policies and processes to develop secure baseline builds, and manage the configuration and use of your ICT systems. Remove or disable unnecessary functionality from ICT systems, and keep them patched against known vulnerabilities. Failing to do this will expose your business to threats and vulnerabilities, and increase risk to the confidentiality, integrity and availability of systems and information.
- **Network security** - Connecting to untrusted networks (such as the Internet) can expose your organisation to cyber-attacks. Follow recognised network design principles when configuring perimeter and internal network segments, and ensure all network devices are configured to the secure baseline build.



Filter all traffic at the network perimeter so that only traffic required to support your business is allowed, and monitor traffic for unusual or malicious incoming and outgoing activity that could indicate an attack (or attempted attack).

- **Managing user privileges** - All users of your ICT systems should only be provided with the user privileges that they need to do their job. Control the number of privileged accounts for roles such as system or database administrators, and ensure this type of account is not used for high risk or day-to-day user activities. Monitor user activity, particularly all access to sensitive information and privileged account actions (such as creating new user accounts, changes to user passwords and deletion of accounts and audit logs).
- **User education and awareness** - Produce user security policies that describe acceptable and secure use of your organisation's ICT systems. These should be formally acknowledged in employment terms and conditions. All users should receive regular training on the cyber risks they face as employees and individuals. Security related roles (such as system administrators, incident management team members and forensic investigators) will require specialist training.
- **Incident management** - Establish an incident response and disaster recovery capability that addresses the full range of incidents that can occur. All incident management plans (including disaster recovery and business continuity) should be regularly tested. Your incident response team may need specialist training across a range of technical and non-technical areas. Report online crimes to the relevant law enforcement agency to help the UK build a clear view of the national threat and deliver an appropriate response.
- **Malware prevention** - Produce policies that directly address the business processes (such as email, web browsing, removable media and personally owned devices) that are vulnerable to malware. Scan for malware across your organisation and protect all host and client machines with antivirus solutions that will actively scan for malware. All information supplied to or from your organisation should be scanned for malicious content.
- **Monitoring** - Establish a monitoring strategy and develop supporting policies, taking into account previous security incidents and attacks, and your organisation's incident management policies. Continuously monitor inbound and outbound network traffic to identify unusual activity or trends that could indicate attacks and the compromise of data. Monitor all ICT systems using Network and Host Intrusion Detection Systems (NIDS/HIDS) and Prevention Systems (NIPS/HIDS).
- **Removable media controls** - Produce removable media policies that control the use of removable media for the import and export of information. Where

the use of removable media is unavoidable, limit the types of media that can be used together with the users, systems, and types of information that can be transferred. Scan all media for malware using a standalone media scanner before any data is imported into your organisation's system.

- **Home and mobile working** - Assess the risks to all types of mobile working (including remote working where the device connects to the corporate network infrastructure) and develop appropriate security policies. Train mobile users on the secure use of their mobile devices for locations they will be working from. Apply the secure baseline build to all types of mobile device used. Protect data-at-rest using encryption (if the device supports it) and protect data-in-transit using an appropriately configured Virtual Private Network (VPN).

## Join the Cyber-security Information Sharing Partnership (CiSP)

In addition to these resources, the Cyber-security Information Sharing Partnership (CiSP) [www.cert.gov.uk/cisp](http://www.cert.gov.uk/cisp) (part of and Computer Emergency Response Team CERT-UK), allows members from across sectors and organisations to exchange cyber threat information in real time, on a secure and dynamic environment, whilst operating within a framework that protects the confidentiality of shared information. It is a joint industry/government initiative to share cyber threat and vulnerability information in order to increase overall situational awareness of the cyber threat and therefore reduce the impact on the UK. CiSP members benefit from:

Engagement with industry and government counterparts in a secure environment  
Early warning of cyber threats  
Ability to learn from experiences, mistakes, successes of other users and seek advice  
An improved ability to protect their corporate business network

CiSP is free to join and a dedicated forum for local authorities exists on the CiSP platform, this is specifically to enhance the ability of organisations to share sensitive information in a safe and trusted environment. An increasing number of local authorities are joining CiSP to help become better equipped to deal with such new and emerging threats. Working with others in this way is enabling them to fully utilise the benefits of working at a network defending level - to secure local authorities against the online threats to both their operations and the data held in their care.

The ability of CISP members to deal with the recent Heartbleed vulnerability incident illustrated of the benefit of being a member; a dedicated group was established allowing members to easily access the latest information and

mitigation advice, including privileged information that had a direct impact on members' ability to update their firewalls in a timely fashion.

It is important to remember however, that should a local authority fall victim to a cyber-attack it should report the incident to [GovCertUK](#) in the first instance.

## **To find out more**

The application process to join CiSP is straightforward with details available [at \*\*www.cert.gov.uk/cisp\*\*](#). In addition for further details about the CiSP please contact CERT-UK at <https://www.cert.gov.uk/contact-us/contact-form/>

# Conclusion

This guide is intended to provide the basis for non-technical senior managers and leaders to gain a better understanding of the potential threats from cyber-attack and how local authorities can reduce their vulnerability to threats. Getting cyber resilience right has never been more important as public services continue to modernise and improve our ways of working and as we deliver more and more services online.

Ultimately being cyber resilient is about having the right resilience, appropriately tailored to take proper account of the very wide range of different activities councils undertake, the assets they handle and environments they work in. Focus in this area will help ensure that local authorities can gain and develop the public's trust that they will handle their information properly and protect the public, commercial and financial interests they are responsible for on behalf of their local communities.



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<b>Committee</b>	<b>Date:</b>
Finance Committee	22 September 2015
<b>Subject:</b> Risk Management – Monthly Report	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Information</b>

## Summary

This report has been produced to provide Finance Committee with an update on the most significant risks faced by the Chamberlain's department.

There are currently no RED risks on the departmental risk register.

## Recommendation

Members are asked to note the report.

## 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. Finance Committee has determined that it will receive the Chamberlain's risk register on a quarterly basis with update reports on RED rated risks at the intervening Committee meetings.

### Current Position

2. This report provides an update on the current RED risks that exist in relation to the operations of the Chamberlain's department and, therefore, Finance Committee.

### Summary of Key Risks

3. There are currently no RED risks on the Chamberlain's departmental risk register. The last report to Finance Committee in July highlighted the following risks which have since been downgraded:

- CHB001 – Oracle ERP delivery

This risk has now reduced to AMBER due to significant progress made on the property module thereby averting the risk to revenue collection. The programme team continues to work towards a target completion date of 30 September 2015.

- CHB008 – Resourcing

The resourcing risk is currently under review in consultation with HR to update the risk. The risk score has decreased in the interim to AMBER, following successful recruitment of the Head of IT and Police Lead.

- **Other Material Changes since the Previous Review**

4. CHB004 – COL Police PSN Compliance (previously AMBER) has now closed and been removed from the departmental register. All critical and high risks have been resolved and two IT health checks are being run every year to ensure we remain compliant with PSN requirements.
5. There is an emerging RED risk, relating to the approach to managing corporate contracts, currently being considered for inclusion in the Corporate Risk Register, ownership for which will be within the Chamberlain's department. This risk will be presented to Chief Officers Risk Management Group on 30 September 2015.

### **Conclusion**

6. Members are asked to note the actions taken to manage these significant risks in relation to the operations of the Chamberlain's Department and the overall reducing level of current risk.

### **Appendices**

- None

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Committee: <b>Finance</b>	Date: <b>22 September 2015</b>
Subject: <b>Central Contingencies</b>	<b>Public</b>
Report of: <b>Chamberlain</b>	<b>For Information</b>

1. Service Committee budgets are prepared within the resources allocated by the Policy and Resources Committee and, with the exception of the Policy and Resources Committee, such budgets do not include any significant contingencies. The budgets directly overseen by the Finance Committee therefore include central contingencies to meet unforeseen and/or exceptional items that may be identified across the City Corporation's range of activities. Requests for allocations from the contingencies should demonstrate why the costs cannot, or should not, be met from existing provisions.
2. In addition to the central contingencies, the Committee has a specific City's Cash contingency of £100,000 to support humanitarian disaster relief efforts both nationally and internationally.
3. The uncommitted balances that are currently available are set out in the table below. At the time of preparing this report, there were no further requests for use of the contingencies included on the agenda.

2015/16 Contingencies - Uncommitted Balances at 8 September 2015				
	City Fund £'000	City's Cash £'000	Bridge House Estates £'000	Total £'000
General Contingencies	800	612	50	1,462
National and International Disasters	0	80	0	80
<b>Uncommitted Balances</b>	<b>800</b>	<b>692</b>	<b>50</b>	<b>1,542</b>
Requests for contingency allocations	0	0	0	0
<b>Balances pending approval</b>	<b>800</b>	<b>692</b>	<b>50</b>	<b>1,542</b>

4. The requests which the Committee has previously agreed against the 2015/16 contingencies are listed at Appendix 1.

### Recommendation

5. Members are asked to note the report.

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## Appendix 1 2015/16 Contingencies

### 2015/16 General Contingency – City’s Cash

Committee Date	Description	Responsible Officer	Allocation £	Contingency Balance £
	2015/16 Provision			950,000
	2014/15 Provision brought forward to fund commitments entered into in previous financial years			145,000
	Total Provision			1,095,000
10 Dec 2013	£55,000 (£30,000 in 2014/15 and £25,000 in 2015/16) for additional one-off revenue costs in respect of the Education/Community Programme to launch the Heritage Gallery; and the provision of retail stock to promote the opening and the City’s role in looking after London and the Nation’s heritage. The first £15,000 of income from the sale of the special retail stock will be credited centrally.	DCHL	25,000	
21 Oct 2014	Up to £98,500 in match funding (in partnership with the Mercers' Company) for a biography of Sir Thomas Gresham. Phased over 5 years - £33,500, £5,000, £5,000, £25,000 and £30,000 in 2014/15, 2015/16, 2016/17, 2017/18 and 2018/19 respectively.	TC	65,000	
13 Jan 2015	Funding to meet the transport and freight costs of taking the Guildhall School’s opera scenes to Shanghai in April 2015.	GSM	29,800	
17 Feb 2015	Grant funding for The Honourable The Irish Society (£25,000 p.a. for 2014/15 and 2015/16)	CH	25,000	
14 Apr 2015	“Founding Sponsor” contribution towards the cost of a major City spectacular in commemoration of the 350 <sup>th</sup> anniversary of the Great Fire of London.	DCHL	300,000	
21 Jul 2015	£33,000 to match fund a grant that The Honourable The Irish Society are making to the National Citizenship Scheme. £5,000 for the Lord Mayor to host a dinner in Belfast to mark the giving of this grant.	CH	38,000	
	Total allocations agreed to date			482,800
	Balance remaining prior to any requests that may be made to this meeting			612,200

## Appendix 1 2015/16 Contingencies

### 2015/16 General Contingency – City Fund

Committee Date	Description	Responsible Officer	Allocation £	Contingency Balance £
	2015/16 Provision			800,000
	2014/15 Provision brought forward to fund commitments entered into in previous financial years			83,000
	Total Provision			883,000
13 Jan 2015	£50,000 (£25,000 in 2014/15 and £25,000 in 2015/16) for additional funding towards the LGPS Collective Investment Vehicle (CIV).	CH	25,000	
17 Feb 2015	£142,000 (£84,000 in 2014/15 and £58,000 in 2015/16) towards an appeal regarding Greater London Authority Roads.	CH	58,000	
	Total allocations agreed to date			83,000
	Balance remaining prior to any requests that may be made to this meeting			800,000

### 2015/16 General Contingency – Bridge House Estates

Committee Date	Description	Responsible Officer	Allocation £	Contingency Balance £
	2015/16 Provision			50,000
	Total allocations agreed to date			0
	Balance remaining prior to any requests that may be made to this meeting			50,000

## Appendix 1 2015/16 Contingencies

### 2015/16 National & International Disasters Contingency – City’s Cash

Committee Date	Description	Responsible Officer	Allocation £	Contingency Balance £
	2015/16 Provision			100,000
	2014/15 unspent provision brought forward			30,000
	Total Provision			130,000
27 Apr 2015 Urgency	Disasters Emergency Committee, Nepal Earthquake Appeal	TC	25,000	
1 May 2015 Urgency	Disasters Emergency Committee, Nepal Earthquake Appeal	TC	25,000	
	Total allocations agreed to date			50,000
	Balance remaining prior to any requests that may be made to this meeting			80,000

Key to Responsible Officers:

CH: Chamberlain

DCHL: Director of Culture, Heritage and Libraries

GSM: Principal, Guildhall School of Music and Drama

TC: Town Clerk

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