



Procurement Sub (Finance) Committee

Date: THURSDAY, 6 FEBRUARY 2020
Time: 1.45 pm
Venue: COMMITTEE ROOM 2 - 2ND FLOOR WEST WING, GUILDHALL

Members: Deputy Hugh Morris (Chairman)
Deputy Robert Merrett (Deputy Chairman)
Randall Anderson
John Fletcher
Michael Hudson
Deputy Jamie Ingham Clark
Alderman Gregory Jones QC
Jeremy Mayhew
Susan Pearson
William Pimlott

Enquiries: Antoinette Duhaney, 020 7332 1408,
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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. **PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the public minutes of the meeting held on 02.12.19
For Decision
(Pages 1 - 4)
4. **PROCUREMENT SUB-COMMITTEE WORK PROGRAMME 2020**
Report of the Chamberlain
For Information
(Pages 5 - 6)
5. **CITY PROCUREMENT QUARTERLY PROGRESS REPORT - QUARTER 3 - 2019/20**
Report of the Chamberlain
For Information
(Pages 7 - 12)
6. **CHANGES TO PROCUREMENT CODE PART 1**
Report of the Chamberlain
For Decision
(Pages 13 - 40)
7. **RESOLUTION FROM BARBICAN RESIDENTS CONSULTATION COMMITTEE (BRCC) 02.12.19 - HEATING INITIATIVES**
For Information
(Pages 41 - 42)
8. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
9. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
10. **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

11. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes of the meeting held on 02.12.19

For Decision
(Pages 43 - 46)
12. **WAIVER REPORT - BARBICAN ART GALLERY - ART TRANSPORTATION**
Report of the Managing Director, Barbican Centre

For Decision
(Pages 47 - 52)
13. **ALL FUNDS USE OF DEVELOPMENT MANAGERS AND JOINT VENTURES**
Report of the City Surveyor

For Information
(Pages 53 - 62)
14. **STAGES 1 (STRATEGY) & 2 (CONTRACT AWARD) COMBINED REPORT FOR PROVISION OF WATER SUPPLY AND SEWERAGE SERVICES**
Joint report of the Chamberlain and City Surveyor

For Decision
(Pages 63 - 68)
15. **STAGES 1 (STRATEGY) & 2 (CONTRACT AWARD) COMBINED REPORT FOR PROVISION OF ELECTRICITY AND GAS SUPPLIES**
Joint report of the Chamberlain and City Surveyor

For Decision
(Pages 69 - 78)
16. **CITY PROCUREMENT 2020/21 BUDGET**
Report of the Chamberlain

For Information
(Pages 79 - 82)
17. **DISPUTE UPDATE**
Report of the Chamberlain

For Information
(Pages 83 - 88)
18. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
19. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB-COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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PROCUREMENT SUB (FINANCE) COMMITTEE

Monday, 2 December 2019

Minutes of the meeting of the Procurement Sub (Finance) Committee held at the Guildhall EC2 at 1.45 pm

Present

Members:

Deputy Hugh Morris (Chairman)	Deputy Jamie Ingham Clark
Deputy Robert Merrett (Deputy Chairman)	Susan Pearson
Michael Hudson	

Officers:

Chris Bell	Chamberlain's Department
Natalie Evans	Chamberlain's Department
Matthew Jones	Chamberlain's Department
Greg Knight	Chamberlain's Department
Michael Harrington	Chamberlain's Department
Darran Reid	Chamberlain's Department
Sean Green	Chamberlain's Department
Zahur Khan	Transportation & Public Realm Department
Antoinette Duhaney	Town Clerk's Department

1. APOLOGIES

Apologies for absence were received from Randall Anderson, John Fletcher, Alderman Gregory Jones QC and Jeremy Mayhew.

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

No declarations were made.

3. PUBLIC MINUTES OF THE PREVIOUS MEETING RESOLVED

That the public minutes of the meeting held on 29.10.19 be approved.

4. PROCUREMENT SUB-COMMITTEE WORK PROGRAMME

The Sub-Committee considered a report of the Chamberlain setting out the forward programme of agenda items up to April 2020.

Officers advised that as the next scheduled meeting of the Sub-Committee was scheduled for 6th January 2020, this meeting should be cancelled as there was a short lead in time before the Christmas break and there was no pressing business that could not be deferred to a later meeting.

RESOLVED

1. That the meeting scheduled for 6th January 2020 be cancelled.

2. That the report be noted.

5. **BREXIT UPDATE: PROCUREMENT AND SUPPLY CHAIN (ORAL REPORT)**

Officers advised that there was nothing further to add subsequent to the update provided at the meeting on 24.09.19.

6. **FINANCIAL APPRAISALS FOR PROCUREMENT**

The Sub-Committee considered a report of the Chamberlain setting out proposed new arrangements for financial assessments for bidders for low risk contracts.

Officers reported that under the current arrangements, many suppliers were excluded from bidding and the use of Credit Reference Agencies for low risk contracts would generate efficiencies and this action had been put forward as a Fundamental Review proposal.

RESOLVED

1. That the report be noted.

2. That the Resource Allocation Sub Committee's informal support of the Chamberlain's Fundamental Review recommendation for the use of a credit agency to provide financial checks for suppliers rather than in house- appraisal; and to receive a verbal update on whether the proposal has been ratified by Policy and Resources Committee be noted.

7. **CITY PROCUREMENT RISK MANAGEMENT - QUARTERLY REPORT**

The Sub-Committee considered a report of the Chamberlain providing an overview of Risk Management within the City Procurement Team.

Officers reported that work was ongoing to address the amber rated risks.

RESOLVED

That the actions taken to by the City Procurement Team to monitor and manage risk be noted.

8. **PROCUREMENT OF VEHICLES**

The Sub-Committee considered a report of the Chamberlain setting out proposals to remove vehicle procurement from the Gateway Process.

Officers advised that the recommendations in the report were subject to formal agreement of the Projects Sub-Committee.

RESOLVED

That subject to formal approval of recommendation 1 of the officer report by the Projects Sub-Committee:

1. Authority is delegated authority to the Transport Co-ordination Group (officer board) to approve the procurement of vehicles up to £250,000.
2. Authority be delegated to the Strategic Resources Group (officer board chaired by the Chamberlain) to approve the procurement of vehicles in the range of £250,000 - £2,000,000.
3. That for the procurement of vehicles to the cost of £2,000,000 or above, formal approval by the Procurement Sub Committee is required.

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

There were no public questions.

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

There was no urgent 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 Schedule 12A of the Local Government Act.

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

RESOLVED – That the non-public minutes of the meeting held on 29.10.19 be approved.

13. **POWER PURCHASE AGREEMENT (PPA) FOR OFFSITE RENEWABLE ELECTRICITY - PROCUREMENT STAGE 1A MID TENDER UPDATE**

The Sub-Committee considered a report of the Chamberlain updating Members on the procurement process for appointing a preferred supplier for a Power Purchase Agreement for offsite renewable energy.

14. **IT CONTRACT RENEWALS**

The Sub Committee considered a report of the Chamberlain providing an overview of IT contracts expiring before 31 December 2020.

15. **CONTRACT DISPUTE UPDATE (ORAL REPORT)**

The Sub Committee received an oral update on the Contract Dispute resolution actions.

16. **ROUGH SLEEPING OUTREACH SERVICE PROCUREMENT STAGE 1 STRATEGY**
The Sub Committee considered a report of the Chamberlain outlining a Procurement Strategy and Evaluation Criteria for selecting a preferred supplier for Rough Sleeping Outreach Support.
17. **ARCHITECT CONSULTANTS (FOR CONSTRUCTION) FRAMEWORK PROCUREMENT STAGE 1 STRATEGY**
The Sub Committee considered a report of the Chamberlain outlining the proposed procurement strategy and evaluation approach to be used in the selection of the preferred supplier(s) for the Architectural Consultant (in construction) Framework.
18. **COMMERCIAL CONTRACT MANAGEMENT - CORPORATE SUPPLIER SCORECARD RESULTS**
The Sub Committee considered a report of the Chamberlain updating Members on the scorecard measures key suppliers' performance against a range of corporate policies, contract KPIs and terms and conditions.
19. **TRANSPORTATION AND PUBLIC REALM CONSULTANCY FRAMEWORK**
The Sub Committee considered a report of the Chamberlain outlining proposals to adopt a framework contract for procuring external consultancy services in the Transportation and Public Realm Division within the Department of the Built Environment.
20. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
There was one non-public question.
21. **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.
22. **CONFIDENTIAL MINUTES**
RESOLVED – That the confidential minutes of the meeting held on 29.10.19 be approved.

The meeting closed at 2.35 pm

Procurement Sub-Committee – Work Programme 2020

Meeting:	06/02/2020	09/03/2020	09/04/2020	14/05/2020	11/06/2020	09/07/2020
Strategy, Policy, Continuous Improvements and Performance						
	* City Procurement KPI's (quarterly update) * Changes to Procurement Code Part 1 * City Procurement Proposed Budget Summary	*P-card Update Paper * City Procurement Risk Register * E-Invoicing and Automation *Use of External Consultants for procurement exercises	* Procurement Strategy	*		
Sourcing and Category Management						
	* Stage 1 & 2 report for Provision of Electricity and Gas Supplies * Provision of water supply and sewerage services Procurement Stage 2 Award Report	*Secure City Stage 1 *Hazardous Waste Collection Stage 2 *Location Agency Services (Filming) Stage 2 *Digital Interview Recording services - Lessons Learned Paper *Major Works Framework Project Management Services Stage 2 *Housing paper (for info)	*Action Fraud Consultancy Support Stage 1 *Rough Sleeping Service - Stage 2 *Art Transport Services (Barbican) – Stage 1 *Architects Stage 1 *Power Purchase Agreement	* Approval to award Filming Location Agency Concession	*Parking Enforcement – Stage 1	
Contract Management and Responsible Procurement						
	* Contract Dispute Update report		* Corporate Supplier Scorecard Results and Updates	* Corporate Supplier Scorecard Results and Updates		

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Committee(s) Finance Committee Procurement Sub Committee	Dated: 21 January 2020 6 February 2020
Subject: City Procurement Quarterly Progress Report Quarter 3 2019-2020	Public
Report of: The Chamberlain	For Information
Report author: Chris Bell, Commercial Director	

Summary

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

Recommendations

Members are asked to note the progress of key strategic improvement projects and performance for Q1 – Q3 of 2019/20 financial year (FY 19/20):

- Procurement savings at end of December 2019 of £5.4m, made up of £930k Commercial Contract Management savings and £4.5m Sourcing & Category Management savings.
- Purchase order compliance of 98% (target 97%).
- 94% of all supplier invoices were paid within 30 days (target of 97%)
- 86% of SME invoices were paid within 10 days (target of 88%).
- 81% of invoices are currently received in True PDF format (target of 75%)
- Waiver trends:
 - Total number of waivers has reduced by 9% compared to same period during the previous financial year.
 - Non-compliant waivers have decreased by 33% comparing the same period during the last financial year.
 - A total of 17 Procurement Breach waivers have been recorded at end Q3 2019/20 with a value of £637k.

Main Report

Background

1. City Procurement has four main functions: Category Management/Sourcing, Commercial Contract Management, Accounts Payable and Policy & Compliance. This report provides an update on the progress and current performance against the service KPIs set out in the Chamberlain's Business Plan in April 2019.

Efficiency and Savings

2. City Procurement is set an annual savings target at the start of each year based on the contracts to be let during the financial year that have the potential to make efficiency or cost savings and contracts let in previous years that are generating guaranteed savings in the current year. Each contract is reviewed by the relevant

Category Board to set the targets and each contract target considers historic spend, scope changes, complexity, risk and industry benchmarks. The 2019/20 City Procurement target is £6.1m.

Commercial Contract Management savings target

3. In addition to the City Procurement annual target, a savings target for Commercial Contract Management has been introduced. This relates to efficiencies and savings delivered within the duration of a contract. The 2019/20 Commercial Contract Management target is £1.17m.

The Annual Savings Target elements explained

4. The 2019/20 annual savings target was set using two types of in-year savings:
 - **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-to-7-year period when the savings are spread across the contract life.
 - **New contracts let generating savings** – Savings targeted to be generated from new contracts let during the current financial year.
 - The savings targets are for competitive price savings and are not inclusive of scope changes/service downgrades or other operational decisions which are treated as local department savings.

2019/20 Efficiencies and savings progress as at 31 December 2019

5. Sourcing & Category Management achieved procurement savings of £4.50m at the end of Q3 compared to the projected expected savings of £4.58m for this period. The shortfall is expected to be made in in quarter 4.
6. Additionally, Commercial Contract Management has achieved total efficiencies and savings to the value of £930k at the end of Q3 compared to the projected expected savings of £881k for this period. This is tracking ahead of projections and may lead to an over achievement against target by year end.

Accounts Payable Performance – Compliance with No PO No Pay Policy

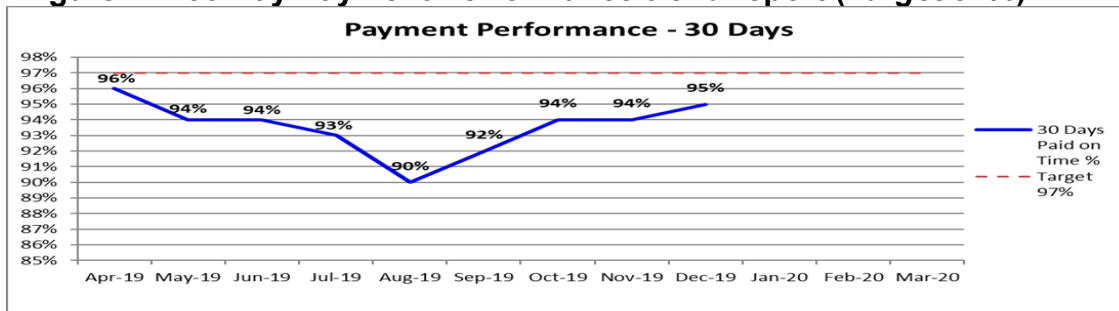
7. The Corporation's No Purchase Order (PO) No Pay Policy is now fully embedded, and we continue to achieve high levels of compliance. We achieved 98% PO compliance for Q1 – Q3 FY 19/20, therefore exceeding our target of 97%. This ensures that we have a high level of visibility of the organisations expenditure and maximises our opportunity to identify savings and efficiency opportunities whilst assure compliance.

Payment Performance

8. The Corporation's 30-day invoices paid-on-time performance for Q1 – Q3 FY 19/20 is 94%, slightly below the target of 97%. Our 10-day SME invoice payment performance for Q1 – Q3 FY 19/20 is 86%, falling just short of the 88% target. Accounts Payable have been carrying between one and three vacancies

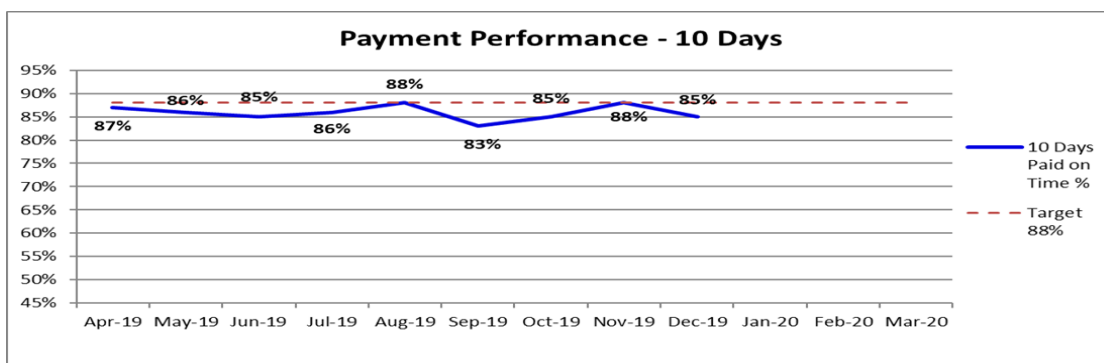
consistently this year which is the main reason for the variance of performance against target.

Figure A – 30 Day Payment Performance trend report (Target 97%)



Figure

Figure B – 10 Day SME Payment Performance trend report (Target 88%)



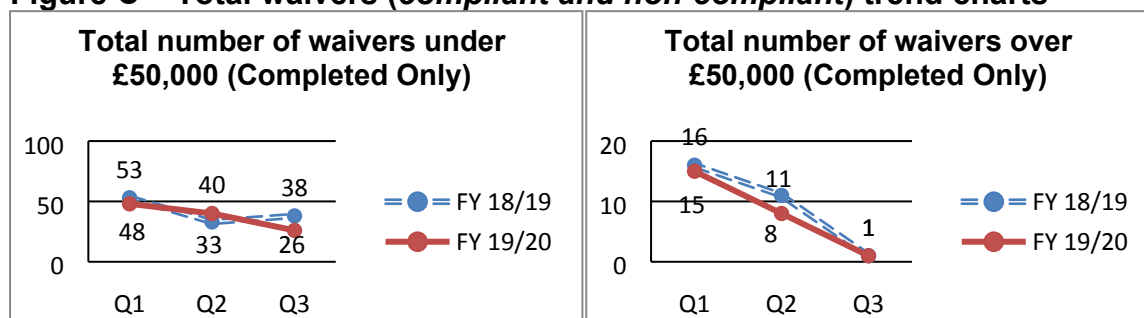
True PDF Invoices Received

9. City Procurement has been monitoring the number of invoices received in 'True PDF' format, which is the machine-readable format required for the new electronic invoicing system. Suppliers already submitting True PDF invoices containing product item numbers will be prioritised and invited to invoice us via the new e-invoicing route. We have recently appointed on a short-term basis an E-invoicing Project Manager to solely focus on this and to increase the volumes of electronic invoicing. Note however that this is not only restricted to the True PDF solution provided by Basware as there are other electronic invoicing routes which may potentially be a better alternative for example Electronic Data Integration (EDI). Conversion of suppliers to e-invoicing will see us have the opportunity to gain further efficiencies through staff headcount reductions of 1-2 FTEs in the next 24 months.
10. Of all the invoices received from suppliers in Q1 – Q3 FY 19/20, 81% were in the desired True PDF format. 84%, our highest figure to date, was achieved in both October and December 2019 and shows that we are moving in the right direction and exceeding the 75% target set for the year.
11. The new e-invoicing technology should also increase process efficiency whilst reducing error rates, as it eradicates the need for manual keying, and improve our payment performance.

Waiver performance

12. This part of the report sets out the quarterly trend update on the approval of waivers. The following graphs compare the trend for the number of waivers for FY 18/19 and Q1 – Q3 FY 19/20. Waivers for procurements valued under £50k require Chief Officer approval, while those above £50k require the approval of the appropriate spend Committee.

Figure C – Total waivers (compliant and non-compliant) trend charts



13. The total number of waivers completed Q1 - Q3 FY 19/20 is **138** (compared to 152 Q1 - Q3 2018/19), which breaks down as follows:

- a. Compliant Waivers **105** – (value £6.82m)
- b. Non-Compliant Waivers **33** – (value £1.08m)
 - i. Procurement Breaches (subset of Non-compliant total) **17** (£637k)

14. **Waiver Trends:**

- There has been a reduction in the number of waivers completed during the first three quarters of FY 19/20 in comparison to the same period of the previous financial year (9% decrease), as well as a 20% decrease in the total value, from £9.9m to £7.9m.
 - Comparing the end of Q3 FY 19/20 to the same period last financial year, the total number of non-compliant waivers has decreased by 33%, with the value of non-compliant waivers decreasing by 60%.
 - Non-compliant waivers make up 24% of all waivers completed between Q1 - Q3 FY 19/20, and 14% of the total value.
15. Significant progress has been made to reduce waivers in the last 3 years, considering the make-up of the non-compliant waivers, 43% come from the Barbican/Guildhall School and a further 21% from the Schools. The rest of the departments make up the balance with typically 1 waiver of this type. We have been working closely with the Barbican, having regular workshops, had City Procurement personnel working onsite and a range of training sessions. But whilst there is improvement, the Chamberlain and his team will work with senior Barbican leaders to ensure that further efforts are made to increase compliance, in line with progress elsewhere.

Freedom of Information Requests

16. City Procurement has responded to 40 FOI requests in Q1 – Q3 FY 19/20, amounting to 85 hours of officer time. Analysing the make-up of FOIs for this year, it shows the following categorisation:

Nature of FOI Query	Instances
Contract or procurement exercise specific	14
Understanding our expenditure	10
Compliance queries	5
Policy queries (Inc. Brexit)	5
Payment queries	3
Seeking sales opportunities	3
	40

17. In the main it shows that FOIs are typically related to specific contracts or procurement exercises we have run, or more generally looking to understand our expenditure and spend profile. There has been a slight rise this year in Policy queries, mainly related to Brexit planning.

Conclusion

18. City Procurement continues to achieve a high level of performance, meeting or surpassing most of its KPIs for Q1 – Q3 FY 19/20. The two main savings targets together have achieved a total of £5.43m of savings compared with the cumulative target for this period of £5.46m, just falling short by £30k, however still on track to achieve the target set for FY 19/20. The payment performance figures are falling just short of their respective targets, but a few adverse factors have been identified and further investigation will be carried out with the aim of introducing measures to counteract these. PO Compliance continues to exceed the target of 97% achieving 98% in most months, and both compliant and non-compliant waivers continue to decrease compared with previous years. We continue to exceed the True PDF invoice target, and this will hopefully aid the E-invoicing Project Manager in increasing the number of e-invoices being processed to reduce the current manual input required.

Report Author

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Committees: Procurement Sub Committee Finance Committee	Date: 6 February 2020 18 February 2020
Subject: Changes to Procurement Code Part 1	Public
Report of: The Chamberlain	For Decision
Report author: Lisa Moore, Procurement Policy & Compliance Officer, Chamberlain's Department	

Summary

The Procurement Code (the Code) is the policy which underpins all procurement and purchasing activity across the City of London and the City of London Police. Procurement policies are reviewed annually to ensure they are up-to-date and still operationally viable. The revisions this year support the aims and vision in the City Procurement Strategy 2020 – 2024 and recommendations submitted as part of the Fundamental Review.

The main changes to the Procurement Code relate to the Procurement Thresholds and Processes (Rule 15), Contracts Lettings Thresholds (Rule 16); the Waiver Process (Rule 25); rules relating to contract changes (Rules 30-33), Payment Policy (Rule 43), Responsible Procurement Policy (rule 46), and the Social Value Panel (rule 48).

Recommendation

Members are asked to approve changes to the Procurement Code to be effective from 1 April 2020.

Main Report

Background

1. The City of London Procurement Code 2015 (the Code) is the policy which underpins all procurement and purchasing activity across the City of London and the City of London Police.
2. Part 1 of the Code is the framework of overarching rules to be followed by any officer when purchasing goods, services or works and has been developed in line with UK Public Contracts Regulations 2015.
3. Part 2 of the Procurement Code is the guidance document which provides context, processes, and/or further information relevant to compliance with the rules outlined in Part 1.
4. Procurement policies are reviewed annually to ensure they are up-to-date and still operationally viable. The revisions this year support the aims and vision in the City

Procurement Strategy 2020 – 2024 and recommendations submitted as part of the Fundamental Review.

Revisions to the City of London Procurement Code

5. The majority of rules contained in the Code have not changed. A comprehensive list of the changes can be found in Appendix 1. Highlighted in this section of the paper are rules with major revisions impacting governance or a change of process:

Rule	Changes
Procurement Thresholds and Procedures – Rule 15	<ul style="list-style-type: none"> • The threshold for Operational Purchasing raised from £10,000 to £50,000. This will devolve responsibility for purchases under £50,000 to the departmental officer. The rule directs departments to part 2 of the Code which will outline a process for this self-service. • Guidance for Strategic purchasing updated to require City Procurement to undertake an ‘options appraisal’. This rule used to require City Procurement to undertake a tender. The new wording promotes all options to be reviewed such as frameworks or partnerships with other boroughs. This was happening in practice and this change supports that. • Strategic Purchasing (Advertise) and Strategic Purchasing (Advertise in OJEU) combined to the one rule. The rule to follow Public Contracts regulations over OJEU thresholds remains.
Contract Letting Thresholds - Rule 16	<ul style="list-style-type: none"> • The threshold table has been aligned to the Procurement Thresholds separating the different approvals for contracts awarded up to £2 million; up to £50,000, £50,000 - £100,000, and £100,000 to £2 million. • The City Procurement Operations Team and Departmental Officer have been added to approve options for contracts over £50,000 but less than £100,000. • The approvals for Options and Contract Award have been separated to clearly denote the role of City Procurement, Chief Officers, Category Boards, and Committees.
Waivers - Rule 25	<ul style="list-style-type: none"> • Due to the increase in Procurement Threshold for Operational Purchasing requirement for waiver process under £50,000 has been removed with the exception of ‘Order outside of a corporate contract’ • Amended governance table to denote between compliant and non-compliant waivers • Compliant waivers approval aligned to Contract Letting Thresholds as part of Options Appraisal • Non-compliant waivers over £50,000 remaining with Members to approve through existing committee waiver process

Rule	Changes
	<ul style="list-style-type: none"> Removed guidance that waiver can only be granted as a one-off requirement
Contract Extensions – Rule 30	<ul style="list-style-type: none"> Amended approval process to align with Contract Letting Thresholds which will send Extension Review Reports to Committee over £2 million
Contract Variations - Increases in Contract Value - Rule 31.2	<ul style="list-style-type: none"> Amended approval process to be in line with Contract Letting Thresholds Clarified that 50% increase cap was for contracts let over EU Thresholds and lower value contracts could not exceed EU thresholds
Contract Variations – Alterations to contract terms and conditions - Rule 31.3	<ul style="list-style-type: none"> Amended approval process from relevant Spend Committee to align with approval process in Contract Letting Thresholds
Prompt Payment – Rule 43	<ul style="list-style-type: none"> 10-day payment for SMEs removed as a rule leaving 30 day payment in line with our standard contract terms. At this time, Accounts Payable continue to pay SMEs in advance of the 30 days as good practice.
Responsible Procurement Policy – Rule 46	<ul style="list-style-type: none"> Name updated from Responsible Procurement Strategy Threshold to include Responsible Procurement in the tender process from £100,000 to £50,000 in line with new Procurement Thresholds Added in rule that specifications to be developed with Responsible Business Strategy
Social Value Panel – Rule 48	<ul style="list-style-type: none"> No change in principle. The rule has been amended to consult with the Social Value Panel on the social, environmental, and ethical impacts of procurement. The requirement to consult service contracts over the OJEU services threshold has been moved from Part 1 to Part 2. This change supports the consultation process between City Procurement and the Social Value Panel on the role that is required under the new Responsible Procurement Policy.

Conclusion

6. City Procurement recommend approval of the changes to the Code outlined in this paper and in appendix one effective 1 April 2020 in order to ensure the Code stays relevant with the new City Procurement Strategy.

Appendices

- Appendix One – All changes to Procurement Code Part 1
- Appendix Two – Procurement Code Part 1 – April 2020

Lisa Moore

Procurement Policy and Compliance Officer, City Procurement

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Rule	Name	Change
General	General	Naming convention - The City, COL changed to the Corporation
General	General	Where possible text will refer to the rule name and not rule number
General	General	Update language - remove reference to the Procurement Code being new
A	Introduction	Removed references to the old procurement strategy, the governance pack and abbreviations table
1	External Regulations	Changed reference to EU regulations to Public Contracts Regulations 2015 and other UK legislation
3	Governance	Removed reference to the Chamberlain chairing Strategic Resources Group
5	Best Value	Updated Responsible Procurement Strategy to Responsible Procurement Policy
6	Codes of Conduct	Amended scope from 'officers' to 'persons' involved in procurement to follow a code of conduct.
6	Codes of Conduct	Added a rule for all non-disclosure agreements to be signed for people working on Corporation procurements.
7	Conflicts of Interest	Amended scope from 'staff' to 'persons' for conflicts of interest
12.2	Annual Sourcing Plan	Removed requirement for departments to include procurements from £10,000 - £100,000 on a Sourcing Plan.
14.3	Estimating Contract Values	Threshold change to £50,000
15	Procurement Thresholds	Operational Purchasing - Threshold change to £50,000 and added in requirement for guidance in Part 2 to be followed.
16	Contract Letting Thresholds	Updated name from Approval to Proceed with a Procurement, Procurement Strategy, and Contract Award Updated the rule to clarify the approval process for stage 1 options and stage 2 award reports. This is how the governance process has largely been working in practice and changes to this rule are a merely a clarification with the exception of £50,000 threshold.
19	Creating a City of London Framework	Clarified wording to make a rule rather than guidance.
20.2	Using Frameworks created by External Contracting Authorities	Added clarification that contracts as a result of framework agreements were subject to the Contract Letting Procedures
21	Access Agreements	Added 'or delegated officer' to requirement for Commercial Director approval
23	Appointment of External Procurement and Legal Consultants	Added cross reference to rules on Codes of Conduct and Conflicts of Interest

25	Waivers	Removes requirement for waiver under £50K Amended governance to denote between compliant and non-compliant waivers - compliant waivers aligned to Contract Letting Thresholds as a route to market and the remaining non-compliant waivers over £50,000 remaining with Members to approve. Removed rule that waiver can only be granted as a one off requirement as compliant waivers will be considered under options report.
26	Competitive Procurement Exemptions	Amend name from 'Procurement Exemption' and added in clarification that ward may be subject to Contract Letting Thresholds and Contracts Register rules.
28	Contracts Register	Added in cross reference to rules on Contract Extensions, Contract Variations, Changes in Identify of Suppliers and Contract Terms and Conditions.
30	Contract Extensions	Amended approval process to be in line with Contract Letting Thresholds
31.2	Increases in Contract Value	Amended approval process to be in line with Contract Letting Thresholds Clarified that 50% increase cap was for contracts let over EU Thresholds and lower value contracts could not exceed EU thresholds
31.3	Alterations to Contract Terms	Add substantive to denote minor corrections will not need approval (e.g. date change where obvious mistake made). Change approval by relevant spend committee to in line with Contract Letting Thresholds
33	Changes in identity of Suppliers	Updated process to align with other proc code rules - Financial and Risk Management and Contract Letting Threshold
34	Contract Signatures	Removed reference to contract values in case a contract over £250,000 or £400,000 is not executed as a deed
35	Financial Standing and Risk Management	Added reference to Part 2 of the Code for process
39	Complaints about Police Contractors	Updated to the current names for the Police oversight boards
42	Amendments to Purchase Orders	Added reference to Extension of Contract and Contract Variation Rules
43.1	Prompt Payment Code	Removed reference to 10 day payment
46	Responsible Procurement Policy	Name updated from Responsible Procurement Strategy Lowered threshold to include Responsible Procurement from £100,000 to £50,000 in line with new Procurement Thresholds Added in rule that specifications to be developed with Responsible Business Strategy
47	Local, SME and Social Enterprise Procurements	Threshold change to £50,000 Local Procurement target boroughs updated

48	Social Value Panel	Requirement to consult services tenders over OJEU services contracts moved to Part 2 of the Code.
52	Air Pollution	Removed '2015 - 2020' from title of Air Quality Strategy
55	Climate Change Mitigation	Rule amended to add in energy efficient/low carbon solutions
56	Biodiversity	Added in justification for Biodiversity interventions in procurement
57	Equality and Diversity	Reference to Social Inclusion added to the rule

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CITY OF LONDON PROCUREMENT CODE PART ONE: RULES

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A. INTRODUCTION

The Procurement Code (“the Code”) is a fundamental component that governs procurement and assists the implementation and delivery of the City of London Corporation’s (the Corporation) strategic goals. Procuring (buying) goods, works and services in the right way is essential to ensure value for money is achieved. The Procurement Strategy and service performance is ultimately overseen and authorised by elected members and governed by the Strategic Resources Group.

The Code constitutes the rules that must be followed when any procurement is undertaken by the Corporation 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.

The Code also applies to the Corporation for all procurement activities regardless of funding stream. The Code applies to procurements funded by City Fund, City’s Cash, Bridge House Estates and externally funded or collaborative projects where the Corporation is the contracting authority conducting the procurement and signing the contract.

Officers must seek Line Manager approval to undertake a procurement exercise regardless of contract value.

The Corporation’s financial procedures and guidelines contained in the [Financial Regulations](#), Standing Orders, [Project Procedures](#), and [Scheme of Delegations](#) should also be taken into account when undertaking a procurement.

B. GOVERNANCE AND PRINCIPLES

1. External Regulations

- 1.1. Public Procurement is subject to a regulatory framework which directly impacts the Corporation in its capacity as a local and police authority. These include Public Contracts Regulations 2015, Concessions Contract Regulations, the Social Value Act, Small Business Enterprise and Employment Act 2015, Local Government Act 1999 and other UK legislation.
- 1.2. All processes above and below OJEU threshold contracts are regulated where they are undertaken in the Corporation's capacity as a local and police authority.

2. Public Contracts Regulations 2015

- 2.1. Public Contracts Regulations 2015 (PCR 2015) apply as a matter of law to the Corporation when it acts in its capacity as local authority (including as port health authority) or police authority (i.e. City Fund activities). The Corporation's procurement policy reflected in this Procurement Code is that, unless C&CS has advised in writing to the contrary or Members have resolved otherwise, the PCR 2015 will be applied to ALL the Corporation's procurement activities without distinguishing between the Corporation's various capacities or functions. Therefore, the PCR 2015 will also be applied when the Corporation acts in its general corporate capacity, whether in respect of City's Cash funded functions or as a corporate trustee (e.g. in respect of Bridge House Estates or any other charity); or otherwise acts (in whatever capacity) as an accountable/contracting body for collaborative or jointly-funded projects where the Corporation undertakes the procurement and enters into the contract.
- 2.2. PCR 2015 applies to all public supplies, services and works contracts. Failure to comply with PCR 2015 could expose the Corporation 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 Corporation'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. Strategic Resources Group is the leadership and Senior Officer Board that oversees procurement performance and policy development.
- 3.4. Category Boards are decision making forums that are responsible for approving and overseeing procurement strategy and performance monitoring in major areas of related expenditure, such as construction or information technology. This includes approval of non-project related procurements and prioritisation of procurements within spend categories. Category Boards report into Strategic Resources Group (SRG) and relevant Spend Committees.

4. Monitoring

- 4.1. City Procurement is responsible for monitoring and reporting on all of the Corporation's procurement expenditure and activities. Procurement is subject to scrutiny by the Corporation's Internal Audit Service and the Policy and Compliance team which may undertake audits, issue reports and make recommendations on any of its activities.

- 4.2. The Corporation's procurement activities and processes are also subject to external audit reviews and the Crown Commercial Service [Public Procurement Review Service](#). The Public Procurement Review Service allows suppliers to raise concerns anonymously about potentially poor public sector procurement practice. Their role is to investigate suitable cases referred to them and to highlight improvements that could be made to procurement practices and potential conflicts with best practice or PCR 2015.

5. Best Value

- 5.1. Officers undertaking procurement on behalf of the Corporation 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 Corporation 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 and the Responsible Procurement Policy.
- 5.3. Section 3 of the Local Government Act 1999 and the Public Services (Social Value) Act 2012 applies to the Corporation 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.
- 5.4. The Corporation intends to award contracts based on quotes or tenders which represent the most economically advantageous tender to the Corporation in terms of price and quality for the provision of goods, services and works. A contract may be awarded based on "price only" or "quality only" in those circumstances contained in Part Two of the Code.

6. Codes of Conduct

- 6.1. The Corporation expects all persons 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 may result in disciplinary action and in the most serious cases criminal investigation and prosecution.
- 6.2. All external persons involved in a procurement process will need to complete a non-disclosure agreement and maintain confidentiality throughout the procurement process including any standstill periods.

7. Conflicts of Interest

- 7.1. All persons involved in a procurement exercise must declare immediately any personal interest arising from the procurement exercise in accordance with the process contained in Part Two of the Code.

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 Corporation'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 Corporation 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 Corporation 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

- 11.1** The processes to be followed by the Corporation 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 Assistant Director Category Management & Sourcing with a forecast, for the next financial year, every February of all procurements valued at £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. Procurements over £100,000 for goods and services or over £400,000 for works that are not included in the Annual Sourcing Plan, will go to the Category Board for prioritisation.

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 Corporation may be subject to statutory requirements for the Corporation 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 OJEU threshold, procurements relating to supplies, services and works for residential properties leased by the Corporation may also be subject to Section 20 which allows leaseholders to nominate suppliers to be considered for inclusion in tenders.

- 13.4.** During section 20 consultations, tenders will be made available for inspection to leaseholders.

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, appropriate contract extensions and options.

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 £50,000. Officers may consult City Procurement on contracts under £50,000.

15. Procurement Thresholds and Procedures

15.1. The quotation and tender thresholds apply to all procurement including the procurement phases of capital projects. All financial thresholds in the Procurement Code are exclusive of VAT or any other taxes.

15.2. All contracts valued £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:

Table 1 Procurement Thresholds

Type of Procurement	Supplies & Services Threshold	Works Threshold	Basis and Guidance
Operational Purchasing	Up to £50,000	Up to £50,000	Officers may seek quotations directly from suppliers in accordance with the process outlined in Part 2. 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.
One-off Purchasing	More than £50,000, but less than £100,000	More than £50,000 but less than £400,000	Request for Quotation must be undertaken by City Procurement through the eTendering portal. 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	£100,000 or more	£400,000 or more	Options Appraisal must be undertaken by City Procurement. Any resulting procurement must go through the eTendering portal.

15.4. All procurements above the EU threshold for goods and services and works must be

advertised in accordance with Public Contracts Regulations 2015. The use of the Negotiated Procedure without Prior Publication may only be recommended in very specific circumstances contained in Part Two of the Code and with the approval of the Commercial Director for City Procurement.

- 15.5.** For supplies, services and works below the EU threshold which are subject to Section 20 of the Landlord and Tenants Act 1985, please refer to 'Section 20 Consultations and the Use of Nominated Suppliers' Rule in this Code and associated guidance in Part Two of this Code.

16. Contract Letting Thresholds

- 16.1.** The approval thresholds below set out the levels of approvals required by officers to proceed with the various phases of non-project related procurements and the award of contracts.

- 16.2.** The following thresholds apply to the total contract value:

Table 2 Contract Lettings Thresholds

Total Contract Value	Approval Process
£50,000 and below	Options – Chief Officer Contract Award - Relevant Chief Officer/or an Officer with Delegated Authority from the Chief Officer.
More than £50,000 – less than £100,000	Options – Procurement Operations Team and Departmental Officer Contract Award: Relevant Chief Officer/or an Officer with Delegated Authority from the Chief Officer.
£100,000 - less than £2,000,000	Options - Relevant Category Board Contract Award - Relevant Category Board
£2,000,000 or more, but less than £4,000,000	Options (Stage 1): Report for Relevant Category Board and Procurement Sub (Finance) Committee for approval to proceed with a procurement and for the procurement strategy. Contract Award (Stage 2): Report for Relevant Category Board and Procurement Sub (Finance) Committee which receives final recommendation on contract award.
£4,000,000 and above	Options (Stage 1): Report for Relevant Category Board, Procurement Sub (Finance) Committee, and Finance Committee for approval to proceed with a procurement and for the procurement strategy. Contract Award (Stage 2): Report for Relevant Category Board, Procurement Sub (Finance) Committee, and Court of Common Council which receives final recommendation on contract award.

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](#).

17. Corporate Contracts

- 17.1.** City Procurement maintains a range of [Corporate Contracts](#) for supplies, services and works that are commonly required by all or a wide range of the Corporation's departments. Officers must use Corporate Contracts to ensure value for money, efficiency and best practice.

- 17.2.** 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.** Concession contracts must be undertaken in consultation with City Procurement, City Surveyor's, and Comptroller & City Solicitor's in accordance with the procedures set out in Part Two of this Code.
- 19. Creating a City of London Framework**
- 19.1.** The procurement of frameworks are subject to the Procurement Thresholds Rule and the award decision is subject to the Contract Letting Thresholds Rule. Mini competitions or call-offs from such frameworks should be administered through City Procurement.
- 19.2.** All tenders for the creation of Corporation frameworks must be undertaken by officers in City Procurement.
- 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.
- 20.2.** The award of contracts arising from the use of external frameworks is subjects to the Contract Letting Thresholds and Project Approval process where applicable.
- 21. Access Agreements**
- 21.1.** Where use of a framework is conditional upon the Corporation 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 and signed by the Commercial Director or delegated officer.
- 22. Police Collaborative Agreements**
- 22.1.** Comptroller & City Solicitor's, City Procurement and the Chamberlain's Risk Management and Insurance Team must be consulted in relation to any police collaboration agreements. The terms and conditions for any proposed collaboration agreements must be vetted by the Comptroller & City Solicitor's department in accordance with provisions of Rule 36 'Contract Terms and Conditions'.
- 22.2.** Approval for any collaboration will require approval from the Police Authority Board and the Commissioner of the City of London Police. Any agreement must be signed by the Commissioner and the Comptroller and City Solicitor or an Assistant City Solicitor on behalf of the Corporation in it's capacity as Police Authority.
- 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 Comptroller & City Solicitor's department 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 Human Resources Recruitment and Selection policy in respect of short- t e r m contracts of employment or the appointment of temporary staff.

All external consultants and companies appointed by the Corporation to assist with procurements must be advised of their obligation to comply with this Code's rules on Codes of Conduct and Conflicts of Interest.

24. Communication with Suppliers

24.1. City Procurement is responsible for managing all communications with suppliers during procurement projects via the Corporation's e-tendering portal. Officers should follow the advice and instructions of the City Procurement's Sourcing and Category Management team. Failure to do so may compromise confidentiality and data protection obligations; give rise to a conflict of interest; and jeopardise the procurement.

25. Waivers

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

Table 3 Waiver Approval Thresholds

	Approval Required by
£50,000 or Less	No City Procurement Waiver necessary with the exception of a decision not to use a Corporate Contract where a City Procurement Waiver approved by Chief Officer will be required.
More than £50,000 Compliant	To be considered as part of an options report in accordance with the Contract Letting Thresholds Rule
More than £50,000 Non-Compliant	Relevant Spend Committee for the department requesting the City Procurement Waiver (and Projects Sub-Committee for contracts let as part of projects).

25.2. Waivers that cannot wait for the next committee date can be approved via the urgent committee report process which is the Town Clerk in consultation with the Spend Committee Chairman and Deputy Chairman. All urgent waivers must come through City Procurement before going to committee clerks.

25.3. The award of a contract arising from a non-compliant waiver must be issued by City Procurement through the eTendering portal.

25.4. All non-compliant waivers granted will be reported quarterly to Finance Committee and annually to relevant spend committees for information.

25.5. The requirement to obtain waivers for not using Corporate Contracts applies to all procurement values including purchases below £50,000.

25.6. Procurements over the EU thresholds cannot legally be waived when the Corporation is acting in its capacity as a local authority or police authority. When acting in a capacity other than as a local authority, waivers for procurements over the EU thresholds will not be considered unless the Comptroller & City Solicitor has provided written advice in accordance with rule 2.1.

26. Competitive Procurement Exemptions

- 26.1.** There are limited instances where it is not necessary to seek a competitive tender or quotations. The approved list of exemptions to procurement is included in [Competitive Procurement Exemptions Policy](#).
- 26.2.** The award of a contract arising as a result of Competitive Procurement Exemption may be subject to the approvals as per Contract Letting Thresholds rule. Please consult the Competitive Procurement Exemptions Policy for more information. Contracts issued as a result of an exemption should be included on City Procurement's Contract Register.

D. CONTRACT MANAGEMENT

27. Contract Management

- 27.1.** Contracts awarded following procurements undertaken by City Procurement will be managed by appropriate officers in each department directly for their own department, on behalf of a group of departments or, in the case of Corporate Contracts, the Corporation as a whole including any external organisations using the contract.
- 27.2.** The Corporation's key suppliers known as Category A contracts are subject to regular assessments against the City's Corporate Supplier Performance Scorecard. City Procurement's Commercial Contract Management team must be engaged to assist with completion of the scorecard and contract management for category A suppliers. Further information about contract categories is contained in Part Two of the code.

28. Contracts Register

- 28.1.** City Procurement is responsible for managing and maintaining an electronic register of all contracts awarded including those contracts awarded via a waiver or a framework by the Corporation or assigned to the Corporation by third parties.
- 28.2.** After a 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. Please note the following rules – Contract Extensions, Contract Variations, Changes in Identify of Suppliers and Contract Terms and Conditions.

29. Document Retention

- 29.1.** The Corporation's regulations for the retention of tenders, quotations and contracts are set out in Part Two of the Corporation's Financial Regulations.
- 29.2.** City Procurement is responsible for maintaining a register of tenders and quotations and will keep records for six 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 six years from the date of final delivery or completion of the supply, services or works to which they relate.
- 29.4.** Where the Comptroller & City Solicitor's (C&CS) have not prepared contracts for execution or signature, City Procurement must provide to the C&CS Business Systems & Information Manager original or digitally 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-projects where contract terms allow for extension)

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 Contract Letting Thresholds (see rule 16 above). However, before exercising the right to extend, officers must also undertake a formal contract review for all contracts valued £50,000 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

Table 4 Contract Extensions Approval Thresholds

Total Contract Value	Contract Review Procedure	Approval Procedure
Over £50,000 but less than £100,000	Departmental Contract Manager and City Procurement Commercial Contract 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.	Chief Officer and Commercial Contract Management Team
£100,000 but less than £2,000,000	Departmental Contract Manager and City Procurement Commercial Contract Manager undertake joint review and produce a report with appropriate recommendations. The review should take place 6 months before the expiry of the minimum term.	Relevant Category Board or Commercial Contract Management Team as delegated
£2,000,000 but less than £4,000,000	Commercial Contract Manager and Departmental Contract 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.	Category Board and Procurement Sub Committee
£4,000,000	Commercial Contract Manager and Departmental Contract 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.	Category Board, Procurement Sub Committee, Finance Committee, and Court of Common Council

31. Contract Variations

31.1. Variations to Specification

Variations to specifications shall not take place after a contract award unless:

- There is scope within the contract (specification, terms and conditions or other schedule) to enable it to be modified
- the changes are compliant with Regulation 72 of PCR 2015; and or
- changes in law arise which place new statutory duties upon the Corporation of obligations upon the contractor which must be provided for within any specification;

- and or
- changes in policy arise which must be provided for within the specification.

Where a variation does not give rise to a change in contract value, City Procurement must be consulted who may undertake further consultation with C&CS before any variation to contract may be issued.

Where the variation gives rise to a change in contract value, the approval process contained in Increases in Contract Value rule will apply.

31.2. Increases in Contract Value

Contract expenditure that will exceed the approved provision (not including existing extensions) after allowing for inflation by more than 20% or £400,000, whichever is the lowest, must be reviewed by the Commercial Contract Management Team. Contracts awarded below OJEU thresholds cannot legally be increased over the relevant thresholds.

For contracts originally awarded over OJEU any increases in price cannot exceed 50% of the original contract value.

In addition to the Commercial Contract Management team review the following authorisation is required:

Table 5 Increases in Contract Value Approval Thresholds

New Total Contract Value*	Approval
Over £50,000 but less than £100,000	Chief Officer
£100,000 but less than £2,000,000	Relevant Category Board
£2,000,000 but less than £4,000,000	Procurement Sub Committee and any Committee(s) which considered the Contract Letting Report
£4,000,000 +	Procurement Sub Committee, any Committee(s) which considered the Contract Letting Report and Court of Common Council

For contracts where known risks have been included on the project risk register and the additional budget has already been approved via the Project Gateway Approval Process, further approval must be sought via the Gateway Approval Process.

31.3. Alterations to contract terms and conditions

A substantive alteration of the terms and conditions or the suspension or abrogation (cancellation) of the proper performance of any contract, or part or parts thereof, to which the Corporation is a party, shall be subject the same approval as laid out in Contract Letting Thresholds Rule.

31.4. Contract Termination

City Procurement and C&CS must be consulted regarding termination of contracts over £50,000. Please see part two of the Code for more information.

32. Contracts procured by third parties, assigned or novated to the Corporation

32.1. This Code does not apply to contracts which have been procured by a third party and assigned or novated to the Corporation following the acquisition by, or reversion to, the Corporation of long leasehold interests or the acquisition of freehold interests.

32.2. 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 Corporation following the completion of the commercial transaction.

32.3. The City Surveyor should advise City Procurement of such contracts to ensure they are included in the Contracts Register.

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

33. Changes in identity of Suppliers

33.1. 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.

33.2. No novation agreement must be entered into until:

- (a) the terms have been agreed in consultation with Comptroller & City Solicitor's (C&CS);
- (b) the Chamberlain's department have been consulted on Financial Standing and Risk Management in accordance with rule 35;
- (c) where applicable the new contractor meets the mandatory qualitative selection criteria and there are no material modifications made to the original contract;

If the novation satisfies A-C, no further approval is required. Commercial Contract Management team and C&CS will draft the necessary novation agreement. If there is a significant change to the risk profile due to the change of the supplier, approval will need to be obtained in accordance with Contract Letting Thresholds Rule.

33.3. 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.

34. Contract Signatures

34.1. Chief Officers are authorised to sign contracts in accordance with Corporation's Scheme of Delegations having regard for approval requirements outlined in the Contract Letting Thresholds and any requirement for the contract to be executed as a deed. The signatory must ensure that there is an approved budget established before entering into a contract in accordance with the Corporation's Financial Regulations.

34.2. 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 Corporation and executed as a deed unless C&CS advise otherwise.

35. Financial Standing and Risk Management

35.1. City Procurement in conjunction with the Chamberlain's Financial Division are responsible 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 current OJEU threshold for supplies or services and valued £400,000 or more for works. The process for this is outlined in Part 2 of the Procurement Code.

36. Contract Terms and Conditions

- 36.1.** 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-Corporation 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.
- 36.2.** Where a contractor will be responsible for processing personal data on behalf of the Corporation, contract terms should meet the requirements of Article 28 of the General Data Protection Regulation (GDPR) as defined in Part 2 of the Procurement Code.

37. Standard Procurement Documents

- 37.1.** City Procurement is responsible for developing and maintaining standard procurement documents to be used when conducting tenders or requests for quotations. Where a standard document exists, it must be used to ensure consistency and reduce the risk of a legal challenge.

38. Disposal of goods

- 38.1.** City Procurement are responsible for ensuring that the Corporation 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. Guidance on the Corporation's disposal of goods system is contained in Part Two of the Code.
- 38.2.** The disposal of any item of inventory shall comply with the Corporation's agreed disposals procedures.
- 38.3.** Goods with an estimated disposal value of in excess of £5,000 must be approved by the appropriate spend committee.

39. Complaints about Police Contractors

- 39.1.** Contracts awarded by or for the City of London Police must take into consideration this Code, the [Independent Office for Police Conduct \(IOPC\) statutory guidance](#) and [The Independent Police Complaints Commission \(Complaints and Misconduct\) \(Contractors\) Regulations 2015](#).

40. References and the Promotion and Marketing of Suppliers

- 40.1.** Officers must refer all requests for supplier references to City Procurement who will issue a response after consultation with the appropriate contract manager.
- 40.2.** 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

41. No PO No Pay Policy

- 41.1.** A valid purchase order (PO) must be issued to the supplier, in conjunction with Rule 15 Procurement Thresholds, before any work commences.
- 41.2.** In a limited number of circumstances, exemptions may apply and are listed in the Purchase Order Exemption Policy. In these instances, an exemption code will act in place of a PO when invoices are received. Where appropriate, Officers should inform suppliers when an

exemption to the No PO No Pay policy applies, so the exemption code can be included on the invoice.

42. Amendments to Purchase Orders

42.1. Requests to amend Purchase Orders must be submitted to the Procurement Operations team in accordance with the guidance set out in Part Two of this Code. Where no separate contract is in place, regard must be had to Extension of Contract and Contract Variation Rules.

43. Prompt Payment

43.1. The Corporation aims to pay undisputed invoices that quote a valid purchase order number (or approved exemption code) within 30 days of receipt of the invoice

44. Purchase Cards

44.1. The Corporation provides a corporate Purchase Card (P-card) service for the procurement and payment of low value goods and services. The contract, associated systems, training and policy is managed by City Procurement but operated and administered by departmental managers.

44.2. P-cards must be used and administered in accordance with the [Purchase Card Policy](#) and [user guide](#) in Part Two of this Code.

45. Supplier Creation (Oracle System)

45.1. 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

46. Responsible Procurement Policy

46.1. The Corporation recognises its duty to procure products, services and works responsibly, leveraging spend to maximise social value and ensure environmental sustainability and ethical sourcing. The Corporation's approach should be tailored on a case by case basis in accordance with these Responsible Procurement Policy.

46.2. Within all procurement procedures for goods, services or works with a total contract value of £50,000 or above the Corporation requires a minimum of 10% of the weighting for the technical (qualitative) element of the evaluation score to be allocated to responsible procurement, incorporating social, environmental, and/or ethical parameters. This includes contracts as a result of a framework call-off.

46.3. Specifications or briefs must be developed with the aims of the Responsible Business Strategy in mind.

46.4. All contracts below £50,000 must adhere to the relevant Responsible Procurement objectives and local responsible procurement initiatives.

46.5. 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.

47. Local, SME and Social Enterprise Procurements

47.1 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 £50,000 or more.

47.2 Although officers have authority to use their own discretion to decide from whom and how many suppliers they invite for procurements valued below £50,000, except where Corporate Contracts are in place, they are strongly encouraged to seek quotations from at least one UK based SME, Social Enterprises or local suppliers from one of the Local Procurement target boroughs.

47.3 The Local Procurement target boroughs, selected due to the high levels of multiple deprivation according to the English Indices of Deprivation 2019, ranked in order of the extent of deprivation are Barking & Dagenham, Hackney, Haringey, Tower Hamlets, Enfield, Newham, Islington, Lewisham and Southwark.

48. Social Value Panel

48.1. The Public Services (Social Value) Act 2012 requires the Corporation 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 OJEU threshold.

48.2. To satisfy this Act, the Corporation established a Social Value Panel to consult on the social value, environmental and ethical impacts in procurement. Officers should ensure that all public service contracts over the OJEU threshold for goods and services follow the procedure outlined in Part 2 of the Code.

49. Living Wage Policy

49.1. The Corporation 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**).

49.2. The Corporation has a [Living Wage Policy](#). The Living Wage policy applies to all its employees and current and future contractors and their sub-contractors providing services for two or more hours of work to the Corporation.

50. Human and Labour Rights

50.1. All relevant contracts include the requirement for Contractors to abide by the requirements of the Modern Slavery Act 2015. City Procurement must ensure that a valid URL is provided to a Modern Slavery Statement on the websites of all businesses with a turnover of £36 million or more.

50.2. For contracts deemed to be at high risk of infringing human or labour rights through the supply chain, or of employing illegal workers, officers must inform contractors of the risk, seek their commitment to abiding by the UN Fundamental International Labour Organisation (ILO) Conventions and/or national law and request evidence of their commitment. Evidence required will depend on the nature, value, level of risk and strategic nature of the contract as highlighted in Part Two of the Code.

51. Noise Control

51.1. Officers must ensure suppliers are aware of and abide by the Corporation's [Noise Strategy and Policy](#). Relevant contractors must abide by the [Demolition & Construction](#) and [Street Works](#) Codes of Practice.

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 current [City of London Air Quality Strategy](#).
- 52.2.** All officers must adhere to the [Procurement Policy to support the Air Quality Strategy](#) including the prohibition of diesel vehicles and consideration of alternative fuel vehicles.
- 52.3.** For all contracts involving the use of vehicles, including delivery or construction vehicles, Officers must now include a menu of air pollution mitigation options from the list contained in Part Two, within the specification. The contractor will be asked to select one commitment as part of their offer. The menu should be adapted according to the nature of the contract.

53. Road Danger Reduction

- 52.4.** The Corporation has agreed clear targets for reducing casualties on its streets. Contracts involving vehicles will need to include FORS accreditation as outlined in Part Two of the Code.

54. Health & Safety

- 54.1.** The Corporation has a legal responsibility ensure the health and safety of employees, contractor's employees, and members of the public when on our sites or delivering our contracts. All suppliers delivering a contract with a clearly identifiable Health and Safety risks will need to complete a Health and Safety questionnaire or be Safety Schemes in Procurement (SSIP) accredited.

55. Climate Change Mitigation

- 55.1.** The Corporation is continually strengthening its commitment to climate change mitigation by reducing carbon emissions associated with its energy supply, vehicles, buildings and equipment. The Corporation's current target is to reduce energy use by 40% by 2025 compared to 2008 levels but it is also establishing ambitious net zero carbon targets, which will be set out in the City Corporation's Climate Action Strategy 2020. Meeting these targets will require a step change in the way energy efficiency is considered as part of procurement approaches.
- 55.2.** When a procurement will result in the use of energy, all officers must seek energy efficient/ low carbon solutions which will help the Corporation meet these targets. Life cycle costing including the 'in-use' phases of buildings, vehicles, plant and other equipment alongside initial procurement costs must be used to make sure that longer term value as well as climate change i.e. energy/ fuel efficiency are factored into decision making.

56. Biodiversity

- 56.1.** Officers must ensure that contractors do not degrade habitats hosting existing biodiversity, especially those listed in the Corporation's [Biodiversity Action Plan](#).
- 56.2.** Interventions to create habitats or resources for targets species, including green roofs, living walls, suitable plants and/or water sources must be considered as part of works projects over the OJEU threshold. These interventions have the combined benefit of helping to meet the Corporation's BAP, but also help climate resilience in terms of mitigating the effects of severe heat and flooding.

57. Equality and Diversity

- 57.1.** Officers are required to adhere to the [Equality Duty](#) as part of the procurement activities. They are also encouraged to consider how aspects such as social inclusion and under-representation of people with protected characteristics may be addressed as part of procurement and contract

management techniques.

FROM: **BARBICAN RESIDENTIAL CONSULTATION COMMITTEE (BRCC)**

16TH DECEMBER 2019

TO: **PROCUREMENT SUB COMMITTEE**

6TH FEBRUARY 2020

DRAFT MINUTES OF THE BARBICAN RESIDENTS CONSULTATION COMMITTEE (BRCC) ON 2ND DECEMBER 2019

Members received the draft minutes of the Barbican Residents Consultation Committee (RCC) held on 2nd December 2019.

There was some discussion about energy saving initiatives and the Ward Member for Cripplegate, also the Chairman of the Underfloor Heating Working Party (UHWP) of the BRCC, set out a proposal on behalf of the UHWP in respect of electricity procurement. Members noted that the contract for the Barbican Estate's underfloor heating supply would terminate in September 2020 and negotiations were about to commence for a new contract. The current proposal aggregated the Barbican's underfloor heating demand of roughly £2 million, with other elements of the City's demand of £2 million, to make a total of roughly £4 million.

At a recent meeting of the UHWP, it was suggested that Barbican residents might get more value for money if they were able to negotiate a separate supply contract. Members (of the BRCC) noted that there were many aspects of the Barbican that made it an attractive proposition to suppliers, including, but not limited to, its mainly off-peak energy demand and flexibility to draw its power whenever the supplier offered the best rate.

RESOLVED –

1. That the Procurement Sub Committee be asked to note that the Barbican Residential Committee supports the initiative of the Barbican Estate Residents' Consultation Committee's Underfloor Heating Working Party, as set out above.
2. That the Procurement Sub Committee be asked to note that The Barbican Estate Office has been asked to work with the UHWP to investigate the feasibility and commercial implications of a separate supply contract for the Estate, when compared to a joint one with the City, and to pursue negotiations should these investigations prove positive.

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