

Committee: Finance Committee	Date: 7 June 2016
Subject: Revisions to City of London Procurement Code 2015 and Competitive Procurement Exemptions Policy	Public
Report of: The Chamberlain	For Decision
Report Authors: Chris Bell and Beth Forge, Chamberlain's Department	

Summary

The report outlines the revisions to the Corporation's Procurement Code 2015 ('the Code') which was approved by the Court of Common Council in October 2015. The Code has been developed in line with UK Public Contracts Regulations 2015 and contains the overarching rules to be followed by any officer when purchasing goods, services or works.

In summary the following changes have been implemented in this annual revision:

1. **Contract letting thresholds** – Changes to make the code consistent the Corporation's Finance Regulations.
2. **Waivers** – changes made to further reduce the number of waivers, simply thresholds and streamline the waiver process.
3. **Competitive procurement exemptions** – Additions to the existing policy to clarify grants clearer and to allow urgent sheltered housing and residential care placements to be made.
4. **Increases in contract value** – change to allow changes under £50k to be authorized by Chief Officers in line with Finance Regulations.

More detailed explanations of the changes are set out in the report at paragraph 5. The full text of the changes to the Procurement Code which are proposed for amendment are set out at Appendix 1 and the full Procurement Code is available online at the following link:

<http://democracy.cityoflondon.gov.uk/documents/s65091/ProcurementCode.pdf>

The full text of the changes to the Competitive Exemptions Policy are set out at Appendix 2 and the full Competitive Exemptions Policy is available online at the following link:

<http://democracy.cityoflondon.gov.uk/documents/s65092/CodeExemptionPolicy.pdf>

Standing Order 51.2 states that the Finance Committee may authorise any technical adjustments to the Procurement Regulations. Significant changes to the Regulations require the approval of the Court of Common Council. I believe that the changes set out within this report are technical changes and therefore can be approved by Finance Committee solely.

Recommendations

Members are asked to approve:

- a) The revised City of London Procurement Code 2015 (Part One) to be effective from 1 July 2016 (changes set out at Appendix 1).
- b) The revised Competitive Procurement Exemptions Policy to be effective from 1 July 2016 (changes set out at Appendix 2).

Main Report

Background

1. The Procurement Code contains the rules that underpin all procurement and purchasing activity across the City of London Corporation including the Barbican Centre and the City of London Police.
2. The revisions to the Procurement Code (Part One) have been developed as a result of feedback received from Category Boards and in consultation with the Comptroller and City Solicitor's department; Chief Officers; and the Procurement Steering Group.
3. The main revisions to the Procurement Code relate to the Contracts Lettings Thresholds (Rule 16); the Waivers Process (Rule 25); reference to the Competitive Procurement Exemptions Policy (Rule 26) and Increases in Contract Value Rule 31.
4. The Competitive Procurement Exemptions Policy referenced in the Procurement Code in Rule 26 establishes circumstances where the competitive procurement of works, services and supplies is not required. The objective is to support adherence to the Code and best practice in procurement in relation to the competitive procurement of opportunities with the Corporation. Following consultation with Department for Community and Children's Services and Town Clerk's Department, the Competitive Procurement Exemptions Policy has been updated. The threshold for sheltered accommodation/residential services has been amended and two new exemptions have been added to the Policy: "residential care or supported living" and "grants".

Revisions to the City of London Procurement Code 2015 (Appendix 1)

5. A summary table of the changes to the relevant rules contained in Part One of the Procurement Code is provided below.

Rule	Changes
Contracts Lettings Thresholds - Rule 16 Appendix 1	<ol style="list-style-type: none">c) The threshold table and stages of committee involvement have been amended.d) The table at 16.4 has been revised to reflect the Corporation's financial regulations on Chief Officer's Delegated Authority.e) EU thresholds have been removed and replaced with monetary values in the threshold table. For contract letting approvals it is the level of expenditure which is relevant rather than the EU thresholds.

Rule	Changes
Waivers - Rule 25 Appendix 1	<ul style="list-style-type: none"> • The Waiver process has been clarified as follows: <ul style="list-style-type: none"> ○ Reference has been made to exceptional circumstances for when a waiver will be granted. See Appendix 3 for reason codes that support a waiver application. ○ Thresholds for approving waivers have been divided into supplies/services and works. ○ Waivers below £50,000 can be approved by officers with delegated authority included on the delegated authority list (in addition to Chief Officers). ○ Waivers over £50,000 require approval from the relevant Spending Committee for the department. ○ It has been emphasised that procurements over the EU thresholds cannot be waived. • The urgent waiver approval process has been divided into supplies/services thresholds and works thresholds.
Procurement Exemptions - Rule 26 Appendix 1	<ul style="list-style-type: none"> • A hyperlink has been added to the Competitive Procurement Exemptions Policy available on Colnet.
Increases in Contract Value - Rule 31 Appendix 1	<ul style="list-style-type: none"> • A new threshold has been added to the table at 31.1 for expenditure below £50,000 which may be approved by Chief Officers.

6. Revisions to the Competitive Procurement Exemptions Policy (Appendix 2)

Exemption	Changes
Sheltered accommodation/residential services (ECP015) Appendix 2	<ul style="list-style-type: none"> • The threshold for sheltered accommodation/residential services has been amended from £50,000 to “up to the OJEU threshold for services”. <p>Due to the urgent nature of this type of service (typically being required immediately and out of hours), the threshold has been raised to ensure such placements in these rare circumstances, where the value will breach £50,000, is not compromised.</p>

Exemption	Changes
Residential care or supported living provision (ECP016) Appendix 2	<ul style="list-style-type: none"> This is a new exemption to allow exemptions for residential care or supported living provision for individual service users where those users or anyone acting on their behalf have a choice in the type of location of the provision to meet their needs under the Care Act 2014.
Grants (ECP025) Appendix 2	<ul style="list-style-type: none"> This is a new exemption. Grants are not considered to be procurement activities and therefore were not initially included in the exemption policy. However for audit purposes and to ensure that the correct definition of a grant is applied, grants have been added to the list of exemptions at the request of the Grants team.

Conclusion

- City Procurement recommend approval and adoption of the revisions to the City of London Procurement Code 2015 and for it to be effective for use from 1 July 2016 in order to clarify the rules relating to contracts lettings thresholds; the waiver process; procurement exemptions; increases in contract value; and changes in the identity of suppliers.
- City Procurement recommend approval and adoption of the revisions to the Competitive Procurement Exemptions Policy and for it to be effective from 1 July 2016 in order to raise the threshold for sheltered accommodation/residential services and to add further exemptions for residential care or supported living provision and for grants.

Appendices

Appendix 1 - Rules that have been changed in Procurement Code Part 1

Appendix 2 - Exemptions that have been changed in Competitive Exemptions Policy

Appendix 3 - Extract from the City of London Procurement Code 2015 Part Two: Guidance on reasons for a waiver

Christopher Bell, Head of City Procurement

T: 0207 332 3961 E: Christopher.bell@cityoflondon.gov.uk

Beth Forge, Procurement Policy and Compliance Officer, City Procurement

T: 0207 332 1396, E: beth.forge@cityoflondon.gov.uk