



**CITY OF LONDON**

**PROCUREMENT CODE**

**PART ONE: RULES**

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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 sets 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

**Table 1 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>                      | City of London Police                                                                                                                                                                                                                                                           |
| <b>Code</b>                      | 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 Functioning 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>                      | Official Journal of the European Union                                                                                                                                                                                                                                          |
| <b>PCR 2015</b>                  | 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 or medium sized 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 contracts are now regulated where they are undertaken in the City's capacity as a local and police authority.

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

- 2.1. The City's procurement policy reflected in this Procurement Code is that PCR 2015 will be applied to all its procurement activities 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:

**Table 2 Procurement Thresholds**

| Type of Procurement                      | Supplies & Services (including Consultancy Services) Threshold                | Works Threshold                                                 | Basis and Guidance                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operational Purchasing                   | Up to £10,000                                                                 | Up to £10,000                                                   | 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. |
| One-off Purchasing                       | More than £10,000, but less than £100,000                                     | More than £10,000 but less than £400,000                        | Request for Quotation must be undertaken by City Procurement (quotes sought via <a href="#">Capital e-Sourcing</a> )<br>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 <a href="#">Capital e-Sourcing</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 <a href="#">Official Journal of the European Union</a> and via <a href="#">Capital e-Sourcing</a> .                                                                                                                                                                                                                                                 |

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

<sup>2</sup> [Current EU Thresholds for Supplies and Services](#)

<sup>3</sup> [Current EU thresholds for Works](#)

**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>1</sup>.

**16.3.** For non-project related contracts, depending on the estimated contract value and the per annum contract value, there may be 4 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.
- **Stage 3:** Spending Committee receive a ‘for information’ report upon award of a contract valued above £500,000.
- **Stage 4:** Depending on the contract value, Finance Committee and Court of Common Council receives the final recommendation on contract award as shown in the table below.

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

**Table 3 Contracts Lettings Thresholds**

| Estimated Contract Cost                                                                                        | Approval Required by                                                          | Stages        |
|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|---------------|
| Up to the limit of Chief Officer’s Delegated Authority, but below £2,000,000 and excluding Corporate Contracts | Chief Officer (or an Officer with Delegated Authority from the Chief Officer) | 3             |
| Exceeding level of Chief Officer’s Delegated authority, but below £2,000,000                                   | Chamberlain or Category Board as delegated by the Chamberlain                 | 3             |
| £2,000,000 or more, but less than £4,000,000                                                                   | Finance Committee                                                             | 1 ,2, 3 and 4 |
| £4,000,000 and above                                                                                           | Finance Committee and Court of Common Council                                 | 1 ,2, 3 and 4 |

<sup>1</sup> [Project Approval Thresholds](#)

## **17. Corporate Contracts**

- 17.1. City Procurement have awarded a range of <sup>1</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 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 frameworks 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.

<sup>1</sup> [Corporate Contracts](#)

- 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 identified in part 2 of the Code, the requirements of this Code may be waived provided one of the following authorisations has been received:

**Table 4 Waiver Approval Thresholds**

| Estimated Contract Cost: Supplies & Services (including Consultancy Services)     | Estimated Contract Cost: Works                                              | Approval Required by                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Less than £10,000                                                                 | Less than £10,000                                                           | 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. |
| £10,000 or more, but less than £50,000                                            | £10,000 or more, but less than £50,000                                      | Chief Officer (or an Officer with Delegated Authority from the Chief Officer)                                                                                                                                                                                                                     |
| £50,000 or more but less than OJEU threshold for supplies & services <sup>1</sup> | £50,000 or more but less than £2,000,000                                    | Spend Committee for the department requesting the waiver (and Projects Sub-Committee for contracts let as part of projects). If waiting for the next Committee meeting to gain waiver approval has a detrimental effect to the business, then the urgent waiver process can be applied.           |
|                                                                                   | £2,000,000 or more but less than the OJEU thresholds for works <sup>2</sup> | Please refer to the <a href="#">CoL Project Gateway Approval Process</a> .                                                                                                                                                                                                                        |

<sup>1</sup> [EU Threshold for supplies and services](#)

<sup>2</sup> [EU thresholds for works](#)

**25.2.** The following thresholds will apply to **urgent** waivers:

**Table 5 Urgent Waiver Approval Process**

**Table 6**

| Estimated Contract Cost: Supplies & Services (including Consultancy Services)     | Estimated Contract Cost: Works         | Approval Required by                                                                                                                                 |
|-----------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| £50,000 or more but less than OJEU threshold for Supplies & Services <sup>1</sup> | £50,000 or more but less than £500,000 | The Chamberlain may authorise such waivers under urgency.                                                                                            |
|                                                                                   | £500,000 but less than the £2,000,000  | Town Clerk in consultation with Finance Committee Chairman (or Deputy Chairman in the Chairman's absence) and the Projects - Sub Committee Chairman. |

**25.3.** All waivers granted will be reported to the next Finance Committee and relevant spend committees.

**25.4.** The requirement to obtain waivers for not using Corporate Contracts applies to all procurement values including purchases below £10,000.

**25.5.** The statutory provisions of PCR 2015 will be applied to all procurements by the City. As a result, **procurements over the OJEU thresholds 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, waivers for procurements over the OJEU thresholds will not be considered unless the C&CS has provided written advice in accordance with rule 2.1 above.

<sup>1</sup> [EU Threshold for supplies and services](#)

## **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 [Competitive Procurement Exemptions Policy](#).

|                               |
|-------------------------------|
| <b>D. CONTRACT MANAGEMENT</b> |
|-------------------------------|

## **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:

**Table 7 Contract Extensions Approval Thresholds**

| <b>Estimated Contract Value</b>                | <b>Contract Review Procedure</b>                                                                                                                                                                                         | <b>Approval Procedure</b>                                                      |
|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| <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 before the expiry of the minimum term.        | Approval of joint report and recommendations by the appropriate Category Board |
| <b>Above 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 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:

**Table 8 Increases in Contract Value Approval Thresholds**

| <b>Expenditure</b>                             | <b>Approval by</b>                                                                                                                                |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Below £50,000</b>                           | Chief Officer                                                                                                                                     |
| <b>£50,000 and over but less than £500,000</b> | Spending Committee and the Committee(s) which considered the Detailed Options Appraisal or Contracts Letting Report                               |
| <b>£500,000 and above</b>                      | 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 (cancellation) 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 material 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. The signatory must ensure that there is an approved budget established before entering into a contract in accordance with the CoL's Financial Regulations.

**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 <sup>1</sup>current EU threshold for supplies or services 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

<sup>1</sup> [Current EU Threshold for supplies and services](#)

this Code, the <sup>1</sup>*IPCC statutory Guidance* and <sup>2</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.

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| <b>E. ACCOUNTS PAYABLE</b> |
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#### **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>3</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 on Colnet.

#### **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 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.

<sup>1</sup> [IPCC Statutory Guidance](#)

<sup>2</sup> [The Independent Police Complaints Commission \(Complaints and Misconduct\) \(Contractors\) Regulations 2015](#)

<sup>3</sup> [No PO No Pay Policy](#)

## 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. In addition to the City of London, 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>1</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 establish 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.

## **54. Equality and Diversity**

- 54.1.** Officers are required to adhere to the [Equality Duty](#) as part of the procurement activities.

<sup>1</sup> [Living Wage Policy](#)