



Procurement Sub (Finance) Committee

Date: FRIDAY, 6 NOVEMBER 2020
Time: 9.30 am
Venue: VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)
https://youtu.be/UIXQrg_Qkvs

Members: Deputy Hugh Morris, Finance Committee (Chairman)
Deputy Robert Merrett, Finance Committee (Deputy Chairman)
Randall Anderson, Finance Committee
Deputy Roger Chadwick
Michael Hudson, Finance Committee
Deputy Jamie Ingham Clark, Finance Committee
Alderman Gregory Jones QC
Jeremy Mayhew, Finance Committee
Susan Pearson, Finance Committee
William Pimlott, Finance Committee
Deputy Philip Woodhouse

Enquiries: Antoinette Duhaney, 020 7332 1408,
antoinette.duhaney@cityoflondon.gov.uk

Accessing the virtual public meeting

Members of the public can observe this virtual public meeting at the below link:

https://youtu.be/UIXQrg_Qkvs

This meeting will be a virtual meeting and therefore will not take place in a physical location following regulations made under Section 78 of the Coronavirus Act 2020. A recording of the public meeting will be available via the above link following the end of the public meeting for up to one municipal year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

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 7th October 2020

For Decision
(Pages 1 - 4)

4. **PROCUREMENT SUB-COMMITTEE WORK PROGRAMME 2020-21**

Report of the Chamberlain

For Information
(Pages 5 - 6)

5. **CITY PROCUREMENT QUARTERLY PROGRESS REPORT (NOVEMBER 2020)**

Report of the Chamberlain

For Information
(Pages 7 - 12)

6. **PROCUREMENT REGULATIONS AND BREXIT**

Report of the Chamberlain

For Information
(Pages 13 - 16)

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

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

9. **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

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

To agree the non-public minutes of the meeting held on 7th October 2020

For Decision
(Pages 17 - 22)

11. **SEMI-INDEPENDENT/SUPPORTED ACCOMMODATION PLACEMENTS (16-25 YEAR OLDS) PROCUREMENT STRATEGY REPORT**

Joint report of the Chamberlain and the Director of Community & Children's Services

For Decision
(Pages 23 - 34)

12. **CIVIL PARKING & TRAFFIC ENFORCEMENT: OFF STREET CAR PARKS MANAGEMENT AND BARRIER EQUIPMENT REPLACEMENT, PROVISION OF CCTV ENFORCEMENT CAMERAS AND SUPPORT SERVICES FOR COLLECTING PAYMENTS AND ISSUING NOTICES PROCUREMENT STAGE 1 REPORT (WITH EXTENSION WAIVER REQUEST)**

Joint report of the Chamberlain and the Director of the Built Environment

For Decision
(Pages 35 - 44)

13. **NEW PURCHASE CARD CONTRACT & BENEFITS UPDATE**

Report of the Chamberlain

For Information
(Pages 45 - 50)

14. **REPORT OF ACTION TAKEN UNDER DELEGATED AUTHORITY OR URGENCY POWERS: CONTRACT VARIATION (CENTRAL LONDON WORKS - WORK AND HEALTH PROGRAMME)**

Report of the Town Clerk

For Information
(Pages 51 - 52)

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

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

- Update on the Architects Framework and the approach to attract BAME and other protected characteristics owned businesses - the Chamberlain to be heard

Part 3 - Confidential Agenda

17. **PROCUREMENT LEADERSHIP UPDATE**

The Chamberlain to be heard

For Information

PROCUREMENT SUB (FINANCE) COMMITTEE

Wednesday, 7 October 2020

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

Present

Members:

Deputy Robert Merrett (Deputy Chairman)	Deputy Jamie Ingham Clark
Randall Anderson	Jeremy Mayhew
Deputy Roger Chadwick	Susan Pearson
Michael Hudson	

Officers:

Christopher Bell	- Chamberlain's Department
James Rooke	- City Surveyor's Department
Graeme Low	- City Surveyor's Department
Nick Richmond Smith	- Chamberlain's Department
Sharon Lokko	- Chamberlain's Department
Lisa Moore	- Chamberlain's Department
Oliver Watling	- Chamberlain's Department
Oliqur Chowdhury	- Chamberlain's Department
Alice Lobb	- Barbican Centre
Becky Rigg	- City of London Police
Graeme Low	- City Surveyor's Department
Alex Maugher	- Chamberlain's Department
Kenny Stewart	- Chamberlain's Department
Antoinette Duhaney	- Town Clerk's Department

1. **APOLOGIES**

Apologies for absence were received from Deputy Hugh Morris.

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

There were no declarations.

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

RESOLVED – That the public minutes of the meeting held on 9th September 2020 be agreed as a correct record.

4. **PROCUREMENT SUB COMMITTEE WORK PLAN 2020**

The Sub Committee considered a report of the Chamberlain updating the workplan for future meetings.

RESOLVED – That the report be noted.

5. **CITY PROCUREMENT EFFICIENCY AND SAVINGS TARGET 2020/21**
The Sub Committee considered a report of the Chamberlain advising members of the Efficiency and Savings target set for City Procurement for 2020/21.

RESOLVED – That the Procurement Efficiency and Savings target of £6,080,432 for the 2020/21 financial year be noted.
6. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
There were no questions.
7. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
There was no urgent business.
8. **EXCLUSION OF THE PUBLIC**
RESOLVED - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for items 12 – 16 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.
9. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
RESOLVED – That the non-public minutes of the meeting held on 9th September 2020 be agreed as a correct record.
10. **NATIONAL FRAUD AND REPORTING SERVICE STAGE 1 STRATEGY**
The Sub Committee considered a joint report of the Chamberlain and the Commissioner of the City of London Police seeking approval of a procurement strategy to select preferred supplier(s) and award contract(s) for the provision of the next generation Fraud and Cyber Crime Reporting and Analysis Service.
11. **ART TRANSPORTATION FRAMEWORK PROCUREMENT STAGE 2 AWARD**
The Sub Committee considered a report of the Chamberlain seeking approval to award of the proposed Art Transportation Framework Agreement.
12. **MINOR WORKS MTC LOT 1 BUILDING FABRIC MAINTENANCE & MINOR WORKS MTC LOT 2 MECHANICAL AND ELECTRICAL WORKS**
The Sub Committee considered a report of the City Surveyor setting out proposals to extend both contracts utilising the optional 2-year extension.
13. **DEPARTMENTAL RESPONSE TO LATEST CHIEF OFFICERS PURCHASE CARD REPORT**
The Sub Committee considered a report of the Chamberlain addressing continuing concerns of Members on the use of purchase cards.

14. STAGES 1 (STRATEGY) & 2 (CONTRACT AWARD) COMBINED REPORT FOR PROVISION OF ELECTRICITY AND GAS SUPPLIES

The Sub Committee considered a joint report of the Chamberlain and the City Surveyor seeking approval of the procurement strategy for selection of a preferred supplier and award of contract for the provision of electricity and gas supplies.

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

There were no non-public questions.

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

The Sub Committee considered one item of business.

The meeting closed at 3.37 pm

Chairman

**Contact Officer: Antoinette Duhaney, 020 7332 1408,
antoinette.duhaney@cityoflondon.gov.uk**

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Procurement Sub-Committee – Work Programme 2020-21

Meeting:	06/11/2020	07/12/2020	12/01/2021	10/02/2021	03/03/2021
	Strategy, Policy, Continuous Improvements and Performance				
	* Procurement Regulations and Brexit * P-card Update Paper * Quarterly Update			* P-card Update Paper	
	Sourcing and Category Management				
	* Semi-independent / supported accommodation placements (16-25yrs), Stage 1 (moved) * Parking Enforcement – Stage 1	* Approval to award Filming Location Agency Concession * Architects Stage 1 * Fleet Street Estate – Procurement Strategy – Construction * Markets Consolidation Programme – Procurement Strategy - * Strategic Property Adviser and Professional Services	* Corporate Catering- Viability review of Guildhall, Barbican & GSMD	* Property Insurance, Stage 1 Report	
	Contract Management and Responsible Procurement				

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Committee(s)	Dated:
Procurement Sub Committee	6 November 2020
Subject: City Procurement Quarterly Progress Report (November 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.

Performance for Q1 – Q2 of 2020/21 financial year is summarised below:

- Procurement savings at end of September 2020 of £3.3m, made up of £1.2m Commercial Contract Management savings and £2.1m Sourcing & Category Management savings.
- Purchase order compliance of 98% (target of 97%).
- 92% of all supplier invoices were paid within 30 days (target of 97%)
- 85% of SME invoices were paid within 10 working days (target of 88%).
- Non-compliant Waiver over £50k:
 - 5 Non-compliant waivers recorded for FY 20/21 so far.
 - A total of 3 Procurement Breach waivers have been recorded in FY 20/21 with a total value of £248k.

Recommendations

- Members are asked to note the report.

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 2020.

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 2020/21 City Procurement savings target is £6.1m.

2020/21 Efficiencies and savings as at 30 September 2020

- Sourcing & Category Management achieved procurement savings of £2.1m at the end of Q2 FY 20/21. Additionally, Commercial Contract Management has achieved efficiencies and savings to the value of £1.2m, giving total savings for Q1 – Q2 of £3.3m.

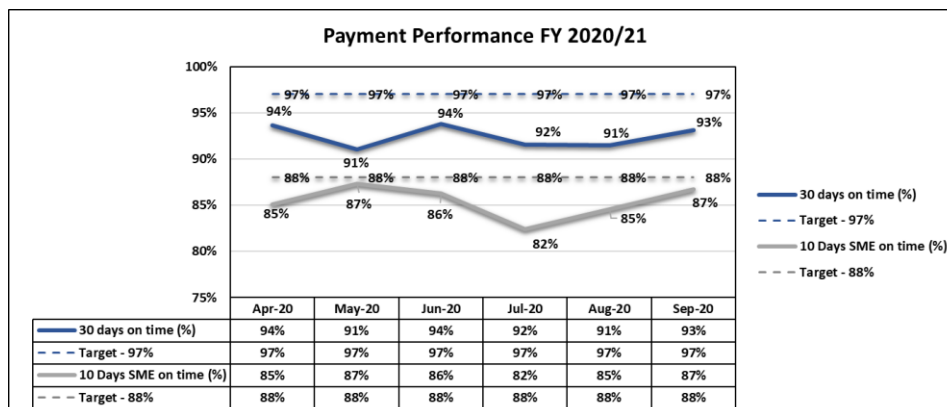
Accounts Payable Performance – Compliance with No PO No Pay Policy

- We continue to achieve high levels of compliance with 98% PO compliance for Period Q1 - Q2 FY 20/21, therefore exceeding our target of 97%.

Payment Performance

- The Corporation’s 30-day invoices paid-on-time performance for Q1 – Q2 FY 20/21 is 92%, below the target of 97%. Our 10-day SME invoice payment performance for Q1 FY 20/21 is 85%, falling just short of the 88% target. There have been a number of factors impacting results this year including carrying vacancies to balance budget, increased work for Accounts Payable assisting other parts of the organisation (including all Covid-19 relief payments) and some periods of downtime in IT access to the payments systems.
- At the September 2020 committee Members requested that we report back on how the City of London is performing in this area compared with other London Boroughs - Appendix A provides a table showing the comparison. In summary the City of London is performing at a good level compared with other London Boroughs. However, if we were hitting our target of 97%, we would be at the top of the table.
- All local authorities are obliged to publish 30-day payment performance figures in accordance with Regulation 113(7) of the Public Contracts Regulations Act 2015. Unfortunately, we were unable to find the figures for the majority of London Boroughs, either due to them not being published or we could not locate them on the website. We have contacted these boroughs to request their payment performance statistics and hope that responses will soon be forthcoming so that we can have a better picture of how we are faring.

Figure A – 30- and 10-Day Payment Performance trend charts



Electronic Invoices Received

8. Of all the invoices received from suppliers in Q1 – Q2 FY 20/21, 95% were in the desired True PDF format, exceeding our target of 75%.
9. All Accounts Payable staff continue to work from home due to the COVID-19 pandemic, so the necessity for invoices to be submitted electronically remains.

Non-compliant Waivers

10. Use of non-compliant waivers continues to be minimal. From July to September no additional Procurement Code Breaches were issued.
11. In total for FY 20/21 so far, we have recorded five non-compliant waivers (four have been approved/noted) as per the table breakdown below.

Waiver Reason	Total Number	Total Value (£)
Poor Operational Planning	2	175,000
Procurement Code Breach*	3	248,670
Grand Total	5	423,670

*One Procurement Code Breach report finalised in Q2 but going to committee in November 2020 (£65,261)

12. Of the five waivers, the three Procurement Code Breaches were issued in the previous financial year. The breach values will be noted in this financial year as the reports go to the relevant spend committee, but effectively no new breaches have occurred.

Freedom of Information (FOI) Requests

13. City Procurement has responded to 10 FOI requests between July and September 2020, amounting to 25 hours of officer time. Analysing the make-up of FOIs for this period gives the following categorisation:

Nature of FOI Query	Instances
Contract Specific	4
Policy queries	3
Understanding our expenditure	2
Seeking sales opportunities	1
Grand Total	10

14. City Procurement has responded to 18 FOI requests for Q1 – Q2 FY 2020/21, amounting to 43 hours of officer time.

Conclusion

15. City Procurement continues to achieve a high level of performance during an extremely challenging period. The savings target for FY 20/21 has now been set at £6.1m, with £3.3m being achieved at the halfway point. The payment performance figures are falling 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. We continue to achieve high levels of PO compliance and we have seen a significant increase in True PDF invoices, which made up 95% of all invoices received in the first half of the year, well above the 75% target. Throughout this period, the impact of Covid-19 has created significant new additional work in terms of responding to the situation and new government policy notices.

Report Author

Chris Bell, Commercial Director, Chamberlain's Department

E: christopher.bell@cityoflondon.gov.uk

Appendix A – Payment Performance Comparison of London Boroughs FY 2019/20.

Inner/Outer London Borough	London Boroughs	FY 2019/20	Published on Website
Inner	<i>City of London</i>	93%	Yes
Inner	Camden		No
Inner	Greenwich	93%	Yes
Inner	Hackney		No
Inner	Hammersmith & Fulham		No
Inner	Islington	96%	Yes
Inner	Royal Borough of Kensington & Chelsea		No
Inner	Lambeth		No
Inner	Lewisham	82%	Yes
Inner	Southwark	62%	Yes
Inner	Tower Hamlets		No
Inner	Wandsworth	83%	Yes
Inner	Westminster		No
Outer	Barking & Dagenham	95%	Yes
Outer	Barnet		No
Outer	Bexley	92%	No
Outer	Brent		No
Outer	Bromley		No
Outer	Croydon		No
Outer	Ealing		No
Outer	Enfield	97%	Yes
Outer	Haringey		No
Outer	Harrow		No
Outer	Havering		No
Outer	Hillingdon	95%	Yes
Outer	Hounslow		No
Outer	Kingston Upon Thames		No
Outer	Merton		No
Outer	Newham		No
Outer	Redbridge		No
Outer	Richmond Upon Thames	77%	Yes
Outer	Sutton		No
Outer	Waltham Forest		No

Note – Where the percentage field is blank, unfortunately we were not able to retrieve this information from the relevant London Borough’s website, however we have contacted the relevant London Boroughs requesting this information.

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Committee(s)	Dated:
Procurement Sub Committee	6 November 2020
Subject: Procurement Regulations and Brexit	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	6,7
Does this proposal require extra revenue and/or capital spending?	No
Report of: Peter Kane, Chamberlain	For Information
Report author: Lisa Moore, Procurement Policy & Compliance Officer	

Summary

The United Kingdom transposed the EU Procurement Directives into UK law as Public Contract Regulations 2015, Concession Contracts Regulations 2016 and the Utilities Contracts Regulations 2016. The European Withdrawal Act 2020 did not make any fundamental changes to those regulations. In the event of a No Deal Brexit or a trade deal that does not continue the alignment of UK/EU procurement, the UK has created 'Find a Tender' as a central place for national notices to comply with the international agreements such as the Government Procurement Agreement (GPA).

Central government has promised changes to the procurement regulations and City Procurement have fed into the initial consultation. No details about the timings or content of those changes have been disclosed by central government.

This report seeks to assure Members that City Procurement is keeping a watching brief on procurement changes post Brexit transition period and that at the time of writing this report no substantial changes to are expected in the short term.

Recommendation(s)

- Members are asked to note the report.

Main Report

Background

1. The United Kingdom transposed the EU Procurement Directives into UK law as Public Contract Regulations 2015 (PCR), Concession Contracts Regulations 2016 and the Utilities Contracts Regulations 2016.
2. As of 31 January 2020, the UK left the European Union and short-term transition period was entered. The European Withdrawal Act 2020 did not make any fundamental changes to procurement regulations.

Current Position – Minor Change

3. Information from Crown Commercial Service (CCS), the government's centralised procurement service and lead on procurement policy, has been sparse. In May 2019, CCS issued Procurement Policy Note 02/19 'Preparing

for the UK leaving the EU', which outlined the creation of 'Find a Tender'. Find a Tender will be the UK's e-notice platform replacing Tenders Electronic Daily (OJEU).

4. In accordance with PCR, all tenders over the EU threshold must be published in the OJEU. In the event of a No Deal Brexit or a trade agreement which does not align the UK with EU procurement regulations, all procurements over the current EU threshold will need to be published on Find a Tender instead. This new platform was created to comply with international agreements such as the Government Procurement Agreement (GPA) as relevant procurements in the UK must be advertised through a single point of access available free of charge.
5. The City Corporation uses an e-tendering portal called capitalEsourcing, which is part of the Jaggaer brand of companies. Jaggaer have already developed templates that can be used to published directly from their platforms to Find a Tender.
6. There will be no requirement to publish on both UK and EU platforms. Find a Tender has a field to include the EU notice reference numbers so there is a clear audit trail.
7. Regardless of any changes that may apply due to a possible trade agreement, the Withdrawal Act confirmed that tenders started before the transition period ends will need to comply with the OJEU regulations up until contract award. Additionally, call-off contracts from frameworks which were established under OJEU/PCR regulations will need to comply. Frameworks can be established for a maximum of four years but contracts call-off them can extend passed the framework end date. This is to say that compliance with EU law for those contracts will continue well passed the end of the transition period.

Future Changes

8. There has been no mention of a change to the PCR thresholds which are currently £189,330 goods and services, £4.7m works, and 663,540 for social and other specific services (Light Touch Regime).
9. The prime minister stated back in 2019 he would "fundamentally change" public procurement rules to "back British business" as well as considering changes to rules on remedies, state aid, transparency, procedures and evaluation criteria.
10. Since then there has been no information on how the rules will change. Central Government have, over the last year, been consulting with other departments, local authorities, and suppliers for feedback. A green paper is expected over the coming months.
11. City Procurement have fed into this process through London Heads of Procurement and the Remembrancer. Some areas suggested for review include:
 - Ability to negotiate post award

- Services Threshold being raised as the cost to run a tender at times out weights the benefits currently.
- Length of software maintenance contracts to be extended to up to 10 years to reflect a realistic lifetime for critical software packages
- The introduction of a national contract register used by all the public sector.
- A review of the threshold for framework call-offs to prevent frameworks being seen as a default route to avoid competition.
- Remove the maximum length for Framework Agreements (currently four years) and provide flexibility to consider term based on what is being procured
- Advertising timelines be more flexible and commensurate to the size and complexity of the procurement
- More freedom to use previous poor performance and non-compliance with ethical standards as exclusions from bidding
- Flexibility to amend the standard selection questions (currently requirement to report deviations to CCS)
- Local sourcing initiatives and spend with SMEs be more permissible as a selection criteria
- Contract variations – more flexibility to have additional awards to a current contract if the scope is similar.

Conclusion

12. The UK comprehensively transposed the EU Procurement Directive into UK law so operationally the UK's exit from the transition period with the European Union (deal or no deal) should not impact the operations of City Procurement.
13. The minor change announced was where contract opportunity and award notices would be published. The e-tendering platform used by City Procurement has direct access to publish those notices in the new Find a Tender.
14. It is expected that there will be changes to the procurement regulations over the coming years and City Procurement is supporting central government with that consultation.

Lisa Moore

Procurement Policy & Compliance Officer, City Procurement, Chamberlain's

E: lisa.moore@cityoflondon.gov.uk

T: 0207 332 3273

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