



Procurement Sub (Finance) Committee INFORMAL MEETING

Date: WEDNESDAY, 9 JUNE 2021

Time: 11.00 am

Venue: MICROSOFT TEAMS

Members:	Hugh Morris (Chairman)	Deputy Jamie Ingham Clark
	Deputy Robert Merrett (Deputy Chairman)	Paul Martinelli
	Randall Anderson	Jeremy Mayhew
	Deputy Roger Chadwick	Susan Pearson
	Michael Hudson	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/s15Mcgkw3yA>

This meeting will be a virtual meeting and therefore will not take place in a physical location. Any views reached by the Committee today will have to be considered by the Town Clerk after the meeting in accordance with the Court of Common Council's Covid Approval Procedure who will make a formal decision having considered all relevant matters. This process reflects the current position in respect of the holding of formal Local Authority meetings and the Court of Common Council's decision of 15th April 2021 to continue with virtual meetings and take formal decisions through a delegation to the Town Clerk and other officers nominated by him after the informal meeting has taken place and the will of the Committee is known in open session. Details of all decisions taken under the Covid Approval Procedure will be available online via the City Corporation's webpages. 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 Items

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 12 April 2021.

For Decision
(Pages 5 - 8)

4. **PROCUREMENT SUB-COMMITTEE WORK PROGRAMME JUNE 2021**

Report of the Chamberlain.

For Information
(Pages 9 - 10)

5. **CITY PROCUREMENT RISK MANAGEMENT - QUARTERLY REPORT JUNE 2021**

Report of the Chamberlain.

For Information
(Pages 11 - 20)

6. **TARGET OPERATING MODEL CITY OF LONDON SCHOOL PILOT:
PROCUREMENT EMPOWERMENT AND CHOICE**

Report of the Chamberlain.

For Decision
(Pages 21 - 32)

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 Items

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

To agree the non-public minutes of the meeting held on 12 April 2021.

For Decision
(Pages 33 - 36)

11. **HIGH SUPPORT HOSTEL FOR ROUGH SLEEPERS PROCUREMENT STAGE 2 AWARD REPORT: REPORT OF ACTION TAKEN**

Report of the Town Clerk.

For Information
(Pages 37 - 38)

12. **ANNUAL WAIVER REPORT 2020/21**

Report of the Chamberlain.

For Information
(Pages 39 - 42)

13. **NON-COMPLIANT WAIVER REPORT - CASH COLLECTION**

Report of the Chamberlain.

For Decision
(Pages 43 - 48)

14. **PROCUREMENT CODE WAIVER - ALDGATE YOUTH SERVICE**

Report of the Chamberlain.

For Decision
(Pages 49 - 54)

15. **CORPORATE WAN CONTRACT EXTENSION**

Report of the Chamberlain.

For Decision
(Pages 55 - 62)

16. **TRANSPORTATION AND PUBLIC REALM CONSULTANCY FRAMEWORK -
AWARD REPORT**

Report of the Director of the Built Environment.

For Decision
(Pages 63 - 72)

17. **DEPARTMENTAL RESPONSE TO LATEST CHIEF OFFICERS PURCHASE CARD
REPORT**

Report of the Chamberlain.

For Information
(Pages 73 - 76)

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**

PROCUREMENT SUB (FINANCE) COMMITTEE

Monday, 12 April 2021

Minutes of the virtual meeting of the Procurement Sub (Finance) Committee held on
Monday, 12 April 2021 at 11.00 am

Present

Members:

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

Officers:

Lisa Moore	- Chamberlain's Department
Nicholas Richmond-Smith	- Chamberlain's Department
Connie Dale	- Chamberlain's Department
Ian Hughes	- Department of the Built Environment
Peter Kane	- The Chamberlain
Ola Obadara	- City Surveyor's Department
Richard Skok	- Chamberlain's Department
Antoinette Duhaney	- Town Clerk's Department

1. APOLOGIES

No apologies for absence were submitted.

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

No declarations on interests were made.

3. PUBLIC MINUTES OF PREVIOUS MEETINGS

RESOLVED – That the public minutes of the meetings held on 11.02.21 and 22.03.21. be agreed as a correct record subject to the following corrections to the minutes for 22.03.21:

Under item 1 – apologies *delete* “John Bennett “and *insert* “Deputy Robert Merrett.”

4. PROCUREMENT SUB-COMMITTEE WORK PROGRAMME (APRIL 2021)

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

RESOLVED -That the report be noted.

5. **OPTIONS TO PROMOTE SUPPLIER DIVERSITY**

The Committee considered a report of the Chamberlain outlining options to promote diversity in the CoL supply chain. In presenting the report, Officers advised that several options were proposed to diversify the supply chain and that while some options required further consultation and research, there were also actions which could be implemented immediately to increase the use of suppliers from under-represented groups.

In response to questions and comments from Members, Officers advised that options for awarding extra points to larger bidders collaborating with diverse SMEs as part of the tender evaluation process could be explored. Officers also emphasised the need to strike the right balance between taking into account the recommendations of the Tackling racism Taskforce

RESOLVED – That the recommended action plan for FY2021/22 be approved.

6. **HIGHWAY CONSTRUCTION & MAINTENANCE TERM CONTRACT TENDER**

The Committee considered a report of the Director of the Built Environment regarding a proposed procurement strategy to select a new term contractor for highway construction & maintenance services.

In response to questions and observations from Members, Officers advised that there may be scope for reviewing the shortlist and that a key challenge was to include wording in contracts to encourage supplier collaboration/partnership.

RESOLVED – That the retendering of the term contract for highway construction & maintenance as set out in the report be approved.

7. **PUBLIC SECTOR DECARBONISATION SCHEME (PSDS) PROJECT APPROVAL AND GOVERNANCE**

The Committee considered a report of the City Surveyor regarding a Public Sector Decarbonisation Scheme (PSDS) to deliver Central Government funded projects.

Members noted that a Project Board would drive the PSDS and were hopeful that this would speed up decision making, given the tight timescales for completion by 30th September 2021. However, Officers indicated that it was likely that the deadline for completion was likely to be extended to March 2022.

RESOLVED – That the report be noted.

8. **PUBLIC SECTOR DECARBONISATION SCHEME (PSDS) PROJECT GATEWAY 2**

The Committee considered a report of the City Surveyor regarding the delivery of PSDS projects to achieve carbon savings through upgrading building services (heating, cooling, ventilation, and lighting) and improving building controls and energy metering.

RESOLVED -That the report be noted.

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 other 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 remaining 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 PREVIOUS MEETINGS**

The non-public minutes of the meetings held on 11.02.21 and 22.03.21. were agreed as a correct record.

13. **MECHANICAL AND GAS APPLIANCE TESTING AND MAINTENANCE AT DCCS HOUSING PROPERTIES: PROCUREMENT STAGE 1 STRATEGY REPORT**

Members considered a joint report of the Chamberlain and the Director of Community & Children's Services approval of a procurement strategy and evaluation criteria to select a preferred supplier for the mechanical and gas appliance testing and maintenance services for DCCS Housing properties.

14. **INSURANCE - PROPERTY: PROCUREMENT STAGE 1 STRATEGY REPORT**

The Sub Committee considered a joint report of the Chamberlain outlining a strategy for procuring Property Insurance for the City Corporation and seeking approval of evaluation criteria to be used in the selection of a preferred supplier(s).

15. **DEPARTMENTAL RESPONSE TO LATEST CHIEF OFFICERS PURCHASE CARD REPORT**

Members considered a report of the Chamberlain regarding oversight of actions being taken by departments following the issue of the quarterly Chief Officers Purchase Card Report.

16. **REPORT OF ACTION TAKEN UNDER DELEGATED AUTHORITY OR URGENCY POWERS**

The Committee considered a report of the Town Clerk outlining action taken in consultation with the Procurement Sub Committee Chairman and Deputy Chairman.

17. **ACTION FRAUD PROJECT UPDATE**

Members received an oral update from the Commissioner of the City of London Police in respect of the Action Fraud Project.

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

There were no non-public questions.

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

Members considered one item of urgent business.

The meeting ended at 11.55 am

Chairman

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

Procurement Sub-Committee – Work Programme June 2021

Meeting:	9 June 2021	15 July 2021	16 September 2021	21 October 2021	25 November 2021
	Strategy, Policy, Continuous Improvements and Performance				
	<ul style="list-style-type: none">• Risk Update (public, for info)• Annual Waiver Report (non-public, for info)• Updated Modern Slavery Statement (public, for info)	<ul style="list-style-type: none">• Response to Chief Officers Purchase Card Report (non-public, for info)• City Procurement Quarterly Update (public, for info)• Procurement Targets update (public, for info)	<ul style="list-style-type: none">• Update on Supplier Diversity Action Plan (for approval)• Responsible Procurement Policy Commitments and high level action plan (for approval)	<ul style="list-style-type: none">• Risk Update (public, for info)• Procurement Targets update (public, for info)	<ul style="list-style-type: none">• City Procurement Quarterly Update (public, for info)
	Sourcing and Category Management				
	<ul style="list-style-type: none">• Schools Procurement Pilot		<ul style="list-style-type: none">• Architects, Stage 2 (non-public, for decision)		
	Contract Management and Responsible Procurement				

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Committee	Dated:
Procurement Sub Committee	9 June 2021
Subject: City Procurement Risk Management – Quarterly Report June 2021	Public
Report of: Chamberlain	For Information
Report author: Darran Reid, City Procurement, Chamberlain's Nicholas Richmond-Smith, City Procurement, Chamberlain's	

Summary

This report provides Procurement Sub Committee with an overview of the management of risks faced by City Procurement. Risk is reviewed regularly by the Senior Management Team within City Procurement as part of the ongoing management of the service.

The City Procurement team currently has four service-level risks on its risk register. These risks are broken down under the RAG rating of one RED and three AMBER.

The Senior Management Team continues to monitor closely the progress being made to mitigate these risks.

Recommendation

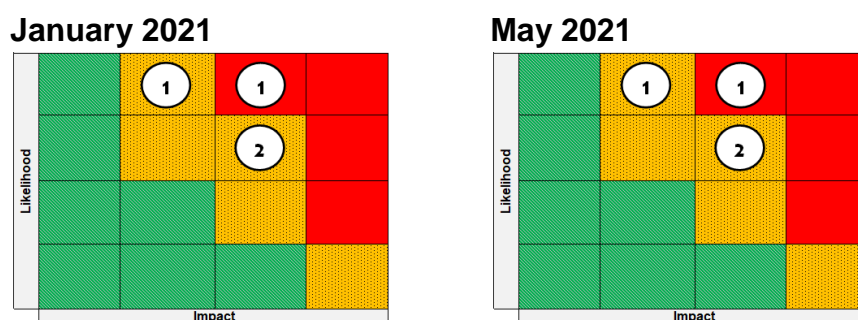
Members are asked to note the report and the actions taken by the City Procurement team to monitor and manage risks arising from our operations.

Main Report

Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Departmental risks from City Procurement are included in a quarterly report to Finance Committee.
2. This paper is a summary of all risks identified by City Procurement including service level risks that are not typically reported to Finance Committee as part of the required departmental risk report.
3. City Procurement's risk management is reviewed on a monthly basis at Senior Management Team (SMT) meetings. Consideration is also given as to whether there are any emerging risks for inclusion in the risk register within each section within City Procurement and updates on key issues from each of the Assistant Directors, ensuring that adequate consideration is given to each risk.

4. Risk and control owners are regularly consulted regarding the risks for which they are responsible, with updates captured accordingly.
5. City Procurement risks as depicted by heat maps:



Summary of Risks

6. City Procurement currently has four service-level risks on its risk register attached as Appendix 1. There is currently one RED and three AMBER. In order of risk rating, the City Procurement's risk register includes:

CHB CP012 – City Procurement Budget Pressure 2021/22 (Current Risk: Red)

7. The approved budget for City Procurement for 2021/22 projects total expenditure at £3,095,000. The budget includes for a vacancy allowance of £71,000, unidentified savings of £348,000, and income of £376,000. The total local risk budget is £2,300,000.
8. Mitigations being applied by City Procurement SMT include the holding of vacancies, and officers are seeking to maximise income, in order to fund the deficit of £795,000.
9. The assistant directors will provide a progress report in July 2021, when the period monitoring report for Q1 is finalised.

CHB CP011 – City Procurement Resource Pressure (Current Risk: Amber)

10. A reduction in City Procurement resources due to the year-on-year savings requirement and the existing moratorium on filling vacancies has left little-to-no capacity to respond to emerging/unplanned projects without impacting service KPIs.
11. The Sourcing & Category Management teams are currently carrying four vacant or frozen positions, Accounts Payable three frozen positions, Procurement Policy & Compliance two vacant positions and the Commercial Contract Management team has one vacant role. Sourcing and Category Management will look to cover some of the vacant or frozen roles following discussion with the Chamberlain.
12. There continue to be emerging priorities for the business which require additional resource that City Procurement does not have, for example, work to support Climate action consultancy. Whilst unplanned activities are reviewed on an

individual basis for options to ease this pressure, resource cannot currently meet demand.

13. For the medium-to-long term, SMT has been reviewing the governance and operational set up of the Category Management and CCM teams. This is to fit with the objectives of City Procurement Strategy 2020 and will be aligned to the core principles of the Target Operating Model.
14. The target date has been updated to March 2022 as the resource pressure is expected to last through the next financial year.

CHB CP004 – City accelerate delays and impact on income levels (Current Risk: Amber)

15. City Accelerate uptake has not been as projected. The Assistant Director (AD), Commercial Contract Management, met with our commercial partner to discuss terms of a mutual exit. A mutual exit agreement has not been agreed upon, but the AD will be working to rebase the projected savings based solely on contracts that qualify i.e. non-grant/concession/income Services and Goods.

CHB CP009 – Monitoring Corporate Contract Spend (Current Risk: Amber)

16. The CCM team are taking steps to mitigate the risks arising from incomplete data on contract expenditure. The Assistant Director of the CCM team, working closely with the Chamberlain's Oracle team, identified a systems-based solution that will allow contract managers and City Procurement to track contract spend accurately reducing the process to a single point failure at the requisitioner level. The development order will be issued in June 2021 with a target to trial Category A contracts in the new financial year.

Conclusion

17. Members are asked to note the actions taken to manage risks in relation to the operations of City Procurement.

Appendices

- Appendix 1 - City Procurement Risk Register May 2021

Darran Reid

Assistant Director Commercial Contract Management
Chamberlain's Department
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Nicholas Richmond-Smith

Assistant Director Sourcing and Category Management
Chamberlain's Department
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CHB CP City Procurement Detailed risk register EXCLUDING completed actions

Report Author: Darran Reid

Generated on: 28 May 2021

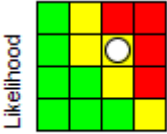
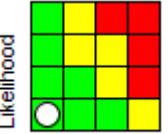


Rows are sorted by Risk Score

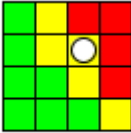
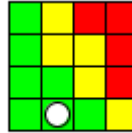

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
P Score 15 CHB CP012 City Procurement Budget Pressure	Cause: COVID-19 pandemic and required response to stop the spread of the disease. Event: The response required for the COVID-19 situation has disrupted normal working practices for City Procurement and the Corporation's supply chain. Effect: Inability to generate income/savings in line with our Fundamental Review submissions.	 Likelihood Impact	16	The approved budget for City Procurement for 2021/22 projects total expenditure at £3,095,000. The budget includes for a vacancy allowance of £71,000, unidentified savings of £348,000, and income of £376,000. The total local risk budget is £2,300,000. Mitigations being applied by City Procurement SMT include the holding of vacancies, and officers are seeking to maximise income, in order to fund the deficit of £795,000. 28 May 2021	 Likelihood Impact	8	31-Mar-2022	 Constant
							Reduce	
22-Apr-2020 Darran Reid								

Action no	Action description	Latest Note	Action	Latest Note	Due Date
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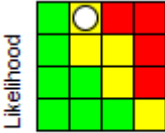
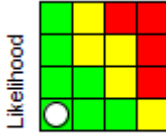
			owner	Date	
CHB CP012c	City Procurement SMT to review potential opportunities to reduce budget expenditure.	SMT continues to monitor the budget situation closely. Request to recharge additional resources for Sourcing projects (e.g. ERP and Action Fraud) have been ongoing.	Darran Reid	12-Apr-2021	31-Mar-2022

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB CP004 City accelerate delays and impact on income levels 11-Dec-2018	Cause: City Accelerate uptake has not been as projected Event: 'Go Live' was delayed and there has been limited uptake by suppliers to the offering Effect: Not realising the projected income level opportunities	 Likelihood Impact	12	City Accelerate uptake has not been as projected. The Assistant Director (AD), Commercial Contract Management, met with our commercial partner to discuss terms of a mutual exit. A mutual exit agreement has not been agreed upon, but the AD will be working to rebase the projected savings based solely on contracts that qualify i.e. non-grant/concession/income Services and Goods. 28 May 2021	 Likelihood Impact	1	31-Mar-2022 Reduce	Constant

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
CHB CP004g	CCM to rebase the projected savings based solely on contacts that qualify i.e. non-grant/concession/income Services and Supplies.	Estimates within the current take-up show a forecast of £57k savings from the scheme. SMT continues to explore options for additional benefits including the inclusion of Capital projects.			Darran Reid	12-Apr-2021	30-Jun-2021

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB CP011 City Procurement Resource Pressure <div>Page 18</div>	Cause: Reduction in City Procurement resource due to year-on-year savings requirement and the existing moratorium on filling or back-filling vacancies. Event: The response required for the COVID-19 pandemic and other large unplanned procurements e.g. Climate Action, Public Sector Decarbonisation Project Effect: City Procurement does not have the resource capacity to respond to emerging/unplanned projects and/or is unable to deliver core objectives to the standard that is expected.	 Likelihood Impact	12	<p>A reduction in City Procurement resources due to the year-on-year savings requirement and the existing moratorium on filling vacancies has left little-to-no capacity to respond to emerging/unplanned projects without impacting service KPIs.</p> <p>The Sourcing & Category Management teams are currently carrying four vacant or frozen positions, Accounts Payable three frozen positions, Procurement Policy & Compliance two vacant positions and the Commercial Contract Management team has one vacant role. Sourcing and Category Management will look to cover some of the vacant or frozen roles following discussion with the Chamberlain.</p> <p>For the medium-to-long term, SMT has been reviewing the governance and operational set up of the Category Management and CCM teams. This is to fit with the objectives of City Procurement Strategy 2020 and will be aligned to the core principles of the Target Operating Model.</p>	 Likelihood Impact	2	31-Mar-2022	 Constant
							Reduce	
22-Apr-2020 Nicholas Richmond-Smith				28 May 2021				

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB CP011e	City Procurement SMT are currently reviewing the governance and operational set up of the Category Management and Commercial Contract Management teams. This is to fit with the objectives of the new City Procurement strategy and the impending Target Operation Model.	<p>City Procurement SMT has a draft future structure and operating model for City Procurement which now needs to be aligned to principles of the corporate Target Operating Model.</p> <p>Next year's sourcing plan is being finalised and any resourcing issues will be highlighted so that projects can be prioritised or resourced.</p> <p>Resource to backfill a full-time resource moved to major projects has been sought, and some temporary resource is being sorted to meet pressures on Construction/Capital projects.</p>	Nicholas Richmond-Smith	12-Apr-2021	30-Sep-2021

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB CP009 Monitoring Corporate Contract Spend 22-Oct-2019 Darran Reid	Cause – There is a weakness in reporting and monitoring of contractual spend data Event – CCM has identified that the current ERP system is set up to track supplier level expenditure and not contract level expenditure Effect. Any issues or inconsistencies with the contract are not identified or proactively mitigated	 Likelihood	8	SMT agreed that “Contract Management Complexity” for each contract should also be assigned a weighting, which will factor into the final CCM Contract Tier evaluation which assigns A/B/C rating. This exercise has been finalised and sent to the Chamberlain for approval w/c 12 April 2021. Once approved a request to implement the technical solution will be issued to the Oracle and Data & Reporting teams. 12 Apr 2021	 Impact	1	31-Dec-2021	Constant
							Reduce	

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
CHB CP009a	AD for Commercial Contract Management and Procurement Operations Manager to work with the Oracle Team to explore options for a report and/or controls which might assist with this issue.	CCM Tiering exercise is complete and with the Chamberlain for sign-off. Once approved, a request for work to the Oracle and the Data & Reporting team to set up the supplier sites will commence.			Darran Reid	12-Apr-2021	30-Jun-2021
CHB CP009b	City Procurement SMT to review process and procedures for maintaining a Corporate Contracts Register.	City Procurement CCM has completed the exercise of tiering contracts for services and supplies. 27 are rated Category A. Details of these contracts have been issued to the City Procurement Projects and Data Manager, who will create "sites" for each of these contracts on the Oracle system, which will enable the CCM and Oracle teams to establish budget controls, with work beginning during June 2021.			Darran Reid	28-May-2021	31-May-2021
CHB CP009c	Commercial Contract Management to assure appropriate change controls and spend for contracts is being tracked.	This is contingent on the outcome CCM tiering exercise and portfolio setting.			Darran Reid	12-Apr-2021	01-Oct-2021

Committee(s): Procurement Sub Committee – for decision Finance Committee – for decision Policy & Resources Committee – for decision	Dated: 9 June 2021 15 June 2021 8 July 2021
Subject: TOM City of London School Pilot: Procurement empowerment and choice	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	9, 10, 12
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	£ N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: the Chamberlain	For Decision
Report author: Nicholas Richmond-Smith (Chamberlains), Charles Griffiths (CLS) & Emma Cunnington (TOM Programme)	

Summary

The Target Operating Model (TOM) provides an opportunity for the City of London Corporation to update and simplify, to enable us to be radical, more agile and proactive to withstand both internal and external challenges. Whilst the TOM is intended to revise the organisational structure and deliver significant financial savings to achieve a balanced Medium-Term Financial Plan, it also creates an opportunity to look at how all departments and institutions can benefit from working closely together and staying connected so that – as a whole - we can be greater than the sum of our parts. To help identify opportunities to reengineer processes and ways of working across the whole organisation, officers are proposing a pilot within the City of London School with the aim of removing barriers to collaboration, causes of friction, inertia and non-value adding activity, derived from the differing needs and drivers of the School and the wider City of London Corporation.

This report now provides a fleshed out pilot proposal for Member approval, increasing procurement empowerment to the School, as except for particular instances, identified later in the report, they are not subject to Public Procurement Regulations (PCR) (known previously as OJEU). The pilot also devolves the right to choose the method (i.e. in vs outsource) and provider of core school services - subject to demonstrating it is the best option for the School on grounds of cost, quality or fit with requirements. The intention of trialling an increase of empowerment to the School is to improve the alignment of service provision with the specific requirements of the School, reduce non-value adding time, reduce the cost of service provision and increase ownership and therefore quality in requirements definition by making CLS accountable for making the right choice. The proposals relate primarily to 'non-works', such as IT provision or school supplies. This is because the City of London Corporation owns much of the property and the processes for works have been refined Corporation-wide, over time.

Recommendations

Members of the Procurement Sub Committee are asked to:

- Consider and comment on the proposals that, as part of the Target Operating Model pilot with the City of London School:-
 - the authority to run non-works procurements up to £180k be devolved to the City of London School with the option of drawing on the central procurement team to advise and provide support to the procurement process where necessary;
 - Non-works procurements above £180k up to £300k, may also have more freedom over procurement process, depending on applicability of UK procurement regulation. Agreement on process and lead will be made between City Procurement and the School. The proposed procurement approach within the (£180-330K spend bracket)) will be considered in a short options report (PT3, which is set out in Appendix 1) by the Chair of the relevant Category Board.
- Consider and comment on the proposal that:-
 - In line with the City Surveyor's Integrated Facilities Management model, the School have greater voice in choosing the method (i.e. whether these should be delivered in-house or via external contracts) and provider of core school services (e.g. cleaning, facilities, swimming pool maintenance, etc), and that, where the School can demonstrate that its preferred option is the best option for the School on grounds of cost, quality and/or fit with requirements, that they decide the supplier, in consultation with the City Surveyor, for the service. As part of the assessment, the School should outline how they have engaged relevant CoL departments on 'collaborative benefits'.
- Note that if agreed, a new regular report be prepared to provide an annual update of procurements to the Board of Governors of the City of London School and the Procurement Sub Committee.

Members of the Finance Committee are asked to:

- Approve the above proposals, taking into consideration any views expressed by the Procurement Sub Committee.

Members of the Policy & Resources Committee are asked to:

- Note the above proposals;
- Approve that City Corporation procurement policies (such as Responsible Procurement, London Living Wage, Diversity, Climate Action) continue to be applied to the Schools' procurement processes despite its empowerment to choose the service and supplier.

Members of Procurement Sub Committee, Finance Committee and Policy & Resources Committee are asked to:

- Note that, if the above recommendations are agreed and the pilot is considered a success, a further request will be made in future to consider this process to all relevant institutions and departments.

Main Report

Background

1. The City Corporation is changing with the implementation of a Target Operating Model (TOM). Simply put, the Target Operating Model (TOM) provides an opportunity for the City of London Corporation to update and simplify, to enable us to be radical, more agile and proactive to withstand both internal and external challenges. We need to make the best use of our resources to deliver our mission: “to create a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK”. We will do this through aligning activity, resources and building competence and capability to achieve our Corporate Plan outcomes in a way that is effective, efficient and sustainable, whilst also driving competitiveness in the sectors we operate in.
2. The success of the TOM cannot be achieved by changing the structure alone. For long-lasting change to be effective and positive for all, the capabilities of leadership, talent and collaboration need to be embedded within the organisation for the long term. Whilst the new Target Operating Model is intended to revise the organisational structure and deliver significant financial savings to achieve a balanced Medium-Term Financial Plan, it also creates an opportunity to look at how all departments and institutions can benefit from working closely together and staying connected so that – as a whole - we can be greater than the sum of our parts.
3. As new structures are designed and implemented, it is vital that institutions, service departments and the corporate centre benefit from working together, and that all sides value the service and contribution they receive from each other. It is recognised that some changes need to be made to current processes and ways of working to achieve this vision.
4. To help identify opportunities to reengineer processes and ways of working across the whole organisation, officers have been carrying out a pilot within the City of London School with the aim of removing barriers to collaboration, causes of friction, inertia and non-value adding activity, derived from the differing needs and drivers of the School and the wider City of London Corporation. Having piloted, iterated and proved out these proposals with the City of London School, the intention would be to adapt and roll them out to the other Independent Schools. Whilst some elements can be considered for other institutions, it is important to note that the application of procurement legislation is likely to be different.
5. The Board of Governors for the City of London School, the Establishment Committee and this Sub-Committee considered a confidential report of the Head of the City of London School at its respective meetings in March 2021, and approved ‘in principle’ the areas identified to explore further to improve ways of working between the School and the corporate centre.

6. This report now provides a fleshed out pilot proposal for this Sub-Committee's approval concerning increasing procurement empowerment to the School on the premise that the UK procurement regulations, do not apply to the School in many instances. This gives the ability to devolve the right to choose the method (i.e. in vs outsource) and provider of core school services - subject to demonstrating it is the best option for the School on grounds of cost, quality or fit with requirements.

Current Position

7. The City of London School currently follow the same processes as under the UK Procurement Regulations, as these are underpinned by sound principles of openness, transparency and non-discrimination. These rules are applied in full above government defined levels.
8. The City of London Corporation also apply policies agreed by Members, such as the London Living Wage, Diversity and Responsible Procurement.

Proposal

9. It is now proposed that a devolved process be trialled to allow:-
 - a. The authority to run procurements up to £180k be devolved to the City of London School with the option of drawing on the central procurement team to advise and provide support to the procurement process where necessary;
 - b. Procurements above £180k up to £300k may also have more freedom over procurement process, depending on applicability of UK procurement regulation. Agreement on process and lead will be made between City Procurement and the City of London School. The proposed procurement approach within the (£180-330K spend bracket)) will be considered in a short options report (PT3, which is set out in Appendix 1) by the Chair of the relevant Category Board.
10. It is also proposed that:-
 - a. In line with the City Surveyor's Integrated Facilities Management model, the School have greater voice in choosing the method (i.e. whether these should be delivered in-house or via external contracts) and provider of core school services (e.g. cleaning, facilities, swimming pool maintenance, etc), and that, where the School can demonstrate that its preferred option is the best option for the School on grounds of cost, quality and/or fit with requirements, that they decide the supplier for the service, in consultation with the City Surveyor. As part of the assessment, the School should outline how they have engaged relevant CoL departments on 'collaborative benefits'.
11. Please note that the intention would not be for the City of London School to exit existing Corporation contracts early, but rather investigate options alongside scheduled contract renewals with the aim of being ready with options for comparison. The School's needs will actively be fed into the requirements for corporate contracts and agreed at Category Board. If the School feel that their

requirements are not being listened to, this would be escalated to the Board of Governors of City of London School and the Procurement Sub Committee.

12. It is also proposed that City Corporation procurement policies (such as London Living Wage, Diversity, Responsible Procurement) continue to be applied to the Schools' procurement processes despite its empowerment to choose the service and supplier. The School would work with the Responsible Procurement Manager to put processes in place (e.g. training, checklist) to ensure compliance of these policies during the pilot. IT policies would also be adhered to for relevant Digital and IT procurements.
13. If the above proposal is agreed, it is also proposed that a new regular report be prepared to provide an annual update of procurements to the Board of Governors of the City of London School and the Procurement Sub Committee.
14. As within current practices, it will be important for the City Corporation to maintain 'good governance' of procurements. Within this proposal, the School would use the Procurement Authorisation Report for all tenders up to £300k which will allow for City Procurement to keep records, and the School will also ensure they keep records of bids and decisions.
15. It is intended that this proposal be piloted for six months (until December 2021) before assessing whether this new way of working is successful. The key measures of success will include:
 - a. An improvement of speed of delivery (see suggested measured benefits in next section of report)
 - b. Maintained value for money on contracts
 - c. Any legal or risk implications continue to be mitigated.

Benefits

16. It is recommended that Members agree the proposal above for the reasons listed below.
17. If agreed, this new process would:
 - a. Increase the speed of procurements from an estimated 2-16 weeks to 1-4 weeks for 50% of procurements at City of London School
 - b. Reduce the operational risk by ensuring the School is able to respond with pace and agility to acquire basic products and services required to sustain normal operations on a timely basis
 - c. Reduce non-value adding time currently required to: (a) follow more complex procurement processes for straightforward, low risk procurements; (b) address gaps/issues caused by extended procurement timelines. (Estimated reduction 10+ hrs per month)
 - d. Reduce cost of service provision by agreeing contracts which align with the School's needs and timetables
 - e. Increase ownership in requirements definition by making the School accountable for making the right choice

- f. Improve the alignment of service provision with the Schools' requirements
- g. Allow Procurement to trial, iterate and build support for their future support service model for institutions on a small scale, before rolling out to any other relevant departments or institutions
- h. This would also provide an opportunity to apply and trial the principle of empowerment in the Target Operating Model.

Corporate & Strategic Implications

Strategic implications

18. This pilot is part of the wider Target Operating Model programme to assess the organisation's agility to removing barriers to collaboration, causes of friction, inertia and non-value adding activity. If this proposal is approved, it will be continually assessed and reviewed and, if successful, a further proposal will be reported to the relevant committees (including this Sub-Committee) to allow for a further rollout of the new process to other relevant institutions and departments.
19. This proposal meets the objectives of the City Corporation's Corporate Plan – in particular:-
- a. Objective 9 – 'we are digitally and physically well-connected and responsive.'
 - b. Objective 10 – 'we inspire enterprise, excellence, creativity and collaboration.'
 - c. Objective 12 – 'our spaces are secure, resilient and well-maintained.'

Financial implications

20. If these proposals are agreed, it is estimated that there would be reduced costs as contracts would be agreed which align with the School's needs and timetables.

Resource implications

21. If agreed, it is estimated that there would be a shift in resource required to manage the approvals process.

Legal implications

22. The initiative to empower the City of London School to allow greater flexibility in terms of procurement choices is one which will have procurement implications, with the emphasis shifting to the School itself and its governance arrangements. As far as the wider procurement arena is concerned, strategic choices will continue to be made in accordance with the framework of the School's governance and with the support, where required, of the City Procurement team. It is anticipated that certain areas of procurement spend (e.g. works procurement characterised as buildings repairs and maintenance and certain "hard" and "soft" FM services) will continue to be addressed on a corporative basis as is currently the case.

Risk implications

23. Without sufficient expertise, there is a risk that some contracts could be commercially disadvantageous, particularly in specialist areas such as IT.

Equalities implications

24. The proposals within this report do not have any impact (positive or negative) on people protected by the Public Sector Equality Duty 2010 – age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity.
25. The proposals ask that the agreed City Corporation procurement policies on diversity continue to be applied to procurements even though these are devolved.

Climate implications

26. The proposals ask that the agreed City Corporation procurement policies on carbon reporting and reduction continue to be applied to procurements even though these are devolved.

Security implications

27. None.

Conclusion

28. The Target Operating Model provides an opportunity for current ways of working to be assessed and re-engineered to allow for more efficient processes to be embedded across the organisation. The aim is for all institutions, service departments and the corporate centre to see the benefit from working together, and that all sides value the service and contribution they receive from each other. This proposal to devolve and empower procurements for the City of London School provides an opportunity for a process to be changed, monitored and assessed within a contained, high-performing, well-trusted and motivated part of the City Corporation.

Appendices

- Appendix 1 – PT3 Options Paper template for Category Board

Background Papers

TOM review, pilot project at the City of London School and associated benchmark reward changes across the Independent Schools
– Report of the Head of the City of London School – agreed by the Establishment Committee on 26 March 2021

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PT3 - Procurement Options Report: Services and Goods

This document is used to identify the Procurement Strategy and Purchasing Routes associated with a project and only considers the option recommended on the associated Gateway report.

City Procurement Project Reference:			
Project / Contract Title:			
Category Board:			
Category Board date:			
Project Lead & Contract Manager:		Lead Department:	
Category Manager:		Other Contact:	
Total Contract Value (excluding VAT and inc. extension options):		Contract Duration (inc. extension options):	
Revenue Budget Value:		Approved:	Y/N
Capital Budget Value:		Approved:	Y/N
Capital Project/project vision reference (if applicable):			
Agreed Savings Baseline (£):			
Gateway Approval Process - Is this project subject to the Gateway process? Yes/No - If so, what was the last Gateway report, and date of approval, and what is the next Gateway report and scheduled date for recommendation for approval?			
Opportunity for Inter-City Collaboration (is there another site/department that could benefit from this project)?			

Procurement Strategy Recommendation

City Procurement team recommended option

Route to Market Recommendation

City Procurement team recommended option

Specification and Evaluation Overview

Summary of the main requirements:
Technical and Pricing evaluation ratio % (Technical) / % (Price)
Overview of the key Evaluation areas (if known at this stage):
Does contract delivery involve a higher than usual level of Health & Safety, Insurance, or Business risk to be allowed in the procurement strategy?
Is there a requirement for a Performance Bond on this Project and if so, on what grounds?
Is the contract likely to require financial uplifts? (Please describe what method will be used to calculate the uplift and whether this will be capped)
Will the procurement process require a financial assessment? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, please indicate recommended assessment: Finance Check <input type="checkbox"/> Financial Appraisal <input type="checkbox"/>

Please indicate reasons for this recommendation (please include in this section information on project being rated low/not low):	
Are there any accompanying documents with this report? <i>e.g. PTO/outlined project plan identifying roles and responsibilities as appropriate</i> If yes, please include information in the appendices section below.	Yes <input type="checkbox"/> No <input type="checkbox"/>
Will this project require the winning supplier(s) to process personal data on our behalf?	Yes <input type="checkbox"/> No <input type="checkbox"/>
If yes, please make sure you've defined roles and responsibilities within your project specification. For more information visit Designing Specifications under GDPR . You may include your Privacy Impact Assessment or other relevant report as an appendix to this PT form when submitting to category board (for information).	
Evaluation Panel – Please enter Names of evaluators and Departments below (if known)	

Procurement Timeframes

Target tender live date (to market)	Click here to enter a date.	Notification of outcome / intention to award date	Click here to enter a date.
Target contract start date	Click here to enter a date.		
Are there any time, quality, or cost constraints which need to be taken into consideration?			

Policy and Compliance Considerations

How will the Procurement meet the City's:
Responsible Procurement Strategy:
TUPE/Pension liabilities that need to be considered (including future exit provisions where applicable)?
Will this procurement be split into Lots?
Other:

Baseline Savings Calculation: *This section should include how the baseline figure for savings has been calculated against the [Efficiency and Savings Process Manual](#) in accordance with paragraph 3.1, including any suggested savings or efficiencies e.g. reduced service.*

Agreed Baseline (£):	
Summary of Baseline Calculations / Savings Proposal	
Note: Typically, the baseline is an existing price but may also be a budget value, estimate, forecast, standard cost or planned expense.	
Please confirm the Baseline Calculation that has been applied below to establish the Agreed Baseline :	
<ul style="list-style-type: none"> - Previously Contracted Costs (where there is an existing contract): <input type="checkbox"/> - Previously Contracted Costs (where there are multiple contracts): <input type="checkbox"/> - Attributed Costs: <input type="checkbox"/> - Target Cost: <input type="checkbox"/> - Other methodology** (agreed with Finance Representative) and explained below: <input type="checkbox"/> 	
** e.g. BAFO for under OJEU contracts	

Procurement Strategy Options: *This could include inter-departmental usage, external collaborative opportunities, existing contracts integrated once expired or adding it to an existing contract. Options for Make (In-house delivery) versus Buy (Outsource) decision to be considered; also indicate any discarded or radical options.*

Option 1:
Advantages to this Option: (include savings opportunity of the option)
Disadvantages to this Option:
Please highlight and possible risks associated with this option:
Option 2:

Advantages to this Option: (include savings opportunity of the option)
Disadvantages to this Option:
Please highlight and possible risks associated with this option:
Option 3:
Advantages to this Option: (include savings opportunity of the option)
Disadvantages to this Option:
Please highlight and possible risks associated with this option:
Option 4:
Advantages to this Option: (include savings opportunity of the option)
Disadvantages to this Option:
Please highlight and possible risks associated with this option:

N.B. Additional advantages/disadvantages may apply if a waiver is the recommended route. If recommending an extension, please make sure that CCM has been consulted (where appropriate) and that we include information on contract terms.

Route to Market Options: *Route to market is the way in which the City will invite suppliers to bid for the procurement.*

Option 1:
Advantages to this Option:
Disadvantages to this Option:
Please highlight and possible risks associated with this option:
Option 2:
Advantages to this Option:
Disadvantages to this Option:
Please highlight and possible risks associated with this option:
Option 3:
Advantages to this Option:
Disadvantages to this Option:
Please highlight and possible risks associated with this option:
Option 4:
Advantages to this Option:
Disadvantages to this Option:
Please highlight and possible risks associated with this option:

Outline of appendices

<ul style="list-style-type: none"> • Please list appendices here or mark 'Not applicable' if there is none. • Items to consider appending: <ul style="list-style-type: none"> ○ PTO (Project Plan with Roles and Responsibilities)
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- Data Protection Impact Assessment
- Financial Risk Assessment (if applicable)
- **Risk matrix if applicable**

Report Sign-offs (prior to Category Board approval)

Senior Category Manager		Date	Click here to enter a date.
Finance Representative		Date	Click here to enter a date.
Departmental Stakeholder		Date	Click here to enter a date.

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