



Procurement Sub (Finance) Committee

Date: TUESDAY, 18 JANUARY 2022

Time: 9.30 am

Venue: INFORMAL HYBRID PUBLIC MEETING (ACCESSIBLE REMOTELY)

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: Kerry Nicholls
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Accessing the virtual public meeting

Members of the public can observe this public meeting at the below link:
<https://youtu.be/3TShgn4Ngt0>

This meeting will be a hybrid meeting with participation virtually and from a physical location. Any views reached by the Committee today will have to be considered by the Chief Operating Officer 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 16th December 2021, to recommence hybrid 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 previous meeting held on 25 November 2021.

For Decision
(Pages 5 - 8)

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

Report of the Chief Operating Officer.

For Information
(Pages 9 - 10)

5. **CITY PROCUREMENT QUARTERLY PROGRESS REPORT (Q2 2021/22)**

Report of the Chief Operating Officer.

For Information
(Pages 11 - 14)

6. **CLS PILOT EXTENSION: PROCUREMENT AND PROJECTS**

Report of the TOM Programme Director.

For Decision
(Pages 15 - 24)

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 previous meeting held on 25 November 2021.

For Decision
(Pages 25 - 26)

11. **INTEGRATED FACILITIES MANAGEMENT PROCUREMENT STAGE 1 -
STRATEGY REPORT**

Report of the Chief Operating Officer.

For Decision
(Pages 27 - 42)

12. **ARCHITECTURAL SERVICES FRAMEWORK - MID POINT PROCUREMENT
UPDATE**

Report of the Chief Operating Officer.

For Decision
(Pages 43 - 56)

13. **REQUEST FOR DELEGATED AUTHORITY**

Report of the Chief Operating Officer

For Decision
(Pages 57 - 66)

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

Report of the Chamberlain.

For Information
(Pages 67 - 72)

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**

Part 3 - Confidential Agenda - Circulated Separately

17. **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING**

To agree the confidential minutes of the previous meeting held on 25 November 2021.

For Decision

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PROCUREMENT SUB (FINANCE) COMMITTEE

Thursday, 25 November 2021

Minutes of the meeting of the Procurement Sub (Finance) Committee held at Guildhall at 11.30 am

Present

Members:

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

Officers:

Antoinette Duhaney	- Town Clerk's Department
Sean Austin	- Comptrollers and City Solicitor's Department
Christopher Bell	- City of London Police
Ben Dunleavy	- Town Clerk's Department
Sean Green	- Chamberlain's Department
Kristina Jackson	- Chamberlain's Department
Adrian Kelly	- Community and Children's Services
Ola Obadara	- City Surveyor's Department
Monica Patel	- Chamberlain's Department
Graeme Quarrington-Page	- Chamberlain's Department
Stephanie Robertson	- City Surveyor's Department
Oli Watling	- Chamberlain's Department
Genine Whitehorne	- Chamberlain's Department

1. APOLOGIES

There were no apologies.

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

No declarations of interest were made.

3. PUBLIC MINUTES OF THE PREVIOUS MEETING

RESOLVED – That the public minutes of the meeting held on 20 October 2021 be agreed as a correct record.

4. PROCUREMENT SUB-COMMITTEE WORK PROGRAMME

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

Members discussed whether it would be necessary to hold the planned meeting in February, as there were not many items planned for that date. It was noted

that, due to the election period, it might be necessary to move items planned for the meeting in March to the February meeting.

Members also commented that, although the future of the Sub Committee was uncertain, work should continue on the Work Programme.

RESOLVED – That the workplan be noted.

5. **SUPPLIER DIVERSITY UPDATE**

Members received a report of the Chief Operating Officer.

A Member commented that it was difficult to see any information in the actions about the diversity of the ownership of suppliers, rather than diversity in their workforce. An Officer replied that the partnership with MSD UK supports ethnic minority ownership of businesses, defined as over 50% ownership.

RESOLVED – That the report be received and its contents noted.

6. **ENVIRONMENTAL SUSTAINABILITY IN PROCUREMENT**

Members received a report of the Chief Operating Officer.

Members noted that the Procurement team were looking to provide quarterly updates on the Purchased Goods and Services Action Plan. Officers undertook to meet with the Chamberlain to establish a timeline on obtaining the information regarding the top 25 suppliers.

RESOLVED – That the report be received and its contents noted.

7. **EXTENSION TO THE CONTRACT FOR THE PROVISION OF E-SERVICES RELATING TO THE PAN LONDON SEXUAL HEALTH TRANSFORMATION PROGRAMME**

Members received a joint report of the Director of Commercial Services and the Director of Community and Children's Services.

RESOLVED – That the variation to the contract in respect of the duration of the initial extension period be approved, and that the contract for the provision of E-Services relating to the Pan London Sexual Health Transformation Programme be approved.

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

There were no questions.

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

There was no other business.

10. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as

defined in Paragraph 3 of Part I of Schedule 12A of the Local Government Act as follows:-

Item(s)	Paragraph
11 - 17	3

11. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
RESOLVED – That the non-public minutes of the meeting held on 20 October 2021 be agreed.
12. **STAGE 1 & 2 REPORT (COMBINED) FOR PROVISION OF WATER, WASTE WATER AND ANCILLARY SERVICES**
Members received a report of the Chief Operating Officer.
13. **ACTION AND KNOW FRAUD PROJECT GATEWAY 6**
Members received a report of the Commissioner of the City of London Police.
14. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
There were no non-public questions.
15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB-COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was no other business.
16. **PROPOSALS FOR THE ORGANISATIONAL DESIGN OF THE COMMERCIAL SERVICES FUNCTION OF THE CHIEF OPERATING OFFICER**
Members received a report of the Chief Operating Officer.
17. **CORPORATE LAN CONTRACT EXTENSION**
Members received a report of the Chief Operating Officer.

The meeting closed at 12.15 pm

Chairman

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

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PROCUREMENT SUB-COMMITTEE – WORK PROGRAMME JANUARY 2022

Meeting:	15 July 2021	16 September 2021	21 October 2021	25 November 2021	18 January 2022	17 February 2022 Meeting Cancelled	15 March 2022 Meeting Cancelled	Late-May 2022 Date TBC
	Strategy, Policy, Continuous Improvement and Performance							
	<ul style="list-style-type: none"> Response to Chief Officers Purchase Card Report (non-public, for information) City Procurement Quarterly Update (public, for information) Procurement Targets update (public, for information) 		<ul style="list-style-type: none"> City Procurement Quarterly Update Q1 (public, for information) 		<ul style="list-style-type: none"> City Procurement Quarterly Update Q2 (public, for information) Architects Framework – Update (public, for information) CLS Ways of Working Pilot Extension (public, for decision) 			<ul style="list-style-type: none"> Risk Update (public, for information) Procurement Targets update (public, for information)
	Sourcing and Category Management							
		<ul style="list-style-type: none"> Architects, Stage 2(non-public, for decision) 			<ul style="list-style-type: none"> Integrated Facilities Management – Stage 1 (for decision) 		<ul style="list-style-type: none"> Leisure Services / Golden Lane – Stage 1 (for decision) Business Travel - Stage 1 (for decision) Temporary Labour - Stage 1 – (for decision) 	
	Commercial Contract Management and Responsible Procurement							
	<ul style="list-style-type: none"> Modern Slavery Statement Update (public, for information) 		<ul style="list-style-type: none"> Update on Supplier Diversity Action Plan (for approval) 	<ul style="list-style-type: none"> Update on the Purchased Goods & Service Project Plan under the Climate Action Strategy (for information) 	<ul style="list-style-type: none"> Departmental Response to latest Chief Officers Purchase Card report (public, for information) 		<ul style="list-style-type: none"> Barbican Public Catering Contracts - Contract Extension – (for decision) 	<ul style="list-style-type: none"> Responsible Procurement Policy Commitments and high-level action plan (for approval)

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Committee(s): Procurement Sub-Committee	Dated: 18 th January 2022
Subject: City Procurement Quarterly Progress Report (Q2 2021/22)	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	5
Does this proposal require extra revenue and/or capital spending?	No
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 Chief Operating Officer	For Information
Report author: Darran Reid (City Procurement)	

Summary

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

Performance to end Q2 2021/22 financial year is summarised below:

- City Procurement savings of £2,626,000, comprising £479,000 Commercial Contract Management, Sourcing £778,000 and Category Management savings of £1,369,000.
- At the midpoint, the full year savings projection is £4,182,000 towards the agreed target of £7,300,000, leaving an additional £3,118,000 to be found in the second half of the year.
- Three non-compliant waivers over £50,000 totalling £597,897 which were Procurement Code Breaches.
- 32 FOI requests have been responded to using 46 hours of officer time.

Recommendations

Members are asked to note the report.

Main Report

Background

1. City Procurement has four main functions:
 - a. Sourcing (Procurement Operations) & Category Management;
 - b. Commercial Contract Management;
 - c. Responsible Procurement; and
 - d. Policy & Compliance.
2. City Procurement reports quarterly on its progress and current performance against commercial KPIs.
3. Following the establishment of the Chamberlain's Shared Transactional Finance Function, performance against KPIs for transactional elements of the procure to pay cycle will be reported on by the Chamberlain.

Efficiency and Savings

4. City Procurement is set an annual savings target at the start of each year. This is based on the contracts to be let during that 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. Contracts are reviewed by Category and savings are set using industry benchmarks. The 2021/22 City Procurement savings target is £7,300,000.

Efficiencies and savings performance to 30 September 2021

5. Savings achieved to end Q2 are £2,626,000 comprising:
 - a. Sourcing (Procurement Operations) £778,000
 - b. Category Management £1,369,000
 - c. Commercial Contract Management £479,000
6. The full year projection, at the run rate at the end of period 6, is £4,182,000 which is 57%.
7. Further savings and efficiencies of £3,118,000 will need to be secured in the second half of the year to achieve the target of £7,300,00.

Non-compliant Waivers

8. The use of non-compliant waivers continued to be exceptional with only three Procurement Breach waivers issued to end Q2 of FY 2021/22:

Waiver Reason	Total Number	Total Value (£)
Poor Operational Planning	0	0
Procurement Code Breach	3	597,897
Total	3	597,897

9. To end Q2 of the previous financial year 2020/21 there were also a total of three non-compliant waivers: one Procurement Code breach and two for Poor Operational Planning.
10. City Procurement will continue to monitor the situation and deploy Waiver Danger messaging as required.

Freedom of Information (FOI) Requests

11. City Procurement has received 32 FOI requests to date totalling 46 hours of officer time, averaging 1.4 hours each.
12. In the same period in the previous year 29 requests took 53 hours of officer time, averaging 1.8 hours each.
13. Despite an increase in FOI requests, officer time has reduced by 22%, suggesting that the revised FOI management process introduced in Q1 2021 has increased efficiency.
14. Analysing the make-up of FOIs for this period gives the following categorisation:

Nature of FOI Query	Instances
Contract Specific	24
Compliance Specific	4
Seeking Sales Opportunity	4
Grand Total	32

Conclusion

15. City Procurement has achieved 57% of its savings target. The number of non-compliant procurements remains low with only three Procurement Breach Waivers being issued at a combined value of £597,897. The number of FOIs received in has increased but average officer time to respond to these has reduced, indicating increased officer efficiency.

Report Author

Darran Reid, Assistant Director Commercial Contract Management, Chief Operating Officer's Department
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Committee(s): Projects Sub Committee – <i>For Decision</i> Procurement Sub Committee – <i>For Decision</i> Finance Committee – <i>For Decision</i> Establishment Committee – <i>For Decision</i>	Dated: 15 December 2021 18 January 2022 Urgency 19 January 2022
Subject: CLS Pilot extension: Procurement & Projects	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1, 5, 6, 7, 8, 9, 10, 12
Does this proposal require extra revenue and/or capital spending?	No
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: TOM Programme Director	For Decision
Report author: Emma Cunnington (TOM Programme Team) Darran Reid (Procurement) & Pete Collinson (City Surveyors)	

Summary

As part of the Target Operating Model (TOM) and 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.

Originally, the pilot's proposals concerning procurement and the projects process for the annual maintenance programme were due to be evaluated in Spring 2021. The evaluation would focus on the effect it had had on the School, looking at evidence to see if the changes in process and delegation created value (cost, efficiency, etc) for both the School and the Procurement team and City Surveyors. However, Members made clear at the Establishment Committee meeting in October 2021 that they wanted the proposals to be extended to other appropriate departments and institutions much more quickly as it is anticipated that these changes would create value, and it also gives an opportunity to test these changes to ways of working in other contexts.

Therefore, this paper proposes that the pilot proposals concerning streamlined processes relating to procurement and the projects gateway be extended to all relevant departments and institutions. Members already agreed that pilot proposals concerning HR processes be extended to all relevant departments and institutions at the Establishment Committee in October 2021.

Recommendations

Members of the Establishment Committee are asked to:

- Note the success of the City of London School pilot to date in improving ways of working and the relationship with an institution (i.e. the City of London School) with the corporate centre.
- Note that the Establishment Committee have already agreed to the extension of the pilot with regards to the HR proposals.
- Agree that the pilot be extended in terms of changes in delegations for Procurement and Projects (as detailed below) to other institutions and departments of the City of London Corporation, where applicable, until July 2022 with an evaluation report in September 2022.

Members of the Finance Committee and Procurement Sub-Committee are asked to:

- Agree that the following pilot proposals be extended to the City of London School for Girls and the City of London Freemen's School:-
 - The authority to run non-works procurements in accordance with the City of London Procurement Code up to the Find a Tender Service (FTS) threshold, currently £189,330.00 be devolved to the City of London School with the option of drawing on the centre procurement team to advise and provide support to the procurement process where necessary.
 - Non-works procurements up to £300k, may also have more freedom over procurement strategy and options, depending on applicability of UK Public Contracts Regulations (PCR 2015) and acting always in accordance with the City of London Procurement Code. Agreement on process and lead will be made between City Procurement and the business.

Members of the Projects Sub Committee are asked to:

- Agree that the following pilot proposals be extended to all departments and institutions within the City of London Corporation family:-
 - The delegation in relation to development, refurbishment and revenue programme schemes be increased from a total project cost (including works, fees and staff costs) of £250,000 to £1,000,000 in line with the recommended changes to the Gateway process.
 - Chief Officers, in consultation with the City Surveyor, approve schemes for maintenance or refurbishment of up to £1,000,000 per scheme.

Main Report

Background

1. 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 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.

2. At the Establishment Committee meeting on 15 October 2021, Members agreed that the HR delegations in the pilot be extended out to all City of London Corporation departments and institutions in November 2021 until the end of July 2022. The specific proposals were related to:
 - a. starting point for external appointments
 - b. the starting point for internal acting ups into higher level positions;
 - c. incremental progression - additional awards where there is a justified business case, e.g. as a recognition of examination success related to the post and agreed as a development requirement;
 - d. honoraria payments up to the value of £2,500
 - e. a temporary amendment to the delegations of the MFS Board to approve all requests for honoraria payments between £2,500 and £7,500 regardless of grade
 - f. all requests for honoraria payments proposed by Chief Officers over £7,500 to be considered by the MFS Board and recommended to Establishment Committee for its agreement.

A report will be submitted to the Establishment Committee with a full evaluation of these proposals and any resulting recommendations in September 2022.

3. Whilst originally, the pilot's proposals concerning procurement and projects process for the annual maintenance programme were due to be evaluated in Spring 2021 on the effect it had had on the School, looking at evidence that the changes in process and delegation created value for both the School and the Procurement team and City Surveyors, Members made clear at the Establishment Committee meeting in October 2021, that they wanted the proposals to be extended to other appropriate departments and institutions much more quickly.
4. Therefore, this paper is now before Members to decide whether they wish to extend the pilot proposals relating to these two areas to all relevant departments and institutions. Specifically, the proposals relating to Procurement and City Surveyors are as follows:-

Annual maintenance programme

- the delegation in relation to development, refurbishment and revenue programme schemes, being funded by the City of London School's ring-fenced maintenance budget, be increased from a total project cost (including works, fees and staff costs) of £250,000 to £1,000,000 in line with the recommended changes to the Gateway process.
- the Head of the City of London School in consultation with the City Surveyor to approve schemes for maintenance or refurbishment of up to £1,000,000 per scheme, where funding is from the School's ring fenced repairs and maintenance fund.

Procurement

- the authority to run non-works procurements up to £189,330 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 up to £300k, may also have more freedom over procurement strategy and options, depending on applicability of UK procurement regulation. Agreement on process and lead will be made between City Procurement and the School.

Current Position

5. At time of writing, there is no hard evidence that the City of London School pilot proposals relating to procurement and the annual maintenance programme, have had a positive or negative effect on the aim of removing barriers to collaboration, causes of friction, inertia and non-value adding activity.

Annual Maintenance Programme

6. The annual maintenance programme for the City of London School for Boys is in its early stages of procurement. The outline scope of works has already been agreed, this is c.2-3 month earlier than in previous years. The advantage that has been realised, is that it will enable the City Surveyor projects team to go out to the market earlier. This time saving is key, when considering the extended lead in times for materials and equipment on construction projects. This early benefit to the project would suggest that these proposals are likely to be successful.
7. However, it is anticipated that these proposals will, in due course, reap further rewards. As set out at the beginning of this pilot, the proposals concerning the annual maintenance programme aim to limit costs of work, specifically:
 - a. Consultant costs may not be required (or be vastly reduced) as works could be planned within the normal workloads of the City Surveyor's Department.
 - b. Smaller packages of cyclical work would be removed from the scheme and delivered separately as traditional cyclical works by the City's term contractors, e.g. those under £250k and could be carried out in other term times or out of hours. To use the example of the 2019/20 programme, electrical works and mechanical works could be delivered by others, therefore reducing the overall package to less than £1 million.

Procurement

8. In terms of procurement proposals, the School has not yet needed to use the extended delegations and so it cannot be determined whether these pilot proposals have been deemed successful or not.
9. Data gathered from undertaking the trial will inform the extent to which the proposals have addressed the perceived benefits, including:

- a. Reduce the overall time required to tender, award, mobilise contracts, as local officers may be able to start processes immediately upon the identification of need.
- b. Reduce cost of service provision by agreeing contracts which align with the School's needs and timetables
- c. Increase ownership in requirements definition by making the School accountable for making the right choice
- d. Improve the alignment of service provision with the Schools' requirements
- e. 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
- f. This would also provide an opportunity to apply and trial the principle of empowerment in the Target Operating Model.

10. In order to ensure continued compliance with procurement regulations, it is proposed to align the value for devolved responsibility for non-works procurements from £189,330 to the public procurement thresholds (£213,477 inclusive of VAT or £170,781 exclusive of VAT as of 01 January 2022). Any department or institution that is funded by City's Fund, in part or in whole, may not be able to trial the full extent of these procurement proposals due to the requirements of the Public Contracts Regulations to ensure that the spending of public funds is fair, transparent and offers best value to the taxpayer.

Options

Option 1 – Continue to pilot the Procurement and City Surveyor's proposals within the City of London School alone until July 2022

11. One option could be to continue to pilot the proposals locally within the City of London School until July 2022 to collect data and evidence to inform Members on the decision that could be taken in the future regarding rolling out the proposals permanently.

12. Whilst this would give more specific information to help decide whether these are the right set of proposals, it could mean that the benefits are not realised until much later than they could have been.

13. This option also opposes the Member direction from the Establishment Committee to move forward at pace.

Option 2 – Extend the pilot of the Procurement and City Surveyor's proposals to the City of London School for Girls and the City of London Freemen's School now until July 2022

14. Another option could be to only extend the pilot to the three independent Schools now until July 2022 as all three Schools have similar needs as an institution of the City of London Corporation.

15. Again, this could mean that the benefits from these proposals are not realised by other parts of the organisation until much later than they could have been. It would

also mean that there would be no information or data collected on how these proposals impact other departments and institutions who may have different needs and requirements than the Independent Schools.

Option 3 – Extend the pilot proposals relating to the City Surveyor to all departments and institutions within the City of London Corporation family and the pilot proposals relating to Procurement to the City of London School for Girls and the City of London Freeman’s School. (RECOMMENDED)

16. The recommended option is that the pilot proposals are rolled out to all departments and institutions – where applicable – to allow for full testing of the proposals in all areas of the City of London Corporation. This would help inform the evaluation of the pilot after it has ended in July 2022, and allow Members to make a decision as to whether the proposals are rolled out permanently in September 2022 or not.

Proposals

Annual Maintenance Programme

17. It is now proposed that the delegation in relation to development, refurbishment and revenue programme schemes, being funded by departmental or institutional ring-fenced maintenance budgets, be increased from a total project cost (including works, fees and staff costs) of £250,000 to £1,000,000 in line with the recommended changes to the Gateway process. This higher number is to reflect the fact that the annual works package of circa £1m is usually let to a single contractor to facilitate ease of delivery. Combining a number of minor projects into one procurement means it has the characteristics of a single project and therefore would need to go through the gateway process because of its cost.

18. This proposal requests a delegated authority approach like that of the Investment Property Group that was adopted in May 2019. This enables projects up to £1,000,000 to progress outside of the Gateway process with delegated authority given to the City Surveyor to agree the process documentation.

19. It should be noted that:

- a. For all projects, the Chamberlain must be consulted to confirm that funding is available for any proposed budget before the project could proceed and City Procurement would continue to be consulted, as appropriate, on procurement issues (including the completion of the relevant procurement documentation/ form).
- b. Should the estimated cost of a project increase to over £1,000,000, the project would revert to the gateway approval process.
- c. Appropriate process documentation must be used for these projects, albeit some may be combined where considered appropriate. In this context, any issues arising would be approved by the City Surveyor subject to consultation with the Chamberlain on financial matters.

20. In addition, it is proposed that the scheme of delegations be updated to allow for the departmental Chief Officer or Head of Institution, in consultation with the City Surveyor, to:-

- approve schemes for maintenance or refurbishment of up to £1,000,000 per scheme, with funding from appropriate sources agreed with the Chamberlain.

21. The routine cyclical maintenance projects carried out are often smaller packages of work grouped together to create a larger project. If the above proposal is agreed, the works would be, if appropriate, tendered via the new City Frameworks for building fabric and mechanical and electrical projects between £250,000 and £1,000,000. Any works outside the City Framework would be tendered via City Procurement.

Procurement

22. It is now proposed that a devolved process be extended to be piloted by all three Independent Schools and any other department or institution which is not subject to OJEU regulations, to allow:-

- a. The authority to run procurements up to £189,330 be devolved to the department or institution with the option of drawing on the central procurement team to advise and provide support to the procurement process where necessary;
- b. Procurements for Works 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 department or institution. The proposed procurement approach within the (£180-300K spend bracket)) will be considered in a short options report (PT3) by the Chair of the relevant Category Board.

23. It is also proposed that:-

- a. In line with the City Surveyor's Integrated Facilities Management model, in relation to core property services that are delivered from the centre, the department or institution's specific requirements will be included in the specification for the appropriate LOT. The department or institution will be consulted in choosing the supplier (i.e. for specialist services whether these should be delivered in-house or via external contracts) and the provider of core services. This will be considered by the City Surveyor when making the decision on the supplier.

24. Please note that the intention would not be for any department or institution 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 specific needs of each department or institution will actively be fed into the requirements for corporate contracts and agreed at Category Board. If the department or institution felt that their requirements are not being listened to, this would be escalated to their Board or Service Committee and the Procurement Sub Committee.

25. It is also proposed that City Corporation procurement policies (such as London Living Wage, Diversity, Responsible Procurement) continue to be applied to the all procurement processes despite further empowerment to choose the service and supplier. Departments and institutions 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.
26. 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 Procurement Sub Committee.
27. As within current practices, it will be important for the City Corporation to maintain 'good governance' of procurements. Within this proposal, departments and institutions would use the Procurement Authorisation Report for all tenders up to £300k which will allow for City Procurement to keep records, and departments and institutions will also ensure they keep records of bids and decisions.
28. It is intended that these proposals be piloted for eight months (until July 2022) before assessing whether this new way of working is successful in a paper to the Establishment Committee.

Corporate & Strategic Implications

Strategic implications

29. 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.
30. This proposal meets the objectives of the City Corporation's Corporate Plan – in particular objectives 1, 5, 6, 7, 8, 9, 10 and 12.

Financial implications

31. 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.
32. In agreeing to the proposed change in the governance arrangements for works projects, Members should assure themselves that the new arrangement will ensure value for money continues to be achieved for these works and that there will be no adverse impact on the level of income generation, e.g. school fees that need to be charged.

Resource implications

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

Legal implications

34. The initiative to empower the departments and institutions to allow greater flexibility in terms of projects and procurement choices is one which will have legal implications, with the emphasis shifting to the departments and institutions directly 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

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

Equalities implications

36. 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.
37. 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

38. 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

39. None.

Conclusion

40. The Target Operating Model provides an opportunity for the City of London Corporation to remove barriers to collaboration, causes of friction, inertia and non-value adding activity. Proposals relating to streamlining procurement and the projects gateway processes are being tested via the City of London School, and this report requests approval for the pilot to be extended to all relevant parts of the

organisation until July 2022, before deciding whether to roll out permanently in an evaluation report in September 2022.

Appendices

- None

Background Papers

- [*TOM CLS Pilot – HR proposals to achieve Greater Local Delegations*](#) – 15
October 2021 – Establishment Committee

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