



Finance Committee

Date: TUESDAY, 15 NOVEMBER 2022

Time: 12.45 pm

Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

Members:

Deputy Henry Colthurst (Chairman)	Alderman Susan Langley
Deputy Randall Anderson (Deputy Chairman)	Gregory Lawrence
Munsur Ali	Alderman Tim Levene
Deputy Rehana Ameer	Paul Martinelli
Shahnan Bakth	Catherine McGuinness
Emily Benn	Deputy Andrien Meyers
Nicholas Bensted-Smith	Deputy Brian Mooney
James Bromiley-Davis	Eamonn Mullally
Alderman Professor Emma Edhem	Deputy Nighat Qureishi
Alderman Sir Peter Estlin	Paul Singh
Sophie Anne Fernandes	Tom Sleigh
Steve Goodman OBE	Deputy Sir Michael Snyder
Martha Grekos	Deputy James Thomson
Deputy Madush Gupta	James Tumbridge
Deputy Ann Holmes	Mark Wheatley
Alderman Robert Hughes-Penney	Deputy Philip Woodhouse
Wendy Hyde	Deputy Christopher Hayward, Policy and Resources Committee (Ex-Officio Member)
Elizabeth Anne King	Deputy Keith Bottomley, Policy and Resources Committee (Ex-Officio Member)

Enquiries: John Cater
tel. no.: 020 7332 1407
john.cater@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/gHJfv_eUfu8

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one civic year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**

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

3. **MINUTES OF THE PREVIOUS MEETINGS**

To agree the public minutes of the meetings held on 20th September and 18th October.

To Follow.

For Decision

4. **FINANCE COMMITTEE'S FORWARD PLAN**

Report of the Chamberlain.

For Information
(Pages 9 - 10)

5. **REPORT OF THE WORK OF THE SUB-COMMITTEES**

Report of the Town Clerk.

For Information
(Pages 11 - 12)

a) Draft Public Minutes of the Financial Investment Board (21st October)
To Follow.

b) Draft Public Minutes of the Operational Property and Project Sub-Committee
(26th October)
To Follow.

6. **RISK MANAGEMENT - TOP RISKS**

Report of the Chamberlain.

For Information
(Pages 13 - 24)

7. **Q2 REVENUE BUDGET MONITORING**

Report of the Chamberlain.

For Information

(Pages 25 - 28)

8. **CORPORATE CLEANING SERVICES AGREEMENT EXTENSION**
Report of the City Surveyor.

For Decision
(Pages 29 - 32)

9. **CHAMBERLAIN'S BUSINESS PLAN - QUARTER 2 UPDATE**
Report of the Chamberlain.

For Information
(Pages 33 - 40)

10. **REVISIONS TO THE PROCUREMENT CODE AND THE COMPETITIVE
PROCUREMENT EXEMPTIONS POLICY**
Report of the Chief Operating Officer.

For Decision
(Pages 41 - 74)

11. **CENTRAL CONTINGENCIES**
Report of the Chamberlain.

For Information
(Pages 75 - 76)

12. **DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY
PROCEDURES**
Report of the Town Clerk.

For Information
(Pages 77 - 80)

13. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

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

15. **EXCLUSION OF THE PUBLIC**

MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

For Decision

Part 2 - Non-Public Agenda

16. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
To agree the non-public minutes of the meetings held on 20th September and 18th October.

To Follow.

For Decision

17. **REPORT OF THE WORK OF THE SUB-COMMITTEES - NON-PUBLIC ISSUES**
Report of the Town Clerk.

For Information
(Pages 81 - 82)

- a) Draft Non-Public Minutes of the Financial Investment Board (21st October)
To Follow.
- b) Draft Non-Public Minutes of the Operational Property and Project Sub-Committee (26th October)
To Follow.

18. **MIDDLESEX STREET ESTATE - VACANT POSSESSION HRA COMPENSATION**
Report of the City Surveyor.

To Follow.

For Decision

19. **CONTRACT EXTENSION - WORK AND HEALTH PROGRAMME - CENTRAL LONDON WORKS**
Report of the Director, Central London Forward.

For Decision
(Pages 83 - 88)

20. **EXTENSION OF THE MANAGED SERVICE TEMPORARY AGENCY RESOURCE CONTRACT**
Joint Report of the Commercial Director and the Executive Director, HR & Chief People Officer

For Decision
(Pages 89 - 96)

21. **MINOR WORKS MEASURED TERM CONTRACTS - PROCUREMENT STRATEGY REPORT AND EXTENSION OF CURRENT CONTRACT**
Joint Report of the Chief Operating Officer and the City Surveyor.

For Decision

(Pages 97 - 110)

22. **CITY FUND: 17 FLEET STREET, EC4 - SALE OF A FREEHOLD INTEREST**
Report of the City Surveyor.

For Decision
(Pages 111 - 120)

23. **NON-PUBLIC APPENDICES TO ITEM 10**
To be read in conjunction with Item 10 (Revisions to the Procurement Code and the Competitive Procurement Exemptions Policy)

For Information
(Pages 121 - 134)

24. **CONTINGENCIES - NON-PUBLIC APPENDIX**
To be read in conjunctions with Item 11 (Central Contingencies)

For Information
(Pages 135 - 136)

25. **NON-PUBLIC DECISIONS TAKEN UNDER DELEGATED AUTHORITY AND URGENCY PROCEDURES**
Report of the Town Clerk.

For Information

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

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

FINANCE COMMITTEE – WORK PROGRAMME 2022-23

	Nov-22	Dec-22	Jan-23	Feb-23	March-23	April - 23
Budget Setting Process & Medium-Term Financial Planning		Autumn Budget Finance Committee's Estimate report	2023/24 Annual Capital Bids	City Fund Budget Report and Medium-Term Financial Strategy City Cash Budget report and Medium-Term Financial Strategy		
Effective Financial Management Arrangements for The City Corporation	Q2 Budget monitoring	Capital Projects – Forecasting and Outturn Q1 (TBC)	Q3 Budget monitoring	Annual on-street parking Accounts 2021/22 and related funding of Highway Improvements and Schemes Housing Review Account		Update of Finance Regulations
Financial Statements		City Fund and Pension Fund statement of accounts City's cash financial statements City's Cash trust funds and sundry trust funds annual reports and financial statements				
Finance Committee as a Service Committee	Central Contingencies Risk Management Update Report Chamberlain's Business plan Q report	Central Contingencies Risk Management Update Report Chamberlain's Business plan 2023-24	Central Contingencies Risk Management Update Report Chamberlain's Business plan Q report	Central Contingencies Risk Management Update Report	Central Contingencies Risk Management Update Report	Central Contingencies Risk Management Update Report Chamberlain's Business plan Q report

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Committee(s)	Dated:
Finance Committee	15 November 2022
Subject: Report of the Work of the Sub-Committee(s)	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	Y/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: Town Clerk	For Information
Report author: John Cater, Committee Clerk, Finance Committee	

Summary

On 19 July 2016, the Finance Committee agreed that, in addition to draft minutes of Sub-Committee meetings, short reports be provided to advise the Committee of the main issues considered by the Sub-Committees at recent meetings. This report sets out some of the main public issues considered by the following Sub Committees since 18th October:

Financial Investment Board – 21st October 2022

Oral update of the Chairman.

Operational Property and Projects Sub-Committee – 26th October 2022

Oral update of the Deputy Chairman.

Recommendations

The Committee is asked to note the report.

John Cater

john.cater@cityoflondon.gov.uk

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Committee(s)	Dated:
Finance Committee	15 November 2022
Subject: Chamberlain’s Departmental Risk Management Update	Public
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 Chamberlain	For Information
Report author: Hayley Hajduczek, Chamberlain’s Department	

Summary

This report has been produced to provide Finance Committee with an update on the risks faced by the Chamberlain’s department.

There are currently two RED risks on the Corporate Risk Register within the responsibility of the Chamberlain and no RED risks on the Chamberlain’s departmental risk register, although increased vacancies within Financial Services as a result of staff progression to roles in other teams within the Corporation is putting considerable pressure on corporate finance and reducing capacity in the short term until appointments are onboarded at the end of January 2023.

The Chamberlain’s Senior Leadership Teams continue to monitor closely the progress being made to mitigate all risks on the risk register (appendix 1).

Recommendation(s)

Members are asked to note the report.

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. Finance Committee has determined that it will receive the Chamberlain’s risk register at each committee meeting.

Current Position

2. This report provides an update on the current risks that exist in relation to the operations of the Chamberlain’s Department.

3. CR35 Unsustainable Medium Term Finances has been revised due to current increased financial pressures faced due to: high inflation – forecasting a peak in Autumn 2022, construction inflation running at 20%, contraction in key income streams and increase in bad debts following post pandemic change in working practices. Anticipated decline in public sector funding for both local government and Police, increasing demands on revenue and capital and an ambitious programme of major project delivery threaten our ability to continue to deliver a vibrant and thriving Square Mile.
4. CR35 Unsustainable Medium Term Finances has now been split into two risks **CR35 Unsustainable Medium Term Finances - City Fund** and **CR38 Unsustainable Medium Term Finances - City's Cash**. This approach has been adopted to give the Chamberlain and Finance Committee greater oversight on how each fund is affected. This approach provides clarity on the levers that can be used to mitigate risk for each fund. It will also allow officers to focus efforts where it is needed, particularly if/when stability is reached for one of the funds but not the other and allow officers the ability to give different risk scores relating to the different funds.
5. Both risk scores have been increased to 24 (RED). This is due to trigger points, agreed by this committee, having been reached on the capital programme as well as a rising risk impact due to higher predicted inflation rates. Monthly monitoring on all trigger levels remains in place for both risks. Details of the revised risks CR35 and CR38 can be found in appendix 1.

Conclusion

6. Members are asked to note the actions taken by Chamberlain's Department to manage all risks. Actions aim to continue monitoring and reducing the risk level and will be reported on at future Finance Committees.

Appendices

- Appendix 1 - Departmental Risk Register

Background Papers

Chamberlain's Departmental Risk Management Update Reports to Finance Committee.

Hayley Hajduczek

Head of Chamberlain's Office
Chamberlain's Department

T: 020 7332 1033

E: Hayley.Hajduczek@cityoflondon.gov.uk

Appendix 1 - CHB Corporate and departmental risks



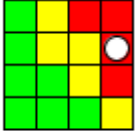
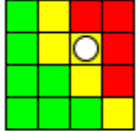

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<p>CR35 Unsustainable Medium Term Finances - City Fund</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 13</p>	<p>Causes: High inflation – Office for Budget Responsibility forecasting peak in Autumn 2022. Construction inflation running at 20%. Contraction in key income streams and increase in bad debts following post pandemic change in working practices.</p> <p>Police Transform programme fails to realise the budget mitigations anticipated within the MTFP.</p> <p>Anticipated decline in public sector funding (local government and Police), increasing demands (revenue and capital) and an ambitious programme of major project delivery threaten our ability to continue to deliver a vibrant and thriving Square Mile.</p> <p>Event: Inability to contain financial pressures within year (2022/23) and compensatory savings and/or income generation to meet the Corporation’s forecast medium term financial deficit will not be realised. Inability to contain construction inflation or inability to rescope capital schemes within budgets.</p> <p>Effects: Additional savings over and above those identified to meet this challenge are required, reserves are utilised and/or services stopped.</p> <p>The City Corporation’s reputation is damaged due to failure to meet financial objectives or the need to reduce services / service levels to business and community. Being unable to set a balanced budget which is a statutory requirement for City Fund.</p>	<p>Likelihood</p> <p>Impact</p>	<p>24</p>	<p>Retail Price Index rose by 12.6% and Consumer Price Index rose by 10.1% in 12 months to September 2022. Inflation is predicted to fall to 4% in 2023, however increases are feared to be embedded creating pressures on service/departmental 2022/23 budgets and on the Housing Revenue Account.</p> <p>Construction inflation has risen to c20%</p> <p>Pinch points are currently being identified by finance business partners. Mitigations currently include inflation contingencies and tight financial disciplines.</p> <p>Income from investment property and from business rates holding up well. The £30m ringfenced reserve for income loss has not been utilised.</p> <p>The risk score has increased to red.</p> <p>Trigger point was reached on capital programme.</p>	<p>Likelihood</p> <p>Impact</p>	<p>8</p>	<p>31-Mar-2023</p>	

<p>Jun-2020 Caroline Al- Cyerty</p>	<p>Inability to deliver capital programme and major projects within affordability parameters. Spend is not aligned to Corporate Plan outcomes resulting in suboptimal use of resources and/or poor performance. Stakeholders experiencing reduced services and service closures.</p>			<p>Policy and Resources Committee has increased the budget on Salisbury Square by £60m, however £57m of that is allocated to City's Cash as relates to the Courts element.</p> <p>Resource Allocation Sub Committee is currently reprioritising the BAU capital programme.</p> <p>The CWP programme is being considered under the Operational Property review with recommendations to Operational Property and Projects Sub Committee.</p> <p>Regular monitoring of inflationary pressures, with Quarterly reporting of inflation against contingencies held.</p> <p>04 Nov 2022</p>			<p>Accept</p>	<p>Constant</p>
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR35a	<p>Impact of inflation</p> <ul style="list-style-type: none"> • Rising inflationary pressures on energy costs • Rising inflationary pressures on construction and labour costs 	<p>1) Inflation contingency held: 3% 22/23 additional sums allocated from 21/22 underspends 23/24 includes 4% inflation increase within departments and 2% efficiency saving;</p> <p>2) CF - £3m contingency ringfenced for construction inflation under Major Projects reserve.</p> <p>The MTFP assumptions will be reviewed as part of 2023/24 budget setting. Some mitigations provided with increased income from cash balances.</p>	Sonia Virdee	04-Nov-2022	31-Mar-2023
CR35b	<ul style="list-style-type: none"> • Capital schemes are forecast to exceed budget. Reprioritisation of the schemes within envelope is needed and latest position will be reported to Resource Allocation Sub Committee for approval in November 2022 following discussion with Chairmen. 	<p>Capital schemes are forecast to exceed budget. Reprioritisation of the schemes within envelope is needed and latest position will be reported to Resource Allocation Sub Committee for approval in November 2022 following discussion with Chairmen.</p> <p>Review of HRA commissioned and due to report at the end of November 2022. Housing 30 year financial projects have been completed.</p>	Mark Jarvis; Paul Murtagh	04-Nov-2022	31-Mar-2023

	<ul style="list-style-type: none"> • Review of HRA commissioned and due to report at the end of November 2022. • Alternative sources of funding for Fire Safety Works element of Major Works Programme to enable HRA to remain in surplus. • Need to monitor identified expenditure risks around recovery of leaseholder contributions following the decision not to allow the Appeal of the Great Arthur Cladding case. • Housing 30 year financial projects have been completed. 	<p>Alternative sources of funding for Fire Safety Works have been agreed.</p> <p>Need to monitor identified expenditure risks around recovery of leaseholder contributions following the decision not to allow the Appeal of the Great Arthur Cladding case.</p>			
CR35c	£400m cost pressure identified for the major projects across City Fund and City's Cash. Reprioritisation required and periodic monitoring.	<p>Policy and Resources reprioritised ambitions at its October meeting to remain within the affordability envelope.</p> <p>Resource Allocation Sub Committee currently considering action needed to ensure the capex programme remains within budget or headroom can be found from ring fenced funds.</p> <p>Capital Buildings Committee monitoring delivery within the revised budget envelopes.</p> <p>Periodic reporting on capital position to Finance Committee – next report to December Finance Committee.</p>	Sonia Virdee	04-Nov-2022	31-Mar-2023
CR35d	Reduction in business rates, E.g. through reduction in occupancy or ability to pay.	<ul style="list-style-type: none"> • Monthly monitoring in place. The 2022/23 collection rate figure for Q2 is 56.22% which is significantly up on the same point last year which was at 50.69%. Improved collection has been assisted by the award of the CARF scheme. • The COVID Additional Restriction Relief scheme (CARF) has been provided to 11,500 businesses. This resulted in a 20% reduction to business rates bills for 21/22 and represents a total of £60m in relief. • Collection fund deficit to be factored into the MTFP. • There has been an increase in the amount of empty property resulting in more relief being claimed. • Business Rate appeals linked to COVID have been ruled out due to Govt legislation, but we are seeing an increase in appeals on other grounds. • Impacts will continue to be monitored. 	Phil Black	04-Nov-2022	31-Mar-2023
CR35e	A reduction in key income streams and increase in bad Debt <i>Triggers:</i>	This is being monitored monthly, with action being taken to reduce spend where possible.	Phil Black; Sonia Virdee	04-Nov-2022	31-Mar-2023

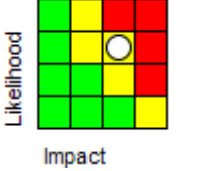
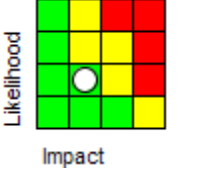
	<i>Increase in loss of property investment portfolio income over £5m p.a.</i>	<p>Budget forecast for 22/23 includes reduced income, with recovery profiled across the medium term. In addition, Chief Officers continue to work with tenants on a payment plan to mitigate potential issues. The moratorium against legal action for recovery has now lifted</p> <p>Sums to mitigate risk are being held in Reserves - £30m in City Fund.</p> <p>Outstanding sums are reducing across all Income Streams with significant improvement in Investment Property, Business Rates and Council Tax. Council Tax income is now above pre-pandemic levels and Investment Property.</p>			
CR35f	Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).	<p>Biggest risk relates to Police - £13m p.a. cumulative sustainable savings included in MTFP. There is a risk to delivering elements of these savings plan and sustaining the savings. To monitor and manage residual risks to the Police MTFP post-BRP increase (including increased inflation, mitigation delivery risks and new areas of pressure or grant reduction). Star chamber led by the Chamberlain and Town Clerk are currently taking place to ensure departments are achieving savings. This is further supported by Member led bilateral meetings with service committee chairmen for departments that have not achieved year on year permanent savings.</p>	Alistair Cook; Sonia Virdee	04-Nov-2022	31-Mar-2023

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
CR38 Unsustainable Medium Term Finances - City's Cash	<p>Causes: High inflation –Office for Budget Responsibility forecasting peak in Autumn 2022 Construction inflation running at 20% Contraction in key income streams and increase in bad debts following post pandemic change in working practices</p> <p>Event: Inability to contain financial pressures within year (2022/23) and compensatory savings and/or income generation not realised requiring further draw down on Reserves. Inability to contain construction inflation or inability to rescope capital schemes within budgets.</p> <p>Effects: Additional savings over and above those identified to meet this challenge are required, reserves are utilised and/or services stopped. The City Corporation’s reputation is damaged due to failure to meet financial objectives or the need to reduce services / service levels to business and community. Inability to deliver capital programme and major projects within affordability parameters. Spend is not aligned to Corporate Plan outcomes resulting in suboptimal use of resources and/or poor performance. Stakeholders experiencing reduced services and service closures.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>24</p>	<p>Retail Price Index rose by 12.6% and Consumer Price Index rose by 10.1% in 12 months to September 2022. Inflation is predicted to fall to 4% in 2023, however increases are feared to be embedded creating pressures on service/departmental 2022/23 budgets.</p> <p>Construction inflation has risen to c20%</p> <p>Pinch points are currently being identified by finance business partners. Mitigations currently include inflation contingencies and tight financial disciplines.</p> <p>Income from investment property has slightly fallen however plans are in place to bring this back to budget.</p> <p>The risk score has increased to red.</p> <p>Trigger point was reached on capital programme.</p> <p>Policy and Resources Committee has reprioritised the major projects; and rescoped the Markets project.</p> <p>Resource Allocation Sub Committee is currently reprioritising the BAU capital programme.</p> <p>The CWP programme is being considered under the Operational Property review with</p>	 <p>Likelihood</p> <p>Impact</p>	<p>12</p>	<p>31-Mar-2023</p>	

31-Oct-2022 Caroline Al-Beyerty				recommendations to Operational Property and Projects Sub Committee. Regular monitoring of inflationary pressures, with Quarterly reporting of inflation against contingencies held. 04 Nov 2022				Reduce	Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a	Impact of inflation <ul style="list-style-type: none"> • Rising inflationary pressures on energy costs • Rising inflationary pressures on construction and labour costs 	The five year financial plan is currently being reworked for 2023/24 budget cycle: 1) Inflation contingency held: 3% 22/23 additional sums allocated from 21/22 underspends 23/24 includes 4% inflation increase within departments and 2% efficiency saving; 2) £1m contingency ringfenced for construction inflation under capital programme.	Sonia Virdee	04-Nov-2022	31-Mar-2023
CR38b	Impact of construction inflation on capital programme: <ul style="list-style-type: none"> • Major projects • Business as usual capital programme 	£400m cost pressure identified for the major projects across City Fund and City's Cash. Policy and Resources reprioritised ambitions at its October meeting to remain within the affordability envelope. Resource Allocation Sub Committee currently considering action needed to ensure the capex programme remains within budget or headroom can be found from ring fenced funds. Capital Buildings Committee monitoring delivery within the revised budget envelopes Periodic reporting on capital position to Finance Committee.	Sonia Virdee	04-Nov-2022	31-Mar-2023
CR38e	A reduction in key income streams and increase in bad Debt <i>Triggers:</i> <i>Increase in loss of property investment portfolio income over £5m p.a.</i>	This is being monitored monthly, with action being taken to reduce spend where possible. Budget forecast for 22/23 includes reduced income, with recovery profiled across the medium term. In addition, Chief Officers continue to work with tenants on a payment plan to mitigate potential issues. The moratorium against legal action for recovery has now lifted. Outstanding sums are reducing across all Income Streams with significant improvement in Investment Property, Business Rates and Council Tax. Council Tax income is now above pre-pandemic levels and Investment Property.	Phil Black; Sonia Virdee	04-Nov-2022	31-Mar-2023

CR38f	Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).	Star chambers led by the Chamberlain and Town Clerk are currently taking place to ensure departments are achieving savings. This is further supported by Member led bilateral meetings with service committee chairmen for departments that have not achieved year on year permanent savings.	Sonia Virdee	04-Nov-2022	31-Mar-2023
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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 001 Chamberlain's department transformation and knowledge transfer Page 20 12-Nov-2021 Caroline Al-Beyerty	<p>Cause: The TOM changes are insufficient or implementation of radical change fails. The flexible retirement scheme has been taken up by many long term colleagues who will all be leaving the corporation by March 2022. The TOM is also creating anxiety which in turn could cause colleagues to find roles elsewhere.</p> <p>Event: Culture change is insufficient. Corporate memory is lost. The Chamberlain's Department is not fit for the future.</p> <p>Effect: Chamberlain's Department fails to deliver it's objectives.</p>	 12	<p>Recruitment is now underway where vacancies have been held, with key roles being prioritised. Management is deploying temps where there are significant gaps to support the current team until permanent positions are filled.</p> <p>Learning champions have been assigned to the identified learning areas and the first meeting of the L&D Board was held in September. Individual team plans are being developed with the Learning Champions for review and sign off at the next Board.</p> <p>Following a series of workshops teams are now working on transformation action plans and defining roles. These plans have been used to draft the Departmental Business Plan for 2023-24.</p> <p>04 Nov 2022</p>	 4	31-Mar-2023	↑
				Reduce	Increasing	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB001a	Team's are working to ensure they have effective knowledge sharing plans in place particularly where there are members of the team preparing for retirement.	Most areas have now successfully transitioned through this period successfully with only 2 roles left where a continued handover has been required to ensure business continuity.	Sonia Virdee	04-Nov-2022	31-Dec-2022

CHB001b	Colleagues are provided with the training they need to fulfil their role.	Learning champions have been assigned to identified learning areas required and the first meeting of the group was held in September. Individual team plans are being developed with the Learning Champions for review and sign off at the next Board in December.	Mark Jarvis	04-Nov-2022	31-Mar-2023
CHB001c	Chamberlain's TOM structure design and culture is fit for purpose.	A culture and values workshop is to be held in November for all staff to allow colleagues across Chamberlain's the opportunity to shape the departmental culture for the future. SLT have discussed behaviours that they see as important to the department reach our collective goals and this will be built upon at the workshop.	Hayley Hajduczek	04-Nov-2022	31-Mar-2023
CHB001d	The corporate recruitment moratorium has lead to a significant number of vacancies being held across the department leaving gaps in capacity.	Many vacancies across Chamberlain's have now been filled with some still remaining mostly within the Financial Services team. Increased vacancies in Financial Services as staff progress to roles in other teams. A group recruitment campaign to fill these vacancies is currently underway.	Sonia Virdee	04-Nov-2022	30-Nov-2022

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Committee	Dated:
Finance Committee	15 November 2022
Subject: Revenue Budget Monitoring to September 2022	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
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: Chamberlain	For Information
Report author: Laura Yeo, Financial Services Division	

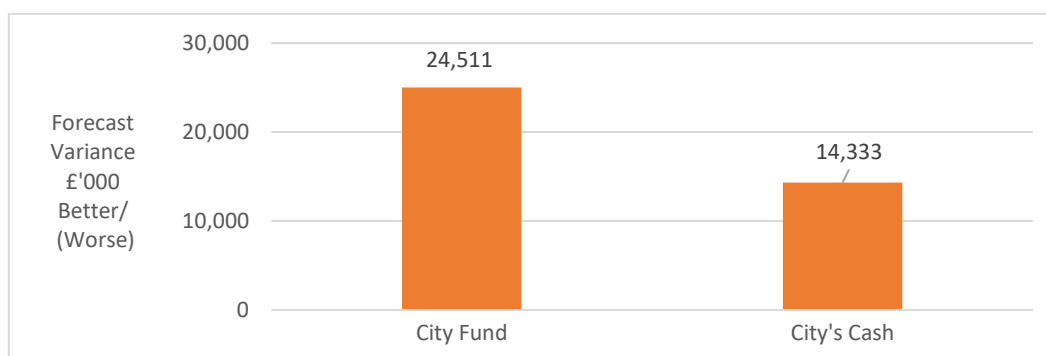
Summary

This report has been produced to provide Members with an update on the Revenue Budget Monitoring at Quarter Two. The overall forecast year end position is £38.8m better than budget comprising:

- a favourable variance of £40.2m on Central Risk Budgets, largely due to holding £18m contingencies for inflation and a £21m better than budget position for interest on cash balances following the recent increases in interest rates; partially offset by
- an adverse variance of £1.4m on Chief Officer Cash Limited Budgets.

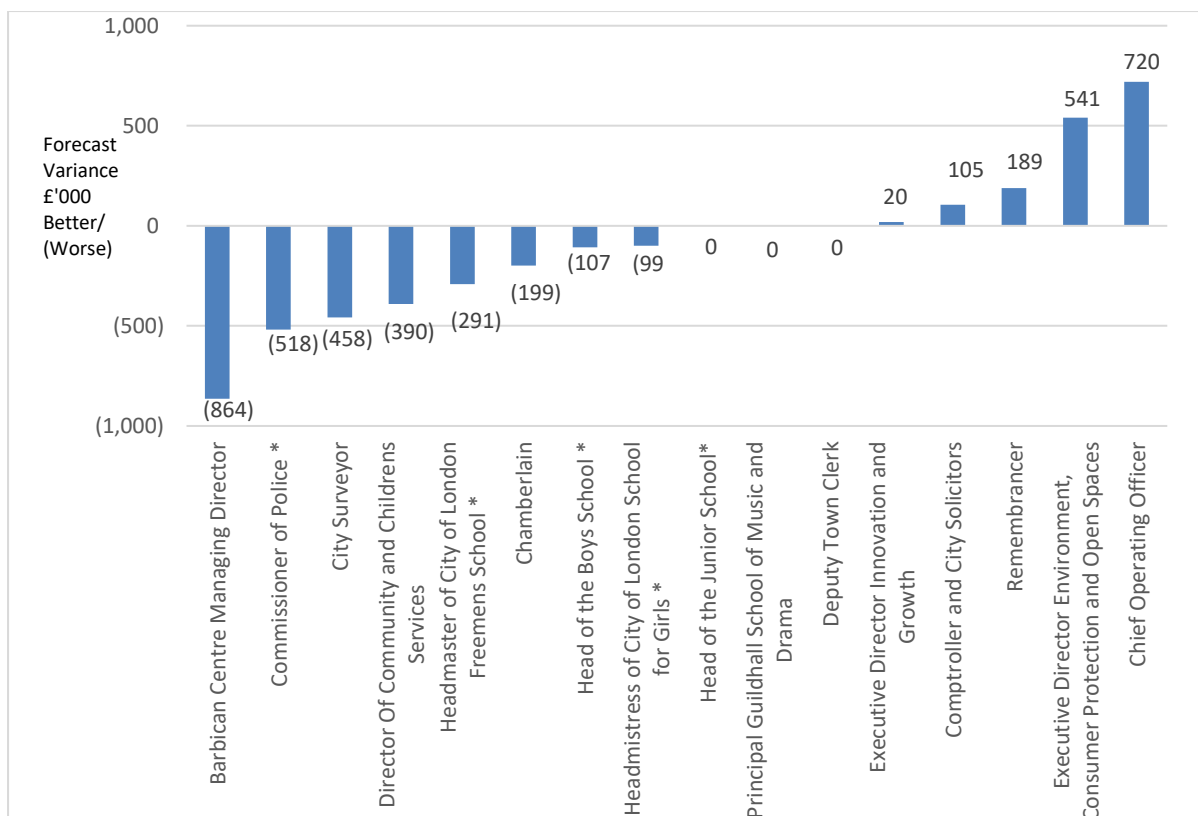
Main Report

Position by Fund



Chief Officer Cash Limited Budgets

Forecast overspend of £1.4m at Quarter 2 on Chief Officer Cash Limited Budgets.



* These Chief Officers hold ringfenced reserve balances which can offset any of their adverse variances

Significant variances to note are as follows:

- Barbican Centre Managing Director £0.9m overspend – largely driven by revenue shortfall as a result of a combination of slower recovery from covid than anticipated and the accelerating impact of cost-of-living pressures. Although a forecast deficit is predicted a number of expenditure saving and income generating activities have been activated with the goal of reaching a balanced position by the end of year.

Central Risk Budgets

Forecast underspend of £40.2m at Quarter Two on Central Risk Budgets.

Significant variances to note are as follows:

- Underspend of £16.9m on the release of centrally held contingencies.

	City Fund	City's Cash	Total
Budgets 2022/23			
Contribution Pay	700	860	1,560
3% Inflation Uplift	3,793	1,805	5,598
Pay award 3 year deal Uplift	793	867	1,660
Energy Inflation	250	250	500
Central Risk Carry Forward	8,042	10,345	18,387
	13,578	14,127	27,705
Allocations			0
Contribution Pay	700	858	1,558
Central Risk	47	0	47
Energy inflation	600	2,245	2,845
Other inflation	395	243	638
Pay award 2022/23 Part Year	3,066	2,650	5,716
	4,808	5,996	10,804
Uncommitted Balance	8,770	8,131	16,901

- Corporate Income Budgets are forecast to be better than budget by £20.9m.

	Latest Approved Budget	Forecast	Forecast Variance Better / (Worse)	
	£'000	£'000	£'000	%
<u>Property Investment Income</u>				
City Fund	39,693	40,203	510	1%
City's Cash	56,923	55,907	(1,016)	(2%)
Total Property Investment Income	96,616	96,110	(506)	(0)
<u>Interest on Cash Balances</u>				
City Fund	6,404	24,813	18,409	287%
City's Cash	93	3,111	3,018	3245%
Total Interest on Cash Balances	6,497	27,924	21,427	330%
Grand Total	103,113	124,034	20,921	20%

- Property Investment Income is forecast to be £96.1m as per the latest quarterly update of rental estimates at 30th September 2022, which is an anticipated improvement of £2.4m compared to the review at 30th June 2022. The 2022/23 budget is based on the City Surveyor's September 2021 forecast which results in a £0.5m shortfall compared to the latest estimate.
- Income from Interest on Cash Balances is currently forecast to exceed budget by £21.4m due to higher than anticipated interest rates. Whilst this benefits the revenue position there is a negative impact to the fair value of investments, for Quarter 2 this is currently estimated as an unrealised capital loss of £17.8m on City Fund. The return on investments and valuations will be volatile throughout the year due to changes in interest rate expectation. These changes will be reviewed as part of the budget setting process for 23/24 and 5-year forecast.

Laura Yeo
Senior Accountant
Laura.Yeo@cityoflondon.gov.uk

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Agenda Item 8

Committee(s): Operation Property and Projects Sub (Finance) Committee – For Decision Finance Committee – For Decision Court of Common Council – For Decision	Dated: 26/10/2022 15/11/2022 08/12/2022
Subject: Corporate Cleaning Services Agreement Extension	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	12
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	£1.9m
What is the source of Funding?	Existing revenue budgets
Has this Funding Source been agreed with the Chamberlain’s Department?	Y
Report of: Paul Wilkinson, The City Surveyor	For Decision
Report author: Daniel Tyler - Property Contracts Performance Manager, City Surveyor’s Department. Darran Reid – Assistant Director Commercial Operations, Chief Operating Officer’s Department	

Summary

The City has a cleaning contract with Atalian Servest to provide cleaning and window cleaning services across the Corporate, Investment, Police and Barbican Centre property portfolios. This contract is due to expire on 31st October 2022. The City is currently tendering for an Integrated Facilities Management model which includes the provision of cleaning services; the service commencement date of the Integrated Facilities Management model is 1st April 2023.

This report seeks approval for an interim extension to the Atalian Servest contract to maintain cleaning services and standards whilst the tender exercise is completed, contracts awarded, and services commence on 1st April 2023.

Recommendation(s)

Members are asked to:

1. Endorse for onward approval by the Court of Common Council, the following variations to the Corporate Cleaning Services Agreement with Atalian Servest Limited:
 - a. a variation to the expiry date of the contract term to 31st March 2023;
and
 - b. an increase in the Total Contract Value of £1.9m to to £32.7M.

Main Report

Background

1. The City Surveyor's Department is undertaking a project to transform its facilities services Bundled delivery model into an Integrated Facilities Management (IFM) model.
2. At the Operational Property and Projects Sub Committee, 20th July 2022, members approved the award of an Integrated Facilities Management Services Framework Agreement. The framework agreement commenced 29th August 2022. An invitation to tender (ITT) exercise is underway to appoint under a call-off contract(s), a supplier, or a number of suppliers, to deliver integrated facilities services for the City of London's property portfolio. The planned commencement date of these contracts is 1st April 2023.
3. All existing facilities services supply agreements expire 31st March 2023, except for Corporate Cleaning Services, supplied by Atalian Servest Limited, which expires 31st October 2022.
4. There is a need to extend the Corporate Cleaning Services agreement to co-terminate with the other facilities services agreements. This is critical as the supplier's employees will need to be transferred across one or more suppliers of the IFM services agreements, commencing 1st April 2023.

Current Position

5. A decision is required from Members, as according to the Corporation's Standing Orders, 51. Procurement and Contract Letting, all procurement and contracts activity must be undertaken in accordance with the Corporation's agreed Procurement Regulations, The Procurement Code.
6. The Procurement Code regulation 31. Contract Variations, requires approval from the Operational Property and Projects Sub (Finance) Committee, and the Court of Common Council, where New Total Contract Value is £4M or higher. This report considers a matter valued at £32.7M.
7. The supplier, Atalian Servest Limited, has agreed to continue its services for a further five months, terminating 31st March 2023, subject to the City agreeing to a revised commercial proposal.
8. The proposed charge for the additional five months is £1.9M. The total contract spend 1st November 2015 to 31st October 2022 is £30.8M. The revised total contract value to 31st March 2023 is estimated at £32.7M.
9. The £1.9M proposal includes an increase to the fixed cost element of the service, in the sum of £79,250.54. The supplier attributes this to increases in its delivery costs, arising from increases to London Living Wage. No further changes to the Terms are proposed.

Options

10. Approve, compliant to Standing Order 51, Procurement Code Regulation 31, and the Public Contracts Regulations 2015:
 - a. A variation to the expiry date of the contract term to 31st March 2023; and
 - b. An increase in the Total Contract Value to £32.7M.

11. Members should note that up to £79,250.54 of this £32.7M value is not currently budgeted for. This increased cost is a result of a change to the London Living Wage from £11.05/hour to £11.95/hour. We expect this to reduce with the Government's reversal of the decision to increase contributions to National Insurance. It should be possible for departments who use the service to absorb the resulting small net increase in cost within their overall local risk budgets. All other non-salary related costs remain within the existing approved budget.

12. Officers can present Members with only one realistic option in this matter.

Proposals

13. Approve the option at paragraph 10 of this report. This provides continuity of service to the Corporation's buildings occupiers, maintains regulatory compliance in this area of service, provides stability to employees affected by TUPE over the five months term, in advance of their potential transfer to another employer at the implementation of the IFM Services 1st April 2023.

Strategic implications

The proposal supports the strategic decision to implement an Integrated Facilities Management model across the City's property portfolios. If the contract is not extended to end co-terminus with the City's other Facilities Management contracts, then an integrated service model cannot be delivered and release the efficiencies which that brings. It would also disrupt the current tender process with a material change and present significant risk to the delivery of all Facilities Management services from 1st April 2023.

Financial implications

There is an impact to the cost of service, but this is in relation to changes in common law and increases in London Living Wage both of which would have been experienced if the current contract's core term expired on 31st March 2023. Atalian Servest have not increased the charges to the City during the extension period by any other index and have absorbed the impact of inflation.

Resource implications

Current cleaning staff resources are employees of Atalian Servest, if an extension is not awarded the City will be liable for significant TUPE implications with all Atalian Servest employees being subject to transfer to City of London employment.

Legal implications

Continuity of the Atalian Service contract and the delivery of cleaning services will ensure that the City continues to meet its obligations under The Workplace (Health, Safety and Welfare) Regulations 1992

Risk implications

Not extending the current contract exposes the City to risk in respect of reputation by not having clean buildings and service areas across both employee working areas e.g. offices, educational facilities e.g. Schools and public facing areas and attractions e.g. Barbican Centre and Tower Bridge. There is further risk by not being compliant with statutory H&S regulations and financial risk via TUPE implications with incumbent staff employed by Atalian Servest.

Equalities implications

The current contract has been subject to a fully compliant City of London tender process which ensures that all legal requirements and City of London policies in respect of equality have been met.

Climate implications

The current contract has been subject to a fully compliant City of London tender process which ensures that all legal requirements and City of London policies in respect of climate and responsible procurement have been met.

Security implications

The current contract has been subject to a fully compliant City of London tender process which ensures that all legal requirements and City of London policies in respect of security have been met.

Conclusion

To approve this extension, Members will be supporting an efficient delivery of the IFM project, preventing interim operational disruption, mitigating risks to the corporation relating to employee transfers. It is compliant with Standing Order 51, Procurement Code Regulation 31, and the Public Contracts Regulations 2015.

Appendices

None

Daniel Tyler

Property Contracts Performance Manager, City Surveyors
daniel.tyler@cityoflondon.gov.uk

Darran Reid

Assistant Director Commercial Operations, COO
darran.reid@cityoflondon.gov.uk

Committee(s): Finance Committee	Dated: 15 November 2022
Subject: Chamberlain’s Business Plan – Quarter 2 update	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	3, 5, 8 & 10
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 information
Report author: Caroline Al-Beyerty – Chamberlain & CFO	

Summary

The Chamberlain’s department has made good progress on its Business Plan approved by this committee at the meeting on 9 November 2021. This report outlines key progress against Chamberlain’s departmental objectives. Progress has been against a backdrop of a high number of vacancies and outcomes delivered with enormous effort and commitment from people within the department, at a level which is not sustainable going forwards. Recruitment has now been completed in most teams, although staff progression has resulted in a greater number of vacancies in Financial Services, requiring careful management and prioritisation of workloads. The recruitment campaign for these vacancies has been launched.

Recommendation

Members are asked to note the report.

Main Report

Current Position

1. Highlights from the last three months include:
2. **Financial Services:**
 - Completion of City Cash 2020/21 audit.
 - Production of the draft 2021/22 accounts for all three funds.
 - Analysis to support the Star Chambers and Member Bilaterals for overspending departments or those that have not yet embedded fundamental review proposals and/ or Target Operating Model.
 - Review of capital programmes in flight including Major Projects – update provided to this committee ahead of budget timetable.
 - Building budget estimates 2023/24 for service committees on principles agreed by Finance and Policy & Resources Committees following discussions at Resource Allocation Sub Committee Away Day in the summer.

- Overview of the five year medium term financial plan for City Fund and City's Cash.
- Recruitment campaign launched, focusing on bringing in new talent as well as providing internal opportunities through lateral development and progression.

Financial Shared Services:

- The City has completed administration of the Covid Additional Restriction Relief (CARF) scheme providing relief totalling nearly £58m to approximately 11,800 businesses including offices and public car parks.
- The Council Tax Team continue to deal with the £150 Energy Rebate Grants on behalf of Central Government. The Team have administered 1393 grants totalling £208,950.
- The Housing Benefit Team have administered the 2nd tranche of the Household Support Fund. The City received £63K in funding and has spent £56.6K providing much needed support to vulnerable residents and those experiencing financial hardship.

3. Corporate Treasury:

- All the vacancies in the Treasury and Investments Team have now been filled and we are on boarding the new starters.

4. Chamberlain's Office:

- All vacancies in the Chamberlain's Court have now been filled and additional resource added via a Court Assistant on a fixed term contract for to allow for extra work created by the implementation of the new Freedom Applications system.
- Recruitment campaign for a new Chamberlain's Project Manager is now live.
- The Departmental Business Plan for 2023/24 is progressing and will be presented to Finance Committee alongside Budget Estimates Report.

5. Internal Audit and Counter Fraud:

- Successful recruitment campaign, resulting in offers made to two candidates.
- Completion of 7 Internal Audit reviews, 22 follow-up Audits and 2 Corporate Risk assurance reviews.
- Update reports made to 9 Audit Committees during the past 3 months.

Corporate & Strategic Implications

6. Strategic implications – Strategic priorities and commitments are expressed in **Appendix 1**.
7. Financial implications – The high-level summary Business Plan at **Appendix 1** has been drawn up on the basis of a 12% reduction in the departmental budget compared to 2022/23.
8. Resource implications – Any changes to resources will be identified and delivered through the move to the Target Operating Model.

9. Legal implications – None.
10. Risk implications – Key risks managed by the department are included in the draft high-level summary Business Plan at **Appendix 1**.
11. Equalities implications – The department has a separate Equalities and Inclusion Plan which aims to improve the department’s Equalities position for employees. Where appropriate the department will complete Equality Impact Assessment for upcoming changes.
12. Climate Implications – Under the Climate action strategy the departments Corporate Treasury function is responsible for delivering Scope 3 emission actions related to our financial investments.
13. Security implications – There are no security implications to the proposals put forward in the Chamberlain’s Business Plan.

Appendices

- Appendix 1 – Chamberlain’s Business Plan update

Caroline Al-Beyerty

Chamberlain

T: 020 7332 1300

Caroline.Al-Beyerty@cityoflondon.gov.uk

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Key updates from this quarter

- Completion of City Fund and City's Cash draft accounts
- Recruitment campaign inflight, tranche 1 interviews to take place mid-November
- Commencement of capital review of existing projects ahead of medium-term-financial planning timetable
- Significant support to enable momentous decisions on major projects
- Commencement of budget estimates
- Star Chambers and Member bilateral meetings in progress – opportunities to highlight risks
- Pause continues on the FSD TOM implementation, providing an opportunity to recruit into key positions to enable the new structure
- Transformation workstreams inflight: 1) Recruitment; 2) Capital Transformation; 3) Learning and Development
- Progress made on Enterprise Resource Planning (ERP) – next steps to proceed with recommendations to Chief Officer Board and Member Steering Group.

Challenges faced over this quarter

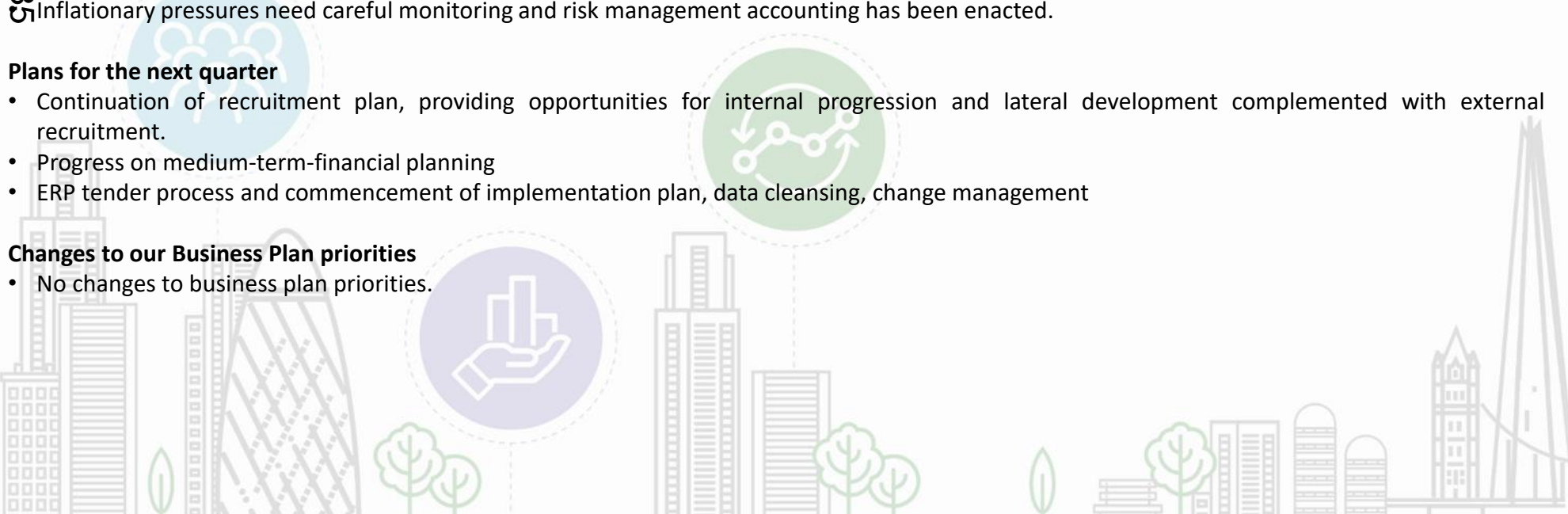
- Still holding significant number of vacancies further impacted with key individuals moving across to City of London Police, Corporate Treasury and Schools – whilst this has resulted in progression opportunities for those that have moved on, this has added additional pressure on existing team over above the vacancies already held and requires careful management and prioritisation of workload.
- Further delays to signing off City Fund accounts, this means handover to new auditors is further delayed and will impact on year end activities and put further pressure on the team to delivery 21/22 and 22/23 at the same time alongside City's Cash and Sundry Trusts.
- Inflationary pressures need careful monitoring and risk management accounting has been enacted.

Plans for the next quarter

- Continuation of recruitment plan, providing opportunities for internal progression and lateral development complemented with external recruitment.
- Progress on medium-term-financial planning
- ERP tender process and commencement of implementation plan, data cleansing, change management

Changes to our Business Plan priorities

- No changes to business plan priorities.



Key updates from this quarter

- Issued all Annual benefits Statements (ABSs) for deferred and active members of the LGPS and Police Pension Scheme.
- Issued the Pension Saving Statements (around the Annual Allowance) to members of the LGPS and Police Pension Scheme
- Formatting work has started on Income Manager to prepare for interfaces to the new Property Management system (Horizon)
- Recruited to all the vacancies within the Treasury and Investment Team

Challenges faced over this quarter

- Working with limited resources as we transition to a new structure.
- On boarding some of our new colleagues
- Meeting a high volume of demand for reports for Committees

Plans for the next quarter

- On boarding new colleagues
- Finalising the renewal of the December insurance policies
- Preparation of reports for various Committees/Boards
- Formatting work will continue on Income Manager to prepare for interfaces to the new Property Management system (Horizon)

Changes to our Business Plan priorities

- No changes to business plan priorities.

Key updates from this quarter

- 3 pieces of assurance work finalised
- 4 draft reports circulated
- 22 follow-ups undertaken
- Continued delivery of corporate risk Deep Dive reviews to support the Audit & Risk Management Committee
- Initiation of a programme of 'second line of defence' reviews
- Regular reporting to ELB, including launch of the management information dashboard in respect of live issues (departmental analysis)
- Ongoing positive engagement with Committees: 9 meetings during the period
- Successful onboarding of our new Auditor
- A positive response to our Audit Apprentice recruitment, with offers accepted by two candidates

Challenges faced over this quarter

- Managing vacant posts within the team – reduced capacity resulting in delivery of a smaller programme of work
- Managing a recruitment campaign – significant administration and time commitment from proactive management of this
- Follow-up Audit Reviews identifying significant numbers of recommendations not implemented

Plans for the next quarter

- On-boarding new starters
- Proactive engagement with Chief Officers and Executive Leadership Board in relation to outstanding Audit recommendations
- Revise and introduce new format Internal Audit report

Changes to our Business Plan priorities

- No changes to business plan priorities.



Key updates from this quarter

- All vacancies in the Chamberlain's Court have now been filled and additional resource added via a Court Assistant on a fixed term contract for to allow for extra work created by the implementation of the new Freedom Applications system.
- The Chamberlain's Court team are continuing to progress testing of the new Freedom applications system. The new software will manage freedoms administration providing the ability for statistical analysis as well as digitalising formerly manual processes.
- The Departmental Business Plan for 2023/24 is progressing and will be presented to Finance Committee alongside Budget Estimates.
- Recruitment campaign for a new Chamberlain's Project Manager is now live.

Challenges faced over this quarter

Working with limited resources within the team as we transition to the new structure.

The Chamberlain's Court continue to see high levels of applications. The demise of the Queen in September lead to the closure of the Chamberlain's Court for the national mourning period and a flurry of activity to change freedom certificates, declaration books and other documentation to include King Charles III.

Plans for the next quarter

- Complete recruitment and continue to train new colleagues so they are equipped to fulfil their roles.
- Continue to work on E, D & I plans in conjunction with the new E, D & I team.
- Continue work on the new Freedoms Application Management system to ensure it is fit for purpose before launch.
- Continue to support the Chamberlain's Transformation project, including our all-staff event on Culture.

Changes to our Business Plan priorities

- No changes to business plan priorities.

Key updates from this quarter

- The Business Rate Team completed the award of the Covid Additional Relief Scheme (CARF), awarding approximately £58m to businesses based in offices with a rateable value of less than £500k.
- The Council Tax Team have completed the award of the £150 Energy Rebate to all properties in bands A-D. A total of £208,950 has been awarded to 1393 properties.
- The Housing Benefit Team have administered the 2nd tranche of the Household Support Fund. The City received £63K in funding and has spent £56.6 with the remainder retained as administration expenses. This has been distributed by cheque to eligible residents, but funding was also supplied for food vouchers and for the Emergency Support Scheme.
- Collection rates remain strong in all Income Types with Business Rates and Investment Property income levels continuing to recover from the impact of the Pandemic. Council Tax collection is now above pre-pandemic levels.

Challenges faced over this quarter

- Recruitment has generally gone well with all teams nearly at full strength however, we have lost preferred candidates to better offers.
- Business Rate work volumes remain high, and it continues to be a significant challenge to return then to pre-pandemic levels. As new staff are trained it is expected that this will improve.

Plans for the next quarter

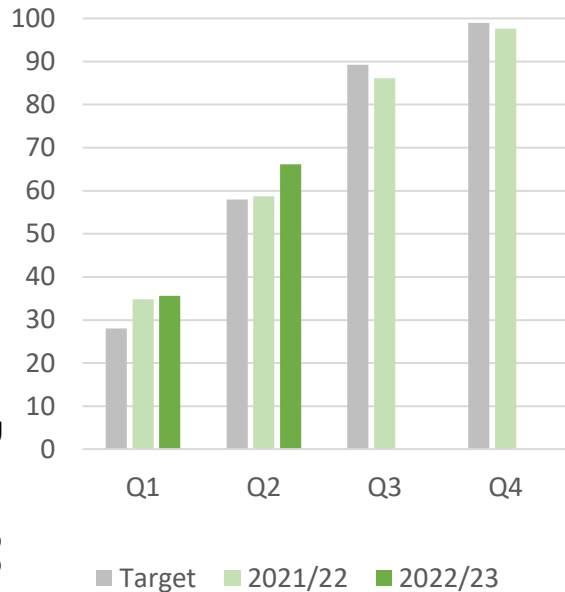
- Aim to go live with system to automate of AP Invoice processing to reduce manual inputting.
- Testing for new Property Management System (Horizon).
- Business Rates and Council Tax Annual Billing.
- The Draft Valuation List is expected to be published at the end of December. The Business Rate Teams will be required to analyse the potential impact on businesses and prepare for the update in valuations for 23/24.

Changes to our Business Plan priorities

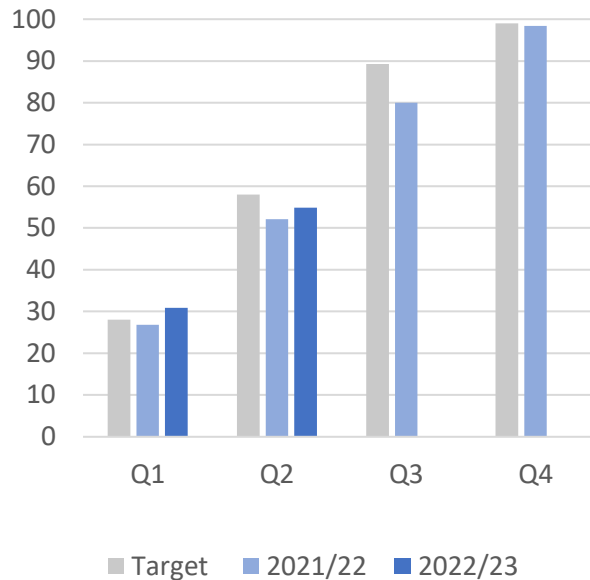
- No changes to business plan priorities.

Key Performance Indicators

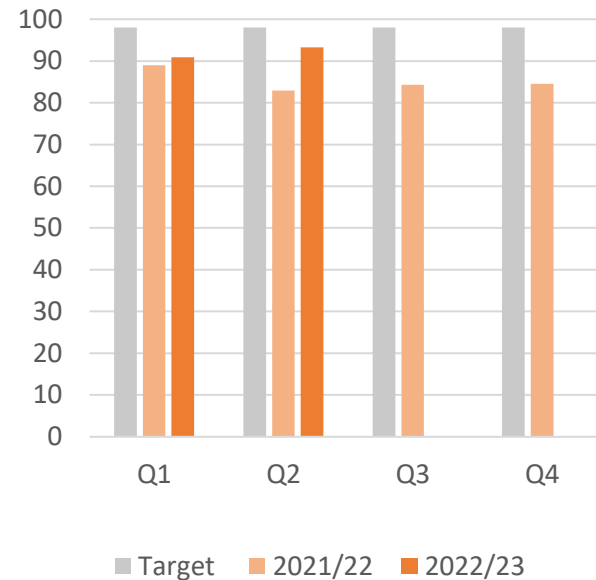
Business Rates collection 22-23
% collected (cumulative)



Council Tax Collection 22-23
% collected



Commercial Rent Collection 22-23
% collected



Page 38

Chamberlain's 2022/23 Business Plan

ON TRACK
Publication of the Draft City Fund Accounts within Statutory Deadline of 31st July

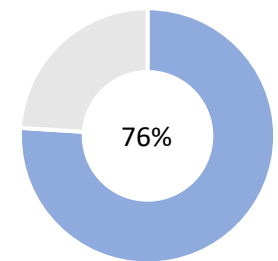
ON TRACK
Publication of Audited accounts on 30th September
City's Cash completed in December City fund is still in progress

ON TRACK
Publication of City's Cash and BHE Accounts

COMPLETE
Effective financial management: expenditure against departmental local risk budgets +/- 5% at year end

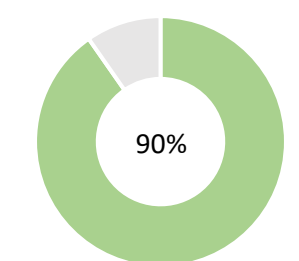
IN PROGRESS FOR 23/24
Delivery of a balanced budget and Medium-Term Financial Plan for City Fund, approved by Court of Common Council by 31 March

Invoices paid to SMEs within 10 days



Target 88%

Invoices paid within 30 days



Target 97%

Committee(s): Operational Property & Projects Sub Committee Finance Committee Court of Common Council	Dated: 26/09/2022 15/11/2022 8/12/2022
Subject: Revisions to: 1) Procurement Code 2) Competitive Procurement Exemptions Policy	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	4, 5, 6,11
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	£
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Emma Moore, Chief Operating Officer	For Decision
Report author: Genine Whitehorne, Commercial Director	

Summary

The **Procurement Code** is the policy which underpins all procurement and purchasing activity across the City Corporation including our institutional departments. Procurement policies are reviewed annually to ensure they are up to date and still operationally viable. The revisions support the efficiency principles under the Target Operating Model (TOM) specifically to align activity and resources to our corporate outcomes; increase the pace of decision making; and achieve cost savings to resolve budget deficit.

The **Competitive Procurement Exemption Policy** identifies items or categories of expenditure where it has been agreed that they are exempt from requiring officers to undertake a competitive procurement process in the form of the seeking of quotations or a formal invitation to tender. The purpose of the revisions to the Competitive Procurement Exemptions Policy is to ensure operational efficiency and compliance with proposed changes to the Procurement Code.

Recommendations

Members are asked to:

- Approve the revisions to the City Corporation’s Procurement Code effective from **3 January 2023** [for decision by Operational Property and Projects Sub Committee, Finance Committee and Court of Common Council].
- Approve the revisions to the City Corporation’s Competitive Procurement Exemptions Policy to be effective from **26 September 2022** [for decision by Operational Property and Projects Sub Committee only – approval by Finance Committee and Court of Common Council is **not** required for this internal policy].

Main Report

Background

1. The Procurement Code is the policy which underpins all procurement and purchasing activity across the City Corporation and the institutional departments.
2. Part 1 of the Procurement Code is the framework of overarching rules to be followed by any officer when purchasing goods, services or works and has been developed in line with UK Public Contracts Regulations 2015. Part 2 of the Procurement Code is the guidance document which provides context, processes, and or further information relevant to compliance with the rules outlined in Part 1.
3. The Competitive Procurement Exemption Policy identifies items or categories of expenditure where it has been agreed that they are exempt from requiring officers to undertake a competitive procurement process in the form of seeking quotations or a formal invitation to tender.
4. The decision to apply the Competitive Procurement Exemption Policy to any item or category of expenditure at a departmental level is not mandatory. Where an exemption has been agreed, it is the responsibility of each department to decide whether or not to use an exemption or whether to engage with the market. For example, should a department wish to obtain three quotes for an item which is on the exemption list they are able to do so.
5. Procurement policies are reviewed regularly to ensure they are up-to-date and still operationally viable. Following a consultation process, the proposed revisions support the efficiency principles under the TOM specifically to align activity and resources to our corporate outcomes; increase the pace of decision making; achieve cost savings to resolve budget deficit.
6. A Commercial Academy (a suite of bite sized e-learning modules for departmental officers) is being developed alongside updates to guidance documentation and templates to provide assurance that departmental officers are equipped to undertake their own quotation exercises up to £100,000 compliantly and

responsibly. Spend data will also be used to monitor use and to identify further commercial solutions.

Current Position (Revisions to the Procurement Code)

7. The majority of the rules contained in the Code have not changed. Generally, some of the terminology has been updated because of changes to City Corporation governance arrangements as a result of the TOM and the UK's exit from the European Union and resulting changes to UK Procurement practices.
8. A comprehensive list of the proposed changes can be found in Appendix 1.
9. Highlighted in this section of the paper are rules with the major revisions impacting governance or change of process:

Rule	Changes
Procurement Thresholds and Procedures – Rule 15	<ul style="list-style-type: none"> • Operational purchasing threshold raised from up to £50,000 to up to £100,000 which will devolve responsibility for purchases under £100,000 to departmental officers.
Contracts Letting Thresholds – Rule 16	<ul style="list-style-type: none"> • The contracts lettings table has been amended to align to the Procurement Thresholds in rule 15. The first row has been amended from £50,000 and below to £100,000 and below. Second row (£50k to £100k threshold) has been removed as it's no longer required.
Waivers – Rule 25	<ul style="list-style-type: none"> • Due to the increase in the Procurement Threshold, the waiver process under £50,000 has been removed with the exception of an “Order outside of a Corporate Contract”. • A new rule added that, where applicable, relevant Responsible Procurement commitments should be considered and included in contracts awarded as part of the waiver process.
Contract Extensions - Rule 30	<ul style="list-style-type: none"> • The total contract value threshold has been raised from £50,000 or more to £100,000 or more for officers to undertake a formal review for all contracts extensions where terms allow in conjunction with the Commercial Service. This is in alignment with the changes to the Procurement Thresholds in rule 15. • A rule has been added to evaluate Responsible Procurement commitments as part of the contract review. • For total contract values at £4m or above, the approval process for using contract extension provisions has been updated so that approval is required from the relevant

	<p>Category Board and Sub-Committee. However, approval from Finance Committee and Court of Common Council will no longer be required where Court of Common Council has approved the contract extension option as part of the original contract award with a recommendation to authorise the Operational Property and Projects Sub Committee to approve the use of contract extension provisions. This will allow for more efficient decision making whilst still ensuring appropriate Member scrutiny by the Operational Property & Projects Sub Committee.</p>
<p>Contract Termination – Rule 31</p>	<ul style="list-style-type: none"> • The threshold for consulting the Commercial Service and C&CS increased from over £50,000 to over £100,000 to align with the changes to the Procurement Thresholds in rule 15.
<p>E-invoicing Policy – Rule 45</p>	<ul style="list-style-type: none"> • A new rule confirming that the Corporation’s E-invoicing policy is the preferred method of receiving invoices.
<p>Responsible Procurement updates – Rules 46-57</p>	<ul style="list-style-type: none"> • Rules amended to ensure departments consider the commitments of the Responsible Procurement Policy when awarding contracts from external frameworks, waivers, extensions, novations and exemptions. • For contracts above £100,000, the minimum weighting for Responsible Procurement has been raised from 10% of the technical envelope to 15% of the overall score including call off contracts from framework agreements. This will apply from 1 September 2022. • Equity and Diversity rules updated so that sectors deemed at high risk for equalities issues must include standard specification wording and should consider evaluating suppliers on active steps taken to embed equity, diversity and inclusion within their business and industry. • Removed requirement to consult with the Social Value Panel which is no longer in operation and the learning from the Panel has been incorporated into the Responsible Procurement bank of questions. • Living Wage rules updated to require officers to ensure relevant suppliers comply with the Living Wage policy and annual uplifts in living wage rates in accordance with the City Corporation Living Wage Policy. • Modern Slavery and Human Rights rules updated to ensure that relevant suppliers abide by not only the Modern Slavery Act but also updates to modern slavery legislation.

Current Position (Revisions to Competitive Procurement Exemptions Policy)

10. A new exemption has been introduced for urgent interim accommodation to allow the City Corporation to discharge its statutory homelessness duties under Section 188 Housing Act 1996 and where appropriate other relevant legislation, or discretionary emergency accommodation for vulnerable rough sleepers for a maximum period of 6 months which has been approved by Comptroller and City Solicitors department.
11. Minor amendments have also been proposed to achieve greater clarity on the use of the exemptions. A full list of all the proposed changes can be found in **Appendix 3**. Changes to this internal policy are subject to the approval of the Operation Property & Projects Sub-Committee.

Options

12. Option 1 (Recommended Option): **Approve the revisions to the Policy documents.** In response to the TOM, a need for efficiency in purchasing was identified. Departmental Officers will be tasked to carry out all purchasing up to £100,000. The terminology will be brought up to date to reflect the UK's exit from the EU and new governance arrangements. The updates to the Responsible Procurement Rules will ensure departments consider the commitments of the Responsible Procurement Policy when awarding contracts as a result of using external frameworks, waivers and exemptions. The proposed changes will ensure operational efficiency and support internal compliance.
13. Option 2: **No change to the Policy documents.** This option is not recommended as it does not support the TOM principles, specifically to "increase the pace of decision making". The terminology in the current Procurement Code does not reflect the new governance arrangements or procurement practices as a result of the UK's exit from the EU. In addition, some of the current Responsible Procurement rules are out of date including the minimum Responsible Procurement weighting.
14. The new Procurement Bill is due to be enacted into UK law in 2023 and will replace the current Public Contracts Regulations 2015. As a result, it is anticipated that further changes may be required and will be considered as part of the next annual review of the Procurement Code.

Key Data

15. In terms of raising the Operational Purchasing threshold from up to £50,000 to up to £100,000 at which departments can undertake their own quotation process, a review has been undertaken of eight other London Boroughs using a comparison produced by the London Procurement Network. Out of the eight London Boroughs, four London Boroughs use department led procurement for contracts under £100,000; one borough undertakes departmental led procurements below £160,000 and three Boroughs were department led below £50,000.

Corporate & Strategic Implications

Strategic implications – The Revisions to both the Procurement Code and the Competitive Procurement Exemptions Policy are aligned with the objectives of the Corporate Plan and the Departmental Business Plan. The use of exemptions in the Competitive Procurement Exemptions Policy does not constitute an exemption from the Procurement Code in its entirety. That is, where an exemption from competitive procurement applies, all parts of the Procurement Code that do not apply to competitive procurement still apply and must be adhered to including considerations around sustainable, ethical and responsible procurement.

Financial implications - Option 1 reflects the need for efficiency in purchasing which was identified in the TOM process. Departmental Officers will be tasked to carry out all purchasing up to £100,000. The financial risks to this option will be mitigated through enhanced training including a quote process checklist.

Resource implications – Up to £100,000 departmental officers will be able to seek quotations directly from suppliers enabling a more efficient self-service. The Commercial Academy being developed alongside updates to guidance documentation and templates will provide assurance that departmental officers are equipped to undertake their own quotation exercises up to £100,000 compliantly.

Legal implications – The changes are in line with the requirements of the Public Contracts Regulations 2015 and the new Procurement Bill due to be enacted into UK law in early 2023. Further changes will be reflected in future reports as required.

Risk implications – The raise in the operational purchasing threshold from up to £50,000 to up to £100,000 will devolve responsibility for purchases under £100,000 to departmental officers. However enhanced mandatory training on the use of the Procurement Authorisation Report for contracts up to £100,000 is being developed to enhance officer efficiency and compliance with the Procurement Code. In addition, a quote process checklist will be available for officers for operational purchasing below £100,000 to guide them in completing a competition in line with our procurement requirements.

Equalities implications – The revisions to the Procurement Code include an update to our Equity and Diversity rules. Officers are still required to adhere to the Public Sector Equality Duty 2010 as part of procurement activities and consider how social inclusion and under-representation of people with protected characteristics will be addressed as part of procurement and contract management. This requirement has been extended to contractors and their sub-contractors. In addition, a rule has been added to require officers to ensure that where sectors are deemed high risk for equalities issues, standard specification wording must be used and to evaluate suppliers on active steps taken to embed equality, diversity and inclusion within their business.

Climate implications – The revisions to **the Procurement Code** include rules relating to climate action. All procurements must consider the targets of the City Corporation's Climate Action Strategy in particular through the purchased goods and services; buildings; transport and climate resilience. When a procurement will result in the use of energy, all officers must seek energy efficient or low carbon solutions.

Security implications – Use of the Procurement Authorisation Report by departmental officers for security related contracts up to £100,000 will be approved by the departmental Chief Officer or an Officer with Delegated Authority. All security

related contracts are considered by the Commercial Lead and the Police & Emergency Planning Category Board.

Conclusion

16. The Commercial Service recommend the approval of the changes to the Procurement Code outlined in this report and in Appendix 1 effective from **3 January 2023** to ensure that the Code stays relevant and in alignment with the principles of the TOM.

The Commercial Service also recommends the approval of the changes to the Competitive Procurement Exemptions Policy to support the operational needs of the City Corporation outlined in Appendix 3 to be effective from **26 September 2022**.

Appendices

Appendix 1 – All changes to the Procurement Code

Appendix 2 – Draft Revised Procurement Code Part 1 – January 2023

Appendix 3 – All changes to the Competitive Procurement Exemptions Policy

Appendix 4 – Draft Revised Competitive Procurement Exemptions Policy

Genine Whitehorne

Commercial Director, The Commercial Service

E: genine.whitehorne@cityoflondon.gov.uk]

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Appendix 1 – All Proposed Revisions to the Procurement Code Part 1

Rule	Name	Change
General	Terminology	Terminology updated as follows: <ul style="list-style-type: none"> • Replaced “City Procurement” with the “Commercial Service”. • Replaced “Procurement Sub Committee” with “Operational Property and Projects Sub Committee”. • Replaced “OJEU” (Official Journal of the European Union) with “FTS” (Find a Tender Service).
General	Thresholds	<ul style="list-style-type: none"> • Raised £50,000 threshold to £100,000 throughout.
3	Governance	<ul style="list-style-type: none"> • Updated to reflect Target Operating Model restructure. Replaced “Chamberlain” with “Chief Operating Officer” at 3.1 and added reference to new Operational Property and Projects Sub Committee. • Removed reference to Strategic Resources Group which is no longer in operation.
5	Best Value	<ul style="list-style-type: none"> • Contract awards amended to be made on the basis of Most Advantageous Tender (MAT) instead of Most Economically Advantageous Tender (MEAT). This is in line with the proposals of the Government’s Green Paper on “Transforming Public Procurement” to encourage contracting authorities to give more consideration to social value when evaluating and awarding contracts.

Rule	Name	Change
12	Annual Sourcing Plan	<ul style="list-style-type: none"> • Chief Officers' annual forecast of all procurements above £100,000 for the next financial year to the Commercial Director in February amended to November. This is to align with the Financial Services Division's Annual Budget Setting process in November. This will allow the Commercial Service to feed in to Finance Business Partners where departments need to budget for paying for our support on sourcing projects not considered core, or not able to be deferred. • Updated rule referring to Annual Sourcing Plans as being subject to approval and quarterly monitoring by Category Boards. Priority to be given to deliver those projects which will deliver savings and efficiencies and meet the objectives of the Corporate Plan.
14	Estimating Contract Values	<ul style="list-style-type: none"> • Threshold updated from £50,000 to £100,000 for departments to consult with the Commercial Service. • Requirement added for officers to include VAT where it applies for the purposes of calculating whether a contract meets the UK Find a Tender (FTS) advertising thresholds.
15	Procurement Thresholds	<ul style="list-style-type: none"> • Operational purchasing threshold raised from up to £50,000 to up to £100,000 which will devolve responsibility for purchases under £100,000 to departmental officers. This change supports the efficiency principles under the Target Operating Model (TOM) specifically to align activity and resources to our corporate outcomes; increase the pace of decision making; achieve cost savings to resolve budget deficit.
16	Contract Lettings Thresholds	

Rule	Name	Change
		<ul style="list-style-type: none"> The contracts lettings table has been amended to align to the Procurement Thresholds in rule 15. The first row has been amended from £50,000 and below to £100,000 and below. Second row (£50k to £100k threshold) has been removed as its no longer required.
20	Using External Frameworks	<ul style="list-style-type: none"> New rule added that where applicable, Responsible Procurement commitments and weighting should be included in a mini-competition or award process.
25	Waivers	<ul style="list-style-type: none"> Due to the increase in the Procurement Threshold for Operational Purchasing in rule 15, the waiver approval thresholds have been amended so that no waiver is required for contracts valued at £100,000 or less (unless a corporate contract exists). A new rule added that where applicable, relevant Responsible Procurement commitments should be considered and included in contracts awarded as part of the waiver process.
26	Exemptions	<ul style="list-style-type: none"> New rule added that where applicable, relevant Responsible Procurement commitments should be considered and included in contracts awarded by an exemption.
30.1	Contract extensions where terms allow for extensions	<ul style="list-style-type: none"> The total contract value threshold has been raised from £50,000 or more to £100,000 or more for officers to undertake a formal review for all contracts extensions where terms allow in conjunction with the Commercial Service. This is in alignment with the changes to the Procurement Thresholds in rule 15. A rule has been added to evaluate Responsible Procurement commitments as part of the contract review. For total contract values at £4m or above, the approval process for using contract extension provisions has been updated so that approval is still required from the relevant Category Board and Sub-Committee. However approval from Finance Committee and Court of Common Council is now no longer required where Court of Common Council have approved the original contract award in accordance with the Contracts Lettings approval

Rule	Name	Change
		process with a recommendation to authorise the Operational Property and Projects Sub Committee to approve the use of contract extension provisions. This will give the Operational Property & Projects Sub Committee more authority to make decisions without the need to go back to Finance Committee and the Court of Common Council.
31.4	Contract Termination	<ul style="list-style-type: none"> The threshold for consulting the Commercial Service and C&CS increased from over £50,000 to over £100,000 to align with the changes to the Procurement Thresholds in rule 15.
33.2	Changes in identity of suppliers	The contract novation process has been amended so that where applicable, the new contractor must meet any Responsible Procurement requirements of the original contract.
45.2	E-Invoicing Policy	<ul style="list-style-type: none"> A new rule confirming that the Corporation's E-invoicing policy is the preferred method of receiving invoices.
46-57	Responsible Procurement	<ul style="list-style-type: none"> Rules amended to ensure departments consider the commitments of the Responsible Procurement Policy when awarding contracts from external frameworks, waivers, extensions and exemptions. For contracts above £100,000, the minimum weighting for Responsible Procurement has been raised from 10% of the technical envelope to 15% of the overall score including call off contracts from framework agreements. This will apply from 1 September 2022. Equity and Diversity rules updated so that sectors deemed at high risk for equalities issues must include standard specification wording and should consider evaluating suppliers on active steps taken to embed equity, diversity and inclusion within their business and industry.

Rule	Name	Change
		<ul style="list-style-type: none"> <li data-bbox="763 240 2087 344">• Removed requirement to consult with the Social Value Panel which is no longer in operation and the learning from the Panel has been incorporated into the Responsible Procurement bank of questions. <li data-bbox="763 392 2087 496">• Living Wage rules updated to require officers to ensure relevant suppliers comply with the Living Wage policy and annual uplifts in living wage rates in accordance with the CoL Living Wage Policy. <li data-bbox="763 544 2087 608">• Modern Slavery and Human Rights rules updated to ensure that relevant suppliers abide by not only the Modern Slavery Act but also updates to modern slavery legislation. <li data-bbox="763 655 2087 719">• Noise Control rule has been removed as this is not a procurement policy but is included in the standard CoL policy schedule.

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CITY OF LONDON PROCUREMENT CODE PART ONE: RULES

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Contents

A. INTRODUCTION 1

B. GOVERNANCE AND PRINCIPLES 2

1. External Regulations 2

2. Public Contracts Regulations 2015 2

3. Governance 2

4. Monitoring 2

5. Best Value 3

6. Codes of Conduct 3

7. Conflicts of Interest 3

8. Transparency 3

9. Collaboration 4

10. Equal Treatment 4

11. Proportionality 4

C. OPERATIONS 4

12. Annual Sourcing Plan 4

13. Section 20 Consultations and the use of Nominated Suppliers 4

14. Estimating Contract Values 4

15. Procurement Thresholds and Procedures 5

16. Contract Letting Thresholds 6

17. Corporate Contracts 7

18. Concession Contracts 7

19. Creating a City of London Framework 7

20. Using Frameworks created by External Contracting Authorities 7

21. Access Agreements 7

22. Police Collaborative Agreements 7

23. Appointment of External Procurement and Legal Consultants 8

24. Communication with Suppliers 8

25. Waivers 8

26. Competitive Procurement Exemptions 9

D. CONTRACT MANAGEMENT 9

27. Contract Management 9

28. Contracts Register 9

29. Document Retention 10

30. Contract Extensions (Non-projects where contract terms allow for extension) 10

31. Contract Variations	11
31.1. Variations to Specification	11
31.2. Increases in Contract Value	11
31.3. Alterations to contract terms and conditions	12
31.4. Contract Termination.....	12
32. Contracts procured by third parties, assigned or novated to the Corporation	12
33. Changes in identity of Suppliers.....	12
34. Contract Signatures	13
35. Financial Standing and Risk Management.....	13
36. Contract Terms and Conditions	13
37. Standard Procurement Documents.....	13
38. Disposal of goods	13
39. Complaints about Police Contractors.....	14
40. References and the Promotion and Marketing of Suppliers.....	14
E. TRANSACTIONAL FINANCE	14
41. No PO No Pay Policy.....	14
42. Amendments to Purchase Orders.....	14
43. Prompt Payment.....	14
44. Purchase Cards.....	14
45. Supplier Creation (Oracle System).....	15
F. RESPONSIBLE PROCUREMENT.....	15
46. Responsible Procurement Policy	15
47. Climate Action	15
48. Supplier Diversity and Local Procurement	15
49. Equity and Diversity	16
50. Living Wage Policy	16
51. Modern Slavery and Human Rights	16
52. Air Pollution	16
53. Road Danger Reduction	17
54. Health & Safety.....	17
55. Biodiversity	17

A. INTRODUCTION

The Procurement Code (“the Code”) is a fundamental component that governs procurement and assists the implementation and delivery of the City of London Corporation’s (the Corporation) strategic goals. Procuring (buying) goods, works and services in the right way is essential to ensure value for money is achieved. The Procurement Strategy and service performance is ultimately overseen and authorised by elected members.

The Code constitutes the rules that must be followed when any procurement is undertaken by the Corporation and are designed to ensure that risks are minimised, procurement complies with relevant legislation such as Public Contracts Regulations and our spend is leveraged to support national and City Corporation policy outcomes.

Guidance and templates to underpin each of the rules and assist officers with undertaking procurement can be found in Part Two of this Code.

The Code also applies to the Corporation for all procurement activities regardless of funding stream. The Code applies to procurements funded by City Fund, City’s Cash, Bridge House Estates and externally funded or collaborative projects where the Corporation is the contracting authority conducting the procurement and signing the contract.

Officers must seek Line Manager approval to undertake a procurement exercise regardless of contract value.

The Corporation’s procedures and guidelines contained in the [Financial Regulations](#), Standing Orders, [Project Procedures](#), Scheme of Delegation and [Responsible Business Strategy](#) should also be taken into account when undertaking a procurement.

B. GOVERNANCE AND PRINCIPLES

1. External Regulations

- 1.1. Public Procurement is subject to a regulatory framework which directly impacts the Corporation in its capacity as a local and police authority. These include Public Contracts Regulations 2015, Concessions Contract Regulations, the Social Value Act, Small Business Enterprise and Employment Act 2015, Local Government Act 1999 and other UK legislation.
- 1.2. All processes above and below the Find a Tender Service (FTS) threshold contracts are regulated where they are undertaken in the Corporation's capacity as a local and police authority.

2. Public Contracts Regulations 2015

- 2.1. Public Contracts Regulations 2015 (PCR 2015) apply as a matter of law to the Corporation when it acts in its capacity as local authority (including as port health authority) or police authority (i.e. City Fund activities). The Corporation's procurement policy reflected in this Procurement Code is that, unless C&CS has advised in writing to the contrary or Members have resolved otherwise, the PCR 2015 will be applied to ALL the Corporation's procurement activities without distinguishing between the Corporation's various capacities or functions. Therefore, the PCR 2015 will also be applied when the Corporation acts in its general corporate capacity, whether in respect of City's Cash funded functions or as a corporate trustee (e.g. in respect of Bridge House Estates or any other charity); or otherwise acts (in whatever capacity) as an accountable/contracting body for collaborative or jointly-funded projects where the Corporation undertakes the procurement and enters into the contract.
- 2.2. PCR 2015 applies to all public supplies, services and works contracts. Failure to comply with PCR 2015 could expose the Corporation to the risk of a successful legal challenge. Therefore, all procurements subject to PCR 2015 must be undertaken by the Commercial Service.

3. Governance

- 3.1. The Chief Operating Officer is responsible for the Commercial Service, which is the central service for the Corporation's procurement operations.
- 3.2. The Finance Committee are responsible for overseeing the performance and development of the Commercial Service. However, major decisions regarding policy and financial approval will be referred to Policy and Resources, Court of Common Council or other Committees for approval wherever necessary.
- 3.3. Category Boards are decision making forums that are responsible for approving and overseeing procurement strategy and performance monitoring in major areas of related expenditure, such as construction or information technology. This includes approval of non-project related procurements and prioritisation of procurements within spend categories. Category Boards report into Operational Property and Projects Sub Committee.

4. Monitoring

- 4.1. the Commercial Service is responsible for monitoring and reporting on all of the Corporation's procurement expenditure and activities. Procurement is subject to scrutiny by the Corporation's Internal Audit Service and the Policy and Compliance team which may undertake audits, issue reports and make recommendations on any of its activities.
- 4.2. The Corporation's procurement activities and processes are also subject to external audit reviews and the Crown Commercial Service [Public Procurement Review Service](#). The Public

Procurement Review Service allows suppliers to raise concerns anonymously about potentially poor public sector procurement practice. Their role is to investigate suitable cases referred to them and to highlight improvements that could be made to procurement practices and potential conflicts with best practice or PCR 2015.

5. Best Value

- 5.1.** Officers undertaking procurement on behalf of the Corporation have a duty to apply Best Value principles in accordance with section 3 of the Local Government Act 1999. The Best Value principles are relevant to the entire procurement process and this Code and must always be taken into account.
- 5.2.** The duty to achieve best value for the Corporation requires us to consider and investigate economic, environmental and social aspects and outputs in relation to the purchasing decisions we make. Through our procurement processes and activities, we aim to minimise the negative impacts associated with goods, services and works and their associated supply chains and maximise potential benefits including social value. This commitment is regulated in public services contracts by the Public Services (Social Value) Act 2012 and the Responsible Procurement Policy.
- 5.3.** Section 3 of the Local Government Act 1999 and the Public Services (Social Value) Act 2012 applies to the Corporation without distinguishing between its various functions. When acting in a capacity other than as a local or police authority, Section 3 of the Local Government Act 1999 and the Public Services (Social Value) Act 2012 will be considered as applicable, unless C&CS has advised in writing to the contrary.
- 5.4.** The Corporation intends to award contracts based on quotes or tenders which represent the most advantageous tender to the Corporation in terms of price, quality & Responsible Procurement for the provision of goods, services and works.

6. Codes of Conduct

- 6.1.** The Corporation expects all persons involved in procurement to behave with the highest levels of probity and integrity in accordance with the Bribery Act 2010, this Code, The Employee Code of Conduct and The Fraud Awareness Policy. Failure to adhere to these conditions may result in disciplinary action and in the most serious cases criminal investigation and prosecution.
- 6.2.** All external persons involved in a procurement process will need to complete a non-disclosure agreement and maintain confidentiality throughout the procurement process including any standstill periods.

7. Conflicts of Interest

- 7.1** All persons involved in a procurement exercise must declare immediately any personal or business interest arising from the procurement exercise in accordance with the process contained in Part Two of the Code.

8. Transparency

- 8.1.** the Commercial Service is responsible for publishing procurement information required by the Local Government Transparency Code 2015 and for managing Freedom of Information Requests relating to procurement. The requirements do not extend to the Corporation's non local authority functions including the Police and Crime Commissioners for whom a separate transparency framework applies.

9. Collaboration

- 9.1.** Procurement will be undertaken in a spirit of collaboration between the Commercial Service, officers and Members of the Corporation as whole, our external partners and suppliers and the communities it serves. In many cases this will involve working jointly for the corporate good across the organisation and in collaboration with external partners.

10. Equal Treatment

- 10.1.** All procurement undertaken by the Corporation must accord equal treatment and consideration to all organisations competing for its contracts. This involves undertaking the procurement in accordance with the rules, procedures and guidance we publish and applying them equally to all participants without favour.

11. Proportionality

- 11.1** The processes to be followed by the Corporation should be proportionate to the value, strategic and operational importance, statutory obligations, contractual and related risks (including reputational and uninsurable risks) and commercial benefits of the procurement being undertaken.

C. OPERATIONS

12. Annual Sourcing Plan

- 12.1.** Chief Officers must provide the Commercial Director for the Commercial Service with an annual forecast in November, for the next financial year of all procurements valued at £100,000 or more for supplies or services and £400,000 or more for works, to enable the Commercial Service to plan and allocate resources for the following financial year to be included in the Annual Sourcing Plan for approval by relevant Category Board.
- 12.2.** The Category Boards will review the Sourcing Plan on a quarterly basis. Any projects that arise that have not been included in the Sourcing Plan will be considered by the Category Boards and priority will be given to projects which will deliver savings and efficiencies and meet the objectives of the Corporate Plan.

13. Section 20 Consultations and the use of Nominated Suppliers

- 13.1.** Procurements relating to supplies, services and works for residential properties leased by the Corporation may be subject to statutory requirements for the Corporation to consult with leaseholders under Section 20 of the Landlord and Tenant Act 1985 (as amended).
- 13.2.** Officers responsible for managing the properties for which the procurements are being undertaken are also responsible for undertaking the consultation with leaseholders and will need to factor in the longer lead-in times for procurement processes in cases of leaseholder consultation.
- 13.3.** Below the FTS threshold, procurements relating to supplies, services and works for residential properties leased by the Corporation may also be subject to Section 20 which allows leaseholders to nominate suppliers to be considered for inclusion in tenders.
- 13.4.** During section 20 consultations, tenders will be made available for inspection to leaseholders.

14. Estimating Contract Values

- 14.1.** Officers estimating contract values for the purposes of complying with the procurement thresholds should calculate the whole estimated contract value over the life of a contract

including provision for subsequent phases of a project, appropriate contract extensions and options.

- 14.2. Officers must not deliberately sub-divide or disaggregate procurements for the purpose of avoiding the thresholds in this Code.
- 14.3. The Commercial Service must be consulted regarding all procurement estimates above £100,000. Officers may consult the Commercial Service on contracts under £100,000.
- 14.4. Officers must include VAT where it applies, for the purposes of estimating whether a contract meets FTS thresholds for goods, services and works.

15. Procurement Thresholds and Procedures

- 15.1. The quotation and tender thresholds apply to all procurement including the procurement phases of capital projects. All financial thresholds in the Procurement Code are exclusive of VAT or any other taxes.
- 15.2. All contracts valued at £100,000 or more for supplies or services, and £400,000 or more for works, must be advertised except where an existing approved Corporate Contract or framework is being used.
- 15.3. The following thresholds apply:

Table 1 Procurement Thresholds

Type of Procurement	Goods & Services	Works	Guidance
Operational Purchasing	Up to £100,000	Up to £100,000	Officers may seek quotations directly from suppliers in accordance with the process outlined in Part 2. Once a quotation has been obtained, a requisition must be created on iProcurement and submitted to the Commercial Service who will issue a Purchase Order to the selected supplier. Where a Corporate Contract exists, it must be used.
One-off Purchasing	More than £100,000, but less than FTS threshold for goods and services	More than £100,000 but less than £400,000	Request for Quotation must be undertaken by the Commercial Service through the eTendering portal. A minimum of three firms to be invited to submit written quotations one of which should be a local firm, SME, or a Social Enterprise.

Strategic Purchasing	FTS threshold for goods and services or more	£400,000 or more	Options Appraisal must be undertaken by the Commercial Service. Any resulting procurement must go through the tendering portal.
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15.4. All procurements above the FTS threshold for goods and services and works must be advertised in accordance with Public Contracts Regulations 2015. The use of the Negotiated Procedure without Prior Publication may only be recommended in very specific circumstances contained in Part Two of the Code and with the approval of the Commercial Director for the Commercial Service.

15.5. For supplies, services and works below the FTS threshold which are subject to Section 20 of the Landlord and Tenants Act 1985, please refer to 'Section 20 Consultations and the Use of Nominated Suppliers' Rule in this Code and associated guidance in Part Two of this Code.

16. Contract Letting Thresholds

16.1. The approval thresholds below set out the levels of approvals required by officers to proceed with the various phases of non-project related procurements and the award of contracts.

16.2. The following thresholds apply to the total contract value:

Table 2 Contract Lettings Thresholds

Total Contract Value	Approval Process
£100,000 and below	Options – Chief Officer Contract Award - Relevant Chief Officer/or an Officer with Delegated Authority from the Chief Officer.
£100,000 - less than £2,000,000	Options - Relevant Category Board Contract Award - Relevant Category Board
£2,000,000 or more, but less than £4,000,000	Options (Stage 1): Report for Relevant Category Board and Operational Property and Projects Sub) Committee for approval to proceed with a procurement and for the procurement strategy. Contract Award (Stage 2): Report for Relevant Category Board and Operational Property and Projects Sub Committee which receives final recommendation on contract award.
£4,000,000 and above	Options (Stage 1): Report for Relevant Category Board, Operational Property and Projects Sub Committee, and Finance Committee for approval to proceed with a procurement and for the procurement strategy. Contract Award (Stage 2): Report for Relevant Category Board, Operational Property and Projects Sub Committee, Finance Committee and Court of Common Council which receives final recommendation on contract award.

Different approval processes and thresholds apply to the procurement phases of projects. The project approval thresholds can be found on the [Project Team's SharePoint pages](#).

17. Corporate Contracts

- 17.1. The Commercial Service maintains a range of [Corporate Contracts](#) for supplies, services and works that are commonly required by all or a wide range of the Corporation's departments. Officers must use Corporate Contracts to ensure value for money, efficiency and best practice.
- 17.2. Information relating to Corporate Contracts may be commercially sensitive and officers must not communicate it directly or indirectly to other external suppliers.

18. Concession Contracts

- 18.1. Concession contracts must be undertaken in consultation with the Commercial Service, City Surveyor's, and Comptroller & City Solicitor's in accordance with the procedures set out in Part Two of this Code.

19. Creating a City of London Framework

- 19.1. The procurement of frameworks are subject to the Procurement Thresholds Rule and the award decision is subject to the Contract Letting Thresholds Rule. Mini competitions or call-offs from such frameworks should be administered through the Commercial Service.
- 19.2. All tenders for the creation of Corporation frameworks must be undertaken by officers in the Commercial Service.

20. Using Frameworks created by External Contracting Authorities

- 20.1. Before using an external framework for the first time, the Commercial Service will undertake a due diligence assessment of the benefits and risks, adopting a proportionate approach in accordance the guidance set out in Part Two of this Code.
- 20.2. The award of contracts arising from the use of external frameworks is subject to the Contract Letting Thresholds and Project Approval process where applicable.
- 20.3. Where applicable, relevant Responsible Procurement commitments and weighting should be included as part of a mini-competition and or award process.

21. Access Agreements

- 21.1. Where use of a framework is conditional upon the Corporation first signing an Access Agreement (or similar) with the external contracting authority, such an agreement must be reviewed by the Commercial Service in accordance with the procedures Part Two of this Code and signed by the Commercial Director or delegated officer.

22. Police Collaborative Agreements

- 22.1. Comptroller & City Solicitor's, the Commercial Service and the Chamberlain's Risk Management and Insurance Team must be consulted in relation to any police collaboration agreements. The terms and conditions for any proposed collaboration agreements must be vetted by the Comptroller & City Solicitor's department in accordance with provisions of Rule 36 'Contract Terms and Conditions'.
- 22.2. Approval for any collaboration will require approval from the Police Authority Board and the Commissioner of the City of London Police. Any agreement must be signed by the Commissioner and the Comptroller and City Solicitor or an Assistant City Solicitor on behalf of the Corporation in it's capacity as Police Authority.

23. Appointment of External Procurement and Legal Consultants

- 23.1. Officers wishing to appoint external consultants to assist with procurement projects must consult the Commercial Service before all such appointments are made.
- 23.2. The appointment of external legal counsel including solicitors and barristers is also subject to Comptroller & City Solicitor's department consultation and procedures.
- 23.3. Any resulting appointment must comply either with this Code in respect of a procurement in line with services thresholds or via the Human Resources Recruitment and Selection policy in respect of short-term contracts of employment or the appointment of temporary staff. All external consultants and companies appointed by the Corporation to assist with procurements must be advised of their obligation to comply with this Code's rules on Codes of Conduct and Conflicts of Interest.

24. Communication with Suppliers

- 24.1. The Commercial Service is responsible for managing all communications with suppliers during procurement projects via the Corporation's e-tendering portal. Officers should follow the advice and instructions of the Commercial Service. Failure to do so may compromise confidentiality and data protection obligations; give rise to a conflict of interest; and jeopardise the procurement.

25. Waivers

- 25.1. In special or exceptional circumstances identified in Part Two of the Code, the requirements of this Code may be waived provided one of the following authorisations has been received:

Table 3 Waiver Approval Thresholds

	Approval Required by
£100,000 or Less	No Waiver report is necessary. To be considered as part of the Procurement Authorisation Report. Please see Part 2 for more details.
More than £100,000 Compliant	Waiver to be considered as part of an options report in accordance with the Contract Letting Thresholds Rule
More than £100,000 Non-Compliant	Relevant Spend Committee for the department requesting the Commercial Service Waiver (and Operational Property and Projects Sub Committee for contracts let as part of projects).

- 25.2. Waivers that cannot wait for the next committee date can be approved via the urgent committee report process which is the Town Clerk in consultation with the Spend Committee Chairman and Deputy Chairman. All urgent waivers must come through the Commercial Service before going to committee clerks.
- 25.3. The award of a contract arising from a non-compliant waiver must be issued by the Commercial Service through the eTendering portal.
- 25.4. All non-compliant waivers granted will be reported quarterly to Finance Committee and

annually to relevant spend committees for information.

- 25.5. The requirement to obtain waivers for not using Corporate Contracts applies to all procurement values including purchases below £100,000.
- 25.6. Procurements over the FTS thresholds cannot legally be waived when the Corporation is acting in its capacity as a local authority or police authority. When acting in a capacity other than as a local authority, waivers for procurements over the FTS thresholds will not be considered unless the Comptroller & City Solicitor has provided written advice in accordance with rule 2.1.
- 25.7. Where applicable, relevant Responsible Procurement commitments should be considered and included in contracts awarded as part of the waiver process.

26. Competitive Procurement Exemptions

- 26.1. There are limited instances where it is not necessary to seek a competitive tender or quotations. The approved list of exemptions to procurement is included in [Competitive Procurement Exemptions Policy](#).
- 26.2. The award of a contract arising as a result of Competitive Procurement Exemption may be subject to the approvals as per Contract Letting Thresholds rule. Please consult the Competitive Procurement Exemptions Policy for more information. Contracts issued as a result of an exemption should be included on the Commercial Service's Contract Register.
- 26.3. Where possible, relevant Responsible Procurement commitments should be considered and included as part of the contract award process as a result of an exemption.

D. CONTRACT MANAGEMENT

27. Contract Management

- 27.1. Contracts awarded following procurements undertaken by the Commercial Service will be managed by appropriate officers in each department directly for their own department, on behalf of a group of departments or, in the case of Corporate Contracts, the Corporation as a whole including any external organisations using the contract.
- 27.2. The Corporation's key suppliers known as Category A contracts are subject to regular assessments against the City's Corporate Supplier Performance Scorecard. The Commercial Service's Commercial Leads must be engaged to assist with completion of the scorecard and contract management for category A suppliers. Further information about contract categories is contained in Part Two of the code.

28. Contracts Register

- 28.1. The Commercial Service is responsible for managing and maintaining an electronic register of all contracts awarded including those contracts awarded via a waiver or a framework by the Corporation or assigned to the Corporation by third parties.
- 28.2. After a contract has been awarded the officers and department responsible for managing the contract are also responsible for notifying the Commercial Service of any changes to the status of the contract including but not limited to contract extensions, contract value, scope, terminations and changes to contract management arrangements. Please note the following rules – Contract Extensions, Contract Variations, Changes in Identify of Suppliers and

Contract Terms and Conditions.

29. Document Retention

- 29.1.** The Corporation’s regulations for the retention of tenders, quotations and contracts are set out in Part Two of the Corporation’s Financial Regulations.
- 29.2.** The Commercial Service is responsible for maintaining a register of tenders and quotations and will keep records for six years.
- 29.3.** Contracts awarded under seal for supplies and services at £250,000 or above and for works at £400,000 or above must be kept for 12 years from the date of final delivery or completion of the supply, services or works to which they relate. Contracts not under seal must be kept for six years from the date of final delivery or completion of the supply, services or works to which they relate.
- 29.4.** Where the Comptroller & City Solicitor’s (C&CS) have not prepared contracts for execution or signature, the Commercial Service must provide to the C&CS Business Systems & Information Manager original or digitally signed copies of every contract it awards within 14 days of the contract being exchanged and signed by the parties. The 14 days will also apply to all contract variations, extensions and change requests which are prepared at a local level. The C&CS has its own internal procedures for those contracts and other documents it prepares. C&CS is responsible for the storage and archiving of the original contracts.

30. Contract Extensions (Non-projects where contract terms allow for extension)

- 30.1.** Officers have the right to extend non-project related contracts if the contract terms allow for an extension and the requisite approval was obtained in accordance with the Contract Letting Thresholds (see rule 16 above). However, before exercising the right to extend, officers must also undertake a formal contract review for all contracts at a total value of £100,000 or more in conjunction with the Commercial Service to evaluate contract performance, value for money, delivery of responsible procurement commitments and alternative procurement opportunities.
- 30.2.** The following thresholds and procedures apply to the review

Table 4 Contract Extensions Approval Thresholds

Total Contract Value	Contract Review Procedure	Approval Procedure
£100,000 but less than £2,000,000	Departmental Contract Manager and the Commercial Service Officer undertake joint review and produce a report with appropriate recommendations. The review should take place 6 months before the expiry of the minimum term.	Relevant Category Board or Commercial Service Team as delegated

<p>£2,000,000 but less than £4,000,000</p>	<p>Departmental Contract Manager and the Commercial Service Officer undertake joint review and produce a report with appropriate recommendations. The review should take place 9 months before the expiry of the minimum term.</p>	<p>Category Board and Operational Property and Projects Sub Committee</p>
<p>£4,000,000</p>	<p>Departmental Contract Manager and the Commercial Service Officer undertake joint review and produce a report with appropriate recommendations. The review should take place 9 months before the expiry of the minimum term.</p>	<p>Category Board, Operational Property and Projects Sub Committee, Finance Committee and Court of Common Council (unless Court of Common Council have approved the original contract award in accordance with the Contracts Lettings approval process with a recommendation to authorise the Operational Property and Projects Sub Committee to approve the use of contract extension provisions).</p>

31. Contract Variations

31.1. Variations to Specification

Variations to specifications shall not take place after a contract award unless:

- There is scope within the contract (specification, terms and conditions or other schedule) to enable it to be modified
- the changes are compliant with Regulation 72 of PCR 2015; and or
- changes in law arise which place new statutory duties upon the Corporation of obligations upon the contractor which must be provided for within any specification; and or
- changes in policy arise which must be provided for within the specification.

Where a variation does not give rise to a change in contract value, the Commercial Service must be consulted who may undertake further consultation with C&CS before any variation to contract may be issued.

Where the variation gives rise to a change in contract value, the approval process contained in Increases in Contract Value rule will apply.

31.2. Increases in Contract Value

Contract expenditure that will exceed the approved provision (not including existing extensions) after allowing for inflation by more than 20% or £400,000, whichever is the lowest, must be reviewed by the Commercial Service. Contracts awarded below FTS thresholds cannot legally be increased over the relevant thresholds.

For contracts originally awarded over FTS any increases in price cannot exceed 50% of the original contract value.

In addition to the Commercial Contract Management team review the following authorisation is

required:

Table 5 Increases in Contract Value Approval Thresholds

New Total Contract Value*	Approval
£100,000 but less than £2,000,000	Relevant Category Board
£2,000,000 but less than £4,000,000	Operational Property and Projects Sub Committee and any Committee(s) which considered the Contract Letting Report
£4,000,000 +	Operational Property and Projects Sub Committee, any Committee(s) which considered the Contract Letting Report and Court of Common Council

For contracts where known risks have been included on the project risk register and the additional budget has already been approved via the Project Gateway Approval Process, further approval must be sought via the Gateway Approval Process.

31.3. Alterations to contract terms and conditions

A substantive alteration of the terms and conditions or the suspension or abrogation (cancellation) of the proper performance of any contract, or part or parts thereof, to which the Corporation is a party, shall be subject the same approval as laid out in Contract Letting Thresholds Rule.

31.4. Contract Termination

The Commercial Service and C&CS must be consulted regarding termination of contracts over £100,000. Please see part two of the Code for more information.

32. Contracts procured by third parties, assigned or novated to the Corporation

32.1. This Code does not apply to contracts which have been procured by a third party and assigned or novated to the Corporation following the acquisition by, or reversion to, the Corporation of long leasehold interests or the acquisition of freehold interests.

32.2. These contracts will be handled directly by the City Surveyor who shall ensure in consultation with C&CS that the required due diligence on the contracts is undertaken on any contracts which are to be assigned or novated to the Corporation following the completion of the commercial transaction.

32.3. The City Surveyor should advise the Commercial Service of such contracts to ensure they are included in the Contracts Register.

32.4. On the expiry of contracts procured by third parties which have been assigned or novated to the Corporation, where a Corporate Contract exists, the Corporate Contract must be used.

33. Changes in identity of Suppliers

33.1. The Commercial Service must be consulted regarding the assignment or novation of contracts in accordance with the guidance and procedures in Part Two of this Code.

33.2. No novation agreement must be entered into until:
(a) the terms have been agreed in consultation with Comptroller & City Solicitor's (C&CS);
(b) the Chamberlain's department have been consulted on Financial Standing and Risk Management in accordance with rule 35;

- (c) where applicable the new contractor meets the mandatory qualitative selection criteria and any Responsible Procurement commitments already in place with the extant supplier or contractor and there are no material modifications made to the original contract;

If the novation satisfies A-C, no further approval is required. Commercial Contract Management team and C&CS will draft the necessary novation agreement. If there is a significant change to the risk profile due to the change of the supplier, approval will need to be obtained in accordance with Contract Letting Thresholds Rule.

- 33.3.** Where it is established that no assignment or novation has taken place but only a rebranding exercise following a company merger or acquisition, then a copy of the Change of Name Certificate must be provided to C&CS to place with the original contract.

34. Contract Signatures

- 34.1.** Chief Officers are authorised to sign contracts in accordance with Corporation's Scheme of Delegations having regard for approval requirements outlined in the Contract Letting Thresholds and any requirement for the contract to be executed as a deed. The signatory must ensure that there is an approved budget established before entering into a contract in accordance with the Corporation's Financial Regulations.

- 34.2.** C&CS is responsible for signing all contracts awarded of £250,000 or more for supplies or services and £400,000 or more for works. These contracts must be sealed by the Corporation and executed as a deed unless C&CS advise otherwise.

35. Financial Standing and Risk Management

- 35.1.** The Commercial Service in conjunction with the Chamberlain's Financial Division are responsible for ensuring that appropriate steps have been undertaken to appraise the financial standing of the contractor and any other risks for contracts with an estimated value over the current FTS threshold for supplies or services and valued £400,000 or more for works. The process for this is outlined in Part 2 of the Procurement Code.

36. Contract Terms and Conditions

- 36.1.** C&CS maintain standard templates of conditions of contract. In the absence of a suitable template, or in cases that are complex or novel, C&CS will advise on appropriate terms. All proposals involving non-Corporation standard terms and conditions must be submitted to C&CS for vetting in good time to enable C&CS to amend terms or substitute as necessary.

- 36.2.** Where a contractor will be responsible for processing personal data on behalf of the Corporation, contract terms should meet the requirements of Article 28 of the General Data Protection Regulation (GDPR) as defined in Part 2 of the Procurement Code.

37. Standard Procurement Documents

- 37.1.** The Commercial Service is responsible for developing and maintaining standard procurement documents to be used when conducting tenders or requests for quotations. Where a standard document exists, it must be used to ensure consistency and reduce the risk of a legal challenge.

38. Disposal of goods

- 38.1.** The Commercial Service are responsible for ensuring that the Corporation has a range of

services to ensure that goods which have been purchased and are no longer required are disposed of in ways which support probity, value for money, health and safety and sustainability. Guidance on the Corporation's disposal of goods system is contained in Part Two of the Code.

38.2. The disposal of any item of inventory shall comply with the Corporation's agreed disposals procedures.

38.3. Goods with an estimated disposal value of in excess of £5,000 must be approved by the appropriate spend committee.

39. Complaints about Police Contractors

39.1. Contracts awarded by or for the City of London Police must take into consideration this Code, the [Independent Office for Police Conduct \(IOPC\) statutory guidance](#) and [The Independent Police Complaints Commission \(Complaints and Misconduct\) \(Contractors\) Regulations 2015](#).

40. References and the Promotion and Marketing of Suppliers

40.1. Officers must refer all requests for supplier references to the Commercial Service who will issue a response after consultation with the appropriate contract manager.

40.2. Officers must also refer all requests for the promotion and marketing of suppliers to the Commercial Service who will decide whether the request should be approved.

E. TRANSACTIONAL FINANCE

41. No PO No Pay Policy

41.1. A valid purchase order (PO) must be issued to the supplier, in conjunction with Rule 15 Procurement Thresholds, before any work commences.

41.2. In a limited number of circumstances, exemptions may apply and are listed in the Purchase Order Exemption Policy. In these instances, an exemption code will act in place of a PO when invoices are received. Where appropriate, Officers should inform suppliers when an exemption to the No PO No Pay policy applies, so the exemption code can be included on the invoice.

42. Amendments to Purchase Orders

42.1. Requests to amend Purchase Orders must be submitted to the Procurement Operations team in accordance with the guidance set out in Part Two of this Code. Where no separate contract is in place, regard must be had to Extension of Contract and Contract Variation Rules.

43. Prompt Payment

43.1. The Corporation aims to pay undisputed invoices that quote a valid purchase order number (or approved exemption code) within 30 days of receipt of the invoice

44. Purchase Cards

44.1. The Corporation provides a corporate Purchase Card (P-card) service for the procurement and payment of low value goods and services. The contract, associated systems, training and policy is managed by the Chamberlain's Department but operated and administered by departmental managers.

44.2. P-cards must be used and administered in accordance with the [Purchase Card Policy](#) and [user guide](#) in Part Two of this Code.

45. Supplier Creation (Oracle System)

45.1. The Transactional Finance team in the Chamberlain's Department is responsible for supplier creation on Oracle in accordance with the guidance contained in Part Two of this Code.

45.2. E-Invoicing Policy

The Corporation's [E-invoicing Policy](#) confirms electronic invoicing as the preferred method of receiving invoices. E-invoicing is an efficient and cost-effective method of receiving and processing invoices.

F. RESPONSIBLE PROCUREMENT

46. Responsible Procurement Policy

46.1. Officers must consider how to maximise social value and ensure risks to environmental sustainability and ethical sourcing are minimised when purchasing on behalf of the Corporation.

46.2. Responsible Procurement should be tailored on a case-by-case basis considering the commitments of the Responsible Procurement Policy against the contract value and length, market maturity and what is being procured.

46.3. All procurement procedures with a total contract value of £100,000 or more must allocate a minimum weighting of 15% of the overall score to responsible procurement. This includes call off contracts as a result of a framework agreement.

46.4. Specifications or briefs must be developed to further the aims of the Responsible Business Strategy and Responsible Procurement Policy commitments in accordance with the guidance contained in Part 2 of the Code.

46.5. All contracts below £100,000 must seek to advance the Responsible Procurement commitments in accordance with the guidance contained in Part 2 of the Code.

47. Climate Action

47.1. All procurements must consider the targets of the Corporation's Climate Action Strategy in particular through purchased goods and services; buildings; transport; and climate resilience.

47.2. When a procurement will result in the use of energy, all officers must seek energy efficient or low carbon solutions.

47.3. As a minimum, officers must use the Government Buying Standards 'Mandatory' criteria whenever practicable the 'Best Practice' criteria, in the technical specifications, evaluation criteria and/or contract clauses for all relevant product categories. Where the Corporation has specified buying standards that go above these criteria they must be used.

48. Supplier Diversity and Local Procurement

48.1. Officers are required to invite either a UK based SME, Social Enterprise, Diverse Supplier or a local supplier from one of the Local Procurement target boroughs to quote for all relevant contracts.

49. Equity and Diversity

- 49.1.** Officers, Contractors and Sub-Contractors are required to adhere to [the Equality Act 2010](#) and the Public Sector [Equality Duty as part of](#) procurement activities.
- 49.2.** Officers should consider how social inclusion and under-representation of people with protected characteristics may be addressed as part of procurement and contract management processes.
- 49.3.** Sectors deemed high risk for equalities issues must include standard specification wording and should consider evaluating suppliers on active steps taken to embed equity, diversity and inclusion within their business and industry.

50. Living Wage Policy

- 50.1.** The Corporation is an accredited Living Wage employer. There are two rates of Living Wage: one for those based in Greater London (**London Living Wage**) and another rate for the rest of the UK (**UK Living Wage**).
- 50.2.** All relevant contracts must comply with the Corporation's [Living Wage Policy](#).
- 50.3.** Officers must ensure that relevant suppliers are aware of and agree to comply with this policy at the time of award.
- 50.4.** Contract managers should make suppliers aware of the annual uplift announced in November each year and check compliance with the Living Wage Policy on an annual basis as a minimum.

51. Modern Slavery and Human Rights

- 51.1.** All relevant contracts include the requirement for Contractors to abide by the requirements of the Modern Slavery Act 2015 and updates to modern slavery legislation. The Commercial Service must ensure that a valid URL is provided to a valid Modern Slavery Statement on the websites of all organisations in scope of legislative requirements.

Officers must have regard for high risk areas of modern slavery and other infringements on human rights as outlined in the Corporation's Modern Slavery Statement. Where applicable, standard wording contained in Part 2 of the Code should be included in specifications to ensure suppliers monitor and mitigate these risks in the supply chain. Contract managers should request evidence of monitoring and mitigation of these risks on an annual basis as a minimum.

52. Air Pollution

- 52.1.** The City of London is an Air Quality Management Area as levels of air pollution exceed health based targets. Officers and contractors must observe and adhere to the current [City of London Air Quality Strategy](#).
- 52.2.** All officers must adhere to the Procurement Policy to support the Air Quality Strategy including the prohibition of diesel vehicles and the Transition to a Zero Emission Fleet Policy.
- 52.3.** For all contracts involving the use of vehicles, including delivery or construction vehicles, Officers must now include a menu of air pollution mitigation options from the list contained in Part Two, within the specification. The contractor will be asked to select one commitment as part of their offer. The menu should be adapted according to the nature of the contract.

53. Road Danger Reduction

53.1. The Corporation has agreed clear targets for reducing casualties on its streets. Contracts involving vehicles will need to include FORS accreditation as outlined in Part Two of the Code.

54. Health & Safety

54.1. The Corporation has a legal responsibility ensure the health and safety of employees, contractor's employees, and members of the public when on our sites or delivering our contracts. All suppliers delivering a contract with a clearly identifiable Health and Safety risks will need to complete a Health and Safety questionnaire or be Safety Schemes in Procurement (SSIP) accredited.

55. Biodiversity

55.1. Officers must ensure that contractors do not degrade habitats hosting existing biodiversity, especially those listed in the Corporation's [Biodiversity Action Plan](#).

55.2. Over works FTS procurement threshold, officers must consider interventions to create habitats or resources for targets species, including green roofs, living walls, suitable plants and/or water sources.

DRAFT

Committee(s): Finance Committee	Dated: 15 November 2022
Subject: Central Contingencies 2022/23	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	n/a
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 Information
Report author: Laura Yeo, Financial Services Division	

Summary

This report has been produced to provide Members with an update on the Central Contingencies 2022/23 uncommitted balances.

Recommendation(s)

Members are asked to:

- Note the Central Contingencies 2022/23 uncommitted balances.

Main Report

Background

1. Service Committee budgets are prepared within the resources allocated by the Policy and Resources Committee, and with the exception of the Policy and Resources Committee, such budgets do not include any significant contingencies. The budgets directly overseen by the Finance Committee therefore include central contingencies to meet unforeseen and/or exceptional items that may be identified across the City Corporation's range of activities. Requests for allocations from the contingencies should demonstrate why the costs cannot, or should not, be met from existing provisions.
2. In addition to the Central Contingencies, the Committee has a specific City's Cash Contingency of £125,000 to support humanitarian disaster relief efforts both nationally and internationally.

Current Position

3. The uncommitted balances that are currently available for 2022/23 are set out in the table below.

2022/23 Central Contingencies – Uncommitted Balances 27 October 2022			
	City's Cash £'000	City Fund £'000	Total £'000
Contingencies			
2022/23 Provision	950	800	1,750
2021/22 Pending brought forward	234	608	842
Total Provision	1,184	1,408	2,592
Previously agreed allocations	(680)	(552)	(1,232)
Pending request on the agenda	0	0	0
Total Commitments	(680)	(552)	(1,232)
Uncommitted Balances	504	856	1,360
National and International Disasters			
Total Provision	125	0	125
Previous allocations	(25)	0	25
Uncommitted Balance	100	0	100

4. At the time of writing this report there are no requests for funding on the agenda.
5. In the case of a request for additional funding for a project that affects all three funds, the Bridge House Estates Board would approve its portion of any such joint project. All requests specific to BHE only are considered solely by the BHE Board.

Conclusion

6. Members are asked to note the Central Contingencies uncommitted balances.

Appendices

- Appendix 1 - Allocations from 2022/23 Contingencies

Laura Yeo

Senior Accountant

Financial Services

T: 020 7332 1334

E: Laura.Yeo@cityoflondon.gov.uk

Committee(s)	Dated:
Finance Committee	15 th November 2022
Subject: Report of (public) Action taken under DA or Urgency procedures since the last meeting of the Committee	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	Y/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: Town Clerk	For Information
Report author: John Cater, Committee Clerk, Finance Committee	

Summary

This report advises Members of urgent and/or delegated public action taken by the Town Clerk since the publication of the agenda pack of the last meeting of this Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Orders No. 41(a) and 41(b).

Recommendation

Members are asked to note the report.

Main report

Subject: Rough Sleeping Assessment Centre – capital funding shortfall

Background

Following an independent review of service provision for those who sleep rough in the Square Mile, Members approved a growth allocation of capital and revenue funding to deliver a high support hostel for those with complex needs, and an assessment centre providing a place for safe assessment away from the streets and emergency beds. The assessment centre is to be located in the Square Mile.

Members approved a capital allocation in principle of £1m to secure a building to provide an assessment centre. Officers sought a suitable building, located in the Square Mile, with or able to secure appropriate planning consent for the intended use.

A building (Snow Hill Court) adjacent to St Sepulchre's Church was identified and heads of terms for a 20-year lease negotiated with the owner – the Diocese of

London. The building has been vacant for some years and needs substantial works to convert it for the intended purpose. A change of use planning application was approved.

A competitive tendering exercise identified a preferred provider. Tender submissions were valid until **7 October 2022**. The total project cost - £1.75m exceeds the previously allocated budget of £1.0m. Officers have worked to identify additional funding to bridge the £0.75m gap. This has identified £0.4m of local risk.

An allocation was sought from the Finance Committee Contingency Budget for this amount in order to progress the project.

Before seeking this allocation of additional funding officers have explored alternative sources. The scheme is not eligible for government or Greater London Authority capital funding programmes. It may be eligible for the Neighbourhood Fund element of the City Corporation's Community Infrastructure Levy (CIL), but officers are advised that such a decision would be complex and lengthy (advice is 3-4 months) and there are potential legal barriers. Neighbourhood CIL cannot be used to deliver a project that should be funded and delivered through normal funding routes.

There were no capital projects within Community and Children's Services that could be deprioritised to provide funding. The Chamberlain's capital team advised that there was no capital available from under-budget delivery, and other capital projects are subject to a wider review that concludes on 20 October 2022.

An amount of £400,000 has been secured from the Community and Children's Services local risk budget: revenue exists in the current financial year to support the assessment centre's service delivery, which alongside the allocation of some additional planned activity to government rough sleeping grant, enables a one-off transfer to the capital budget. An allocation of £154,000 from the Climate Action Strategy funding was approved.

Officers have also renegotiated the Heads of Terms for the lease. This does not yield immediate resources, but a three-year rent-free period has now been agreed. The rent is £35,000 per annum.

REASON FOR URGENCY:

Urgency was sought due to acute time pressures.

The City Corporation cannot sign the lease agreement, or progress the Gateway 5 award of contract until the full project funding is confirmed. Should such funding be agreed the Gateway 5 award will require urgency decision from Operational Property and Projects Sub Committee and the relevant spend committee - Committee and Children's Services. This will enable the formal contract award.

Officers have sought to extend the validity of tender submissions to allow the consideration of this project to fall within the timeline of the wider review of capital projects. However, current inflationary pressures in construction mean contractors are unwilling to hold their price beyond the original terms of the invitation to tender. A retendering of the project to allow more time would result in higher costs.

There is therefore a limited window of time – until 9 October 2022 - to secure funding, execute the lease and award the contract. An urgent decision allows some provision for any last minute legal or other queries that may come from the other parties and cause delay.

RESOLVED – that the Town Clerk, in consultation with the Chairman and the Deputy Chairman of the Finance Committee agreed to the allocation of £196K in support of capital funding requirements for the proposed Rough Sleeping Assessment Centre, with the following provisos:

- Serious effort is given to extending rent free period from 3 years to 5.
- Any unused risk margin is returned.

Contact:

John Cater

Senior Committee and Member Services Manager, Town Clerk's Department

020 7332 1407

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