

Committees:	Date:
Procurement Sub Committee Finance Committee	6 February 2020 18 February 2020
Subject: Changes to Procurement Code Part 1	Public
Report of: The Chamberlain	For Decision
Report author: Lisa Moore, Procurement Policy & Compliance Officer, Chamberlain's Department	

Summary

The Procurement Code (the Code) is the policy which underpins all procurement and purchasing activity across the City of London and the City of London Police. Procurement policies are reviewed annually to ensure they are up-to-date and still operationally viable. The revisions this year support the aims and vision in the City Procurement Strategy 2020 – 2024 and recommendations submitted as part of the Fundamental Review.

The main changes to the Procurement Code relate to the Procurement Thresholds and Processes (Rule 15), Contracts Lettings Thresholds (Rule 16); the Waiver Process (Rule 25); rules relating to contract changes (Rules 30-33), Payment Policy (Rule 43), Responsible Procurement Policy (rule 46), and the Social Value Panel (rule 48).

Recommendation

Members are asked to approve changes to the Procurement Code to be effective from 1 April 2020.

Main Report

Background

1. The City of London Procurement Code 2015 (the Code) is the policy which underpins all procurement and purchasing activity across the City of London and the City of London Police.
2. Part 1 of the 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.
3. 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.
4. Procurement policies are reviewed annually to ensure they are up-to-date and still operationally viable. The revisions this year support the aims and vision in the City

Procurement Strategy 2020 – 2024 and recommendations submitted as part of the Fundamental Review.

Revisions to the City of London Procurement Code

5. The majority of rules contained in the Code have not changed. A comprehensive list of the changes can be found in Appendix 1. Highlighted in this section of the paper are rules with major revisions impacting governance or a change of process:

Rule	Changes
Procurement Thresholds and Procedures – Rule 15	<ul style="list-style-type: none"> • The threshold for Operational Purchasing raised from £10,000 to £50,000. This will devolve responsibility for purchases under £50,000 to the departmental officer. The rule directs departments to part 2 of the Code which will outline a process for this self-service. • Guidance for Strategic purchasing updated to require City Procurement to undertake an ‘options appraisal’. This rule used to require City Procurement to undertake a tender. The new wording promotes all options to be reviewed such as frameworks or partnerships with other boroughs. This was happening in practice and this change supports that. • Strategic Purchasing (Advertise) and Strategic Purchasing (Advertise in OJEU) combined to the one rule. The rule to follow Public Contracts regulations over OJEU thresholds remains.
Contract Letting Thresholds - Rule 16	<ul style="list-style-type: none"> • The threshold table has been aligned to the Procurement Thresholds separating the different approvals for contracts awarded up to £2 million; up to £50,000, £50,000 - £100,000, and £100,000 to £2 million. • The City Procurement Operations Team and Departmental Officer have been added to approve options for contracts over £50,000 but less than £100,000. • The approvals for Options and Contract Award have been separated to clearly denote the role of City Procurement, Chief Officers, Category Boards, and Committees.
Waivers - Rule 25	<ul style="list-style-type: none"> • Due to the increase in Procurement Threshold for Operational Purchasing requirement for waiver process under £50,000 has been removed with the exception of ‘Order outside of a corporate contract’ • Amended governance table to denote between compliant and non-compliant waivers • Compliant waivers approval aligned to Contract Letting Thresholds as part of Options Appraisal • Non-compliant waivers over £50,000 remaining with Members to approve through existing committee waiver process

Rule	Changes
	<ul style="list-style-type: none"> Removed guidance that waiver can only be granted as a one-off requirement
Contract Extensions – Rule 30	<ul style="list-style-type: none"> Amended approval process to align with Contract Letting Thresholds which will send Extension Review Reports to Committee over £2 million
Contract Variations - Increases in Contract Value - Rule 31.2	<ul style="list-style-type: none"> Amended approval process to be in line with Contract Letting Thresholds Clarified that 50% increase cap was for contracts let over EU Thresholds and lower value contracts could not exceed EU thresholds
Contract Variations – Alterations to contract terms and conditions - Rule 31.3	<ul style="list-style-type: none"> Amended approval process from relevant Spend Committee to align with approval process in Contract Letting Thresholds
Prompt Payment – Rule 43	<ul style="list-style-type: none"> 10-day payment for SMEs removed as a rule leaving 30 day payment in line with our standard contract terms. At this time, Accounts Payable continue to pay SMEs in advance of the 30 days as good practice.
Responsible Procurement Policy – Rule 46	<ul style="list-style-type: none"> Name updated from Responsible Procurement Strategy Threshold to include Responsible Procurement in the tender process from £100,000 to £50,000 in line with new Procurement Thresholds Added in rule that specifications to be developed with Responsible Business Strategy
Social Value Panel – Rule 48	<ul style="list-style-type: none"> No change in principle. The rule has been amended to consult with the Social Value Panel on the social, environmental, and ethical impacts of procurement. The requirement to consult service contracts over the OJEU services threshold has been moved from Part 1 to Part 2. This change supports the consultation process between City Procurement and the Social Value Panel on the role that is required under the new Responsible Procurement Policy.

Conclusion

6. City Procurement recommend approval of the changes to the Code outlined in this paper and in appendix one effective 1 April 2020 in order to ensure the Code stays relevant with the new City Procurement Strategy.

Appendices

- Appendix One – All changes to Procurement Code Part 1
- Appendix Two – Procurement Code Part 1 – April 2020

Lisa Moore

Procurement Policy and Compliance Officer, City Procurement

T: 0207 332 3273

E: lisa.moore@cityoflondon.gov.uk