



# **CITY OF LONDON PROCUREMENT CODE PART ONE: RULES**

July 2023

## Contents

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
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, Property and Legal Consultants.....	8
24. Communication with Suppliers .....	8
25. Waivers.....	8
26. Competitive Procurement Exemptions.....	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
30.3. Variations to Specification .....	11
30.4. Increases in Contract Value .....	11
30.5. Alterations to contract terms and conditions .....	12
30.6. Contract Termination.....	12
31. Contracts procured by third parties, assigned or novated to the Corporation .....	12
32. Changes in identity of Suppliers .....	12
33. Contract Signatures .....	13
34. Financial Standing and Risk Management.....	13
35. Contract Terms and Conditions .....	13
36. Standard Procurement Documents .....	13
37. Disposal of goods .....	13
38. Complaints about Police Contractors .....	14
39. References and the Promotion and Marketing of Suppliers .....	14

40. No PO No Pay Policy ..... 14

41. Amendments to Purchase Orders ..... 14

42. Prompt Payment ..... 14

43. Purchase Cards ..... 14

44. Supplier Creation (Oracle System) ..... 15

45. Responsible Procurement Policy ..... 15

46. Climate Action..... 15

47. Supplier Diversity and Local Procurement ..... 15

48. Equity and Diversity ..... 16

49. Living Wage Policy..... 16

50. Modern Slavery and Human Rights..... 16

51. Air Pollution..... 16

52. Road Danger Reduction..... 17

53. Health & Safety..... 17

54. 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 Comptroller & City Solicitor's department (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, 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.

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 a 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 £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	More than £100,000	£400,000 or more	Options Appraisal must be undertaken by the Commercial Service. Any resulting procurement must go through the tendering portal.
----------------------	--------------------	------------------	---

**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**

<b>Total Contract Value</b>	<b>Approval Process</b>
<b>£100,000 and below</b>	Options – Chief Officer Contract Award - Relevant Chief Officer/or an Officer with Delegated Authority from the Chief Officer.
<b>&gt;£100,000 - less than £2,000,000</b>	Options - Relevant Category Board Contract Award - Relevant Category Board
<b>£2,000,000 or More - less than £4,000,000</b>	Options (Stage 1): Report for Relevant Category Board and Operational Property and Projects Sub) Committee, or Bridge House Estates Board for Bridge House Estates Procurement, 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, or Bridge House Estates Board for Bridge House Estates Procurement, which receives final recommendation on contract award.
<b>£4,000,000 and above</b>	Options (Stage 1): Report for Relevant Category Board, Operational Property and Projects Sub Committee and Finance Committee, or Bridge House Estates Board for Bridge House Estates Procurement, 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 and Finance Committee, or Bridge House Estates Board for Bridge House Estates Procurement, 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, Property 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. Officers planning to appoint external property and construction advisors must consult with the City Surveyor before all such appointments can be made.
- 23.3. The appointment of external legal counsel including solicitors and barristers is also subject to Comptroller & City Solicitor's department consultation and procedures.
- 23.4. 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**

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

- 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 the 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.

<b>D. CONTRACT MANAGEMENT</b>
-------------------------------

## **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 must notify 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 rules relating to Contract Extensions, Contract Variations, Changes in Identity 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 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**

<b>Total Contract Value</b>	<b>Contract Review Procedure</b>	<b>Approval Procedure</b>
<b>£100,000 - less than £2,000,000</b>	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><b>£2,000,000 - less than £4,000,000</b></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 or Bridge House Estates Board for Bridge House Estates Procurement.</p>
<p><b>£4,000,000 or more</b></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 or Bridge House Estates Board for Bridge House Estates Procurement and Court of Common Council (unless Court of Common Council have approved the original contract award in accordance with the Contract Lettings approval process with a recommendation to authorise Operational Property and Projects Sub-Committee or Bridge House Estates Board for Bridge House Estates procurements to approve the use of contract extension provisions).</p>

### 30.3. 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.

### 30.4. 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

<b>New Total Contract Value*</b>	<b>Approval</b>
<b>£100,000 but less than £2,000,000</b>	Relevant Category Board
<b>£2,000,000 but less than £4,000,000</b>	Operational Property and Projects Sub Committee, or Bridge House Estates Board for Bridge House Estates Procurement, and any Committee(s) which considered the Contract Letting Report
<b>£4,000,000 or more</b>	Operational Property and Projects Sub Committee, or Bridge House Estates Board for Bridge House Estates Procurement, 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.

### **30.5. 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.

### **30.6. 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.

## **31. Contracts procured by third parties, assigned or novated to the Corporation**

**31.1.** 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.

**31.2.** 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.

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

**31.4.** 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.

## **32. Changes in identity of Suppliers**

**32.1.** 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.

**32.2.** No novation agreement must be entered into until:

- (a) the terms have been agreed in consultation with Comptroller & City Solicitor's;
- (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.

- 32.3.** 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.

### **33. Contract Signatures**

- 33.1.** 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.
- 33.2.** 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.

### **34. Financial Standing and Risk Management**

- 34.1.** 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.

### **35. Contract Terms and Conditions**

- 35.1.** 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.
- 35.2.** 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.

### **36. Standard Procurement Documents**

- 36.1.** 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.

### **37. Disposal of goods**

- 37.1.** 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.

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

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

### **38. Complaints about Police Contractors**

**38.1.** 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](#).

### **39. References and the Promotion and Marketing of Suppliers**

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

**39.2.** 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.

<b>E. TRANSACTIONAL FINANCE</b>
---------------------------------

### **40. No PO No Pay Policy**

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

**40.2.** 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.

### **41. Amendments to Purchase Orders**

**41.1.** 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.

### **42. Prompt Payment**

**42.1.** 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

### **43. Purchase Cards**

**43.1.** 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.

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

#### **44. Supplier Creation (Oracle System)**

**44.1.** 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.

#### **44.2. 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**

#### **45. Responsible Procurement Policy**

**45.1.** 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.

**45.2.** 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.

**45.3.** 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.

**45.4.** 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.

**45.5.** 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.

#### **46. Climate Action**

**46.1.** 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.

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

**46.3.** 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.

#### **47. Supplier Diversity and Local Procurement**

**47.1.** 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.

## **48. Equity and Diversity**

- 48.1.** 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.
- 48.2.** 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.
- 48.3.** Sectors deemed high risk for equalities issues as outlined in the Responsible Procurement Toolkit 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.

## **49. Living Wage Policy**

- 49.1.** 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**).
- 49.2.** All relevant contracts must comply with the Corporation's [Living Wage Policy](#).
- 49.3.** Officers must ensure that relevant suppliers are aware of and agree to comply with this policy at the time of award.
- 49.4.** 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.

## **50. Modern Slavery and Human Rights**

- 50.1.** 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.

## **51. Air Pollution**

- 51.1.** 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](#).
- 51.2.** 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.
- 51.3.** 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.

## **52. Road Danger Reduction**

**52.1.** 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.

## **53. Health & Safety**

**53.1.** 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.

## **54. Biodiversity**

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

**54.2.** 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.