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TITLE	Procurement Procedures and Strategy
DOCUMENT TYPE	Procedures
PURPOSE	The Procurement Procedures and Strategy (the Procedures) contained in this document shall apply to all procurement of Supplies by West Midlands Trains Limited. Set out the business' strategic approach to procurement and how the Procurement Team intends to achieve added value, innovation and quality.
ISSUER	Procurement Department
ISSUED TO	All employees and contractors of the West Midlands Trains Limited trading as West Midlands Railway and London Northwestern Railway
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- Strategy
- Procedure

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01	6 Dec 2019		New Document	Paula Owen	David Lindsay
02	November 2022	N/A	Full document review To capture changes in the business, NRC, and organisational changes	Kelly Henshall	David Lindsay

CONTROLLED DOCUMENT

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PREFACE

1.1 DOCUMENT GUIDELINES

The following notices and statements are used in this document:



Emphasises or supplements important points of the main text. Helps users apply the techniques and procedures described in the text suggesting alternative methods that may not be obvious.



Provides information that is critical.

1.2 DOCUMENT CONVENTIONS

Symbol/Convention	Indicates...
e.g.	Where examples are given.
Text in bold	The names of menus, commands, dialog boxes and toolbar buttons and, in general, all user interface strings (e.g. File menu; Save as command).
UPPERCASE	The names of keyboard keys (e.g. RETURN key).
<i>Italics</i>	Noun with special importance or significance for which emphasis is needed. The names of parameters that must be replaced with a specific name or value.
Code example	Code snippet.

1.3 REVIEW PROCESS

This document will be reviewed on an annual basis as a minimum. Other circumstances that will trigger a review are:

- A change in West Midlands Trains Limited Strategy;
- A change in Procurement Structure; and
- A fundamental change in Legislation and Processes.

The review will be conducted by the Head of Client Relationships & Contracts, this will be approved by the Finance Director.

1.4 GETTING COPIES OF THIS DOCUMENT

To get copies of this document, please contact the Head of Client Relationships & Contracts.

1.5 FINDING YOUR WAY

If you want to find out more information about and you are	...refer to Sections
Procurement process	Contract Owner	1 to 13
	PMO Representative	1 to 13
Strategy	Contract Owner	1 to 13
	Sponsor	1 to 13
Contract Management	Contract Owner	22

1.6 DEFINITIONS AND ABBREVIATIONS

Term/Abbreviation	Definition
BAU	Business As Usual
Contract Owner	The budget holder, Director, Head of Department, stakeholder or delegated representative. NB the Contract Owner may also be the PMO Representative.
DfT	Department for Transport
FTS	Find a Tender, the UK Government website for public procurement contracts and tenders.
NRC	The National Rail Contract entered into with the DfT on 19 th September 2021 with a core term expiry date of 01:59 on 15 th September 2024 and an expiry date of 01:59 on 20 th September 2026.
PMO Representative	The Head of Project Management Office / Head of Franchise Projects (PMO) or a delegated representative.
Procurement Representative	Contract/Category Manager or delegated representative.
Projects	Workstreams required by the business that are not considered business as usual, including but not limited to Business Plan Commitments or NRC Obligations. Projects may include a capital expenditure.
SoS	Secretary of State
Supplies	When used in the context of this document applies to all procurement of supplies, services and works by West Midlands Trains Limited.

Term/Abbreviation	Definition
UCR	The Utilities Contracts Regulations 2016
UDA	Umbrella Direct Agreement
VCSE	Voluntary, Community and Social Enterprise

OVERVIEW

2 Introduction

2.1 PURPOSE

West Midlands Trains Limited (WMT) are committed to improving rail travel across the West Midlands and beyond. To this end, the Procurement Procedures and Strategy document sets out how our procurement approach intends to achieve added value, innovation and quality working in conjunction with the Sustainable Procurement Policy and the Sustainable Procurement Manual (SP001) and in a way that is compliant with current Utilities Contract Regulations 2016.

The Procurement Team will provide high quality and a timely service to support service delivery and meeting business objectives. This document also outlines the key principles and objectives of procurement and describes the governance mechanisms that will be used to help achieve the desired outcomes.

This document sets out the business' strategic approach to procurement. The principles contained in the strategy should be applied to all procurement activity. Compliance with the procedure is mandatory.

2.2 BUSINESS VISION

In meeting WMT business goals (see Figure 1) we have adopted values that describe how we should behave in conducting our business. These are all reflected within this process:

2.3 PROCUREMENT VISION

“To ensure compliance with statutory regulations where applicable, best value for money, deliver efficiencies and savings whilst promoting sustainability through collaborative working”.

2.4 COMPLIANCE STATEMENT

The Procurement Procedures and Strategy document (the Procedures) contained in this document shall apply to all procurement of Supplies by WMT.

Figure 1 West Midland Trains business vision



The Procedures shall be complied with at all times except:

- by decision of the Managing Director or Finance Director; or
- by the direction of a member of the Procurement teams; or
- by agreement from the DfT.

It shall be the duty of every member of staff of WMT placing contracts or conducting procurement transactions on behalf of WMT to ensure that optimum value for money is obtained and to ensure these Procedures are being followed.

 Value for Money is defined as optimising specifications, extending market research, minimising total cost of ownership, driving competition, seeking innovation, improving processes etc. in a sustainable manner where practicable.

No contract shall be placed, or transaction entered into unless there is adequate provision within the appropriate capital or revenue budget or other financial provision (e.g. third party funding), and unless all Financial Regulations and Procedures have been complied with.

2.5 SUMMARY

<p>Who we are</p>	<p>The Procurement function is responsible for all procurement within WMT and provides procurement policy, advice and guidance for all Contract Owners.</p> <p>In order to meet our key objectives, the Procurement function has been structured into three category areas with a Category Manager :</p> <ul style="list-style-type: none"> • Engineering (Fleet) • Customer Experience/Operations/Finance/Health, Safety, Security & Environment/Human Resources/Client and Contracts/Exec • Capital Works and New Train Projects
<p>What we do</p>	<p>Provide high quality and a timely service to support service delivery and meeting business objectives.</p>
<p>Our Vision</p>	<p>To ensure compliance with statutory regulations, best value for money, deliver efficiencies and savings through collaborative working.</p>
<p>Our Objectives</p>	<ul style="list-style-type: none"> • To support the achievement of Business Plan Commitments and other service delivery targets. • To achieve increased value for money through economies of scale. • To achieve procurement excellence by adopting best practice principles for the tendering process and contract management. • To establish collaboration through leadership and stakeholder engagement. • To address sustainability in order to reduce the negative impact of our activities on social, economic and environmental issues. • To operate in line with The Utilities Contract Regulations 2016 (UCR).

What we will deliver

- Support and delivery of all Contracts within an agreed timeframe.
- Provide advice and support to ensure that all projects are compliant with European Union (EU) Procurement Directives and UK procurement regulations including Public Procurement legislations (or as recommended at the time of the procurement) *, and provide affordable, deliverable and value for money outcomes.
- Ensure Contracts comply with our sustainable procurement policy to meet our objectives and targets.
- A framework agreed with the Group for measuring and reporting savings.
- Commercial intelligence – working towards a contracts database with information on supplier spend, performance and related management information.
- Work with the Group on frameworks and collaborative arrangements for all common or recurring requirements to reduce procurement timescales, leverage better pricing and deliver efficiencies through consolidation of spend.
- A contract management system to support Contract Owners to manage suppliers in a way which is appropriate to their strategic importance/risk and value.
- Adherence to requirements within the NRC around the control of Key Contracts.

*to be decided Procurement or Finance Director at the time of tendering unless Agreement or Approval obtained from the DfT.

Our tools

External supplier accreditation system via Rail Delivery Group, known as RISQS

The nominated e-tendering system for all tendering activity within the UK group and its operating companies at the time of publication and may change upon the direction of Abellio.

Office 365 or other nominated system for contract records.

The nominated procurement system, at the time of publication and may change upon the direction of Abellio, as a purchasing tool and for contract records.

The nominated fleet procurement system for engineering procurement and stock management requirements.

FTS – to enable publication of a call for competition under UK Public Procurement regulations.

Find a Tender – to enable the publication of an OJEU call for competition under the Utilities Contract Regulations 2016.

DocuSign- for the signing of contracts and procurement process documentation.

Golden rules

- **All** procurement activity shall be in accordance with these Procedures taking into consideration social, economic and environmental considerations where practicable. All goods or services must be tendered if the value of the whole contract life falls within the threshold values of Utilities Contract Regulations 2016.
- Orders and/or contracts will **not** be placed/signed unless there is the appropriate funding in place and financial procedures have been complied with.
- We should all have a respect for ethical standards in the context of the environment, employment conditions, child labour, health and safety, working conditions and discrimination.
- Speak to the Procurement if you are concerned about a **potential conflict of interest** with any supplier or follow the Whistleblowing policy.
- **Ensure** the intellectual property rights of WMT are protected when contracting/placing orders.
- Only **source** from approved suppliers who have passed all the necessary due diligence.
- Financial approval is the approval of the budget and is **not** the same as project approval.
- Do **not** sign anything you do not have the authority to sign under published delegated financial authority and delegated procurement authority guidance.
- Requisitions should **not** be raised retrospectively. All orders should be placed in advance of any Services being provided or invoiced.
- **Invoices will only** be paid if a requisition has been correctly goods received and matches the purchase order description/value.

3 Supplier Relationships and Ethics

WMT is fully committed to apply the best practices available to support the safety, health and welfare of all of its employees. West Midlands Trains acknowledges its responsibility for other persons who may be affected by its activities and aims to ensure that the implementation of safety, health, environmental, energy and carbon policies meet both statutory and regulatory duties at all times, in addition to serving employees, passengers and the wider communities as a whole.

Our dealings with suppliers often take place in cultures with different norms and values. Certain standards however, are universally applicable and we expect everyone with whom we have commercial dealings to meet such standards.

We expect from ourselves and those with whom we trade to have a natural respect for ethical standards in the context of the environment, employment conditions, child labour, health and safety, working conditions and discrimination (See Annex 1 – Abellio Procurement Policy). WMT and the supplier's personnel shall not:

- Use their position or authority for personal gain, even if full commercial rates are charged;
- Divulge information to unauthorised personnel;
- Accept hospitality which may be deemed to influence a business decision; and
- Put suppliers or WMT to unnecessary expense.

The relationships with our suppliers are based on the principle of fair and honest dealings at all times and in all ways. We specifically expect our suppliers to extend the same principle of fair and honest dealings to all others with whom they do business, including employees, sub-contractors and other third parties.

If you are aware of a **potential conflict of interest** with any of the potential suppliers identified as part of the procurement process, please speak to the Procurement before progressing any further.

For further details please see the Abellio Procurement Policy. In addition, please refer to the Bribery Act 2010 or as amended from time to time.

4 Data Protection as part of the Procurement Process

As part of any procurement process the business collects, holds and uses personal data about our and our supplier's employees (past, present and prospective), as well as details of our suppliers, members of the public among others.

As a result, WMT is required to comply with the Data Protection Act, including GDPR, and any breach of this act will result in damage to the business' reputation and a fine levied. You are responsible for the data you collect and supply to Procurement for any contract or tender and request you familiarise yourself with WMT's Data Protection Policy.

Where Data Protection of information is a concern please contact the Information Security team within Health, Safety, Security and Environment Directorate, for details on Data Protection and WMT's policy.

5 Intellectual Property

Where possible WMT needs to ensure that the intellectual property rights of the business are protected, and that WMT retain these rights when contracting. Contact Procurement if you have any queries pertaining this.

6 Information Technology (IT) Requirements

When considering a new requirement or system, it is essential that any IT implications are factored into the specification and approach ensuring they align to the IT Strategy and IT Standards. These can include hosted services, software as a service, application integrations, single sign on functionality and encryption. This also applies to any SMART device 'Apps' and their compatibility with our mobility service. As a result, please ensure that you liaise with the Head of IT when developing your requirements as early in the process as possible.

PURCHASING AND TENDERING PROCESS

7 Procurement Strategy

7.1 WHAT IS IT?

The Procurement function is responsible for all procurement within WMT and provides procurement policy, advice and guidance for all Contract Owners.

Our Procurement Strategy provides a framework for WMT to obtain value for money in all its procurement activities. It addresses all elements of procurement activity from identifying a need, considering options, procuring the appropriate Services, where necessary following EU/UK Public Procurement Regulations, effective supplier and contract management in a cost effective, fair and transparent way and is a critical component in any successful business. For this to be successful it must have a robust process, enforced fairly with robust financial controls and delivering value for money.

The Procurement Procedures detailed in this document describe how WMT will contract with third parties to obtain the Services required to fulfil its business objectives in the most timely and cost-effective manner, whilst working within an acceptable level of risk.

It is WMT's policy to source only from approved suppliers, who will have been assessed for their sound financial standing, technical, safety and quality credentials making best use of a variety of suppliers in our supply chain that should include without limitation Small and Medium-sized enterprises (SME); and that the Supplies procured are at the minimum total cost while meeting the needs and timescale of the business.

There may be circumstances where Abellio has negotiated Group wide contracts and frameworks for Services but where WMT may wish to use an alternative supplier, this can only be done with the written approval of Procurement who will liaise with the relevant person within Abellio.

7.2 PROCUREMENT PRINCIPLES

The principles that underpin the details set out in this document are:

- Leverage spends across the business to obtain best value.
- A common practice is adopted for acquiring Supplies across all of WMT.
- Acquiring Supplies is only undertaken where financial budget and provision has been approved and there is a clear linkage between financial decisions and procurement activity.
- Acquiring Supplies in an economically advantageous manner that takes into consideration qualitative and quantitative requirements in a sustainable manner where practicable.
- Financial approval is NOT the same as project approval. Financial approval is only in place once a budget has been agreed via the budgetary process or the approval of a Business Case for Investment in line with the governance process managed by the Project Management Office.
- Ensure that the route to procurement is properly undertaken and we can demonstrate all appropriate legal and/or regulatory compliance requirements.
- Conflicts of interest are managed efficiently and properly ensuring fairness to all involved.

- All contracting of Supplies is undertaken ONLY by staff with delegated procurement authority to contract, in line with the Delegated Financial Authority as published by the Finance Director, and that staff across the business engage with the Procurement team at the earliest opportunity.
- Orders should not be raised retrospectively. All orders should be raised in advance of any Services being delivered.
- Invoices are only paid by finance upon receipt if all details on the invoice reconcile to the purchase order and if evidence of Supplies has been received and recorded within our procurement system.
- Controls embedded in this process have been specifically designed to safeguard the company's assets and ensure economic and efficient working practices.

The policy will apply to ALL procurement and payment activities in WMT and non-compliance with this process may be subject to disciplinary Procedures.

All contracts entered into by WMT should be based on the need to generate effective competition whilst avoiding unnecessary tendering costs. The minimum requirement for competition is dependent upon the total value of the contract, as set out in the table below. For the avoidance of doubt, 'total value' means the value of the contract over the full term including any possible extensions and is not limited to an annual value.

In calculating the estimated value of the contract for the purposes of establishing the competition requirements, the highest estimate shall always be used and estimates must be genuine. Projects or work must not be sub-divided or split for the purpose of avoiding adherence to the appropriate Procedures.

Estimated Contract Value (£)	Minimum Competition Requirement	Minimum number of Tenderers/Quotations Required
Up to £20K	Competition NOT REQUIRED unless it is likely to generate commercial advantage. The Project Manager shall demonstrate value for money. (See Section 9 - Procurement below £20k)	1
£20k to £50k	Written QUOTES with effective competition. If necessary, the advice of the Procurement team should be sought. (See Section 9 - Procurement between £20k and £50k)	3
£50k to EU/UK Public Procurement Threshold	A formal TENDER process to be carried out. Advice from the Procurement team is MANDATORY (See Section 10 - Procurement between £50k and the EU/UK Public Procurement thresholds)	4
Above EU/UK Public Procurement Threshold	Procedures under EU/UK PUBLIC PROCUREMENT rules. Advice from Procurement team is MANDATORY . (See Section 11 – Procurement above EU/UK Public Procurement regulations Threshold as below)	4
UCR 2016 Thresholds		
Supply, Services	£426,955	£355,800 ext VAT
Works	£5,336,937	£4,450,000 ex VAT

7.3 DELEGATED AUTHORITIES

A key element of a robust purchasing and payment process is that of clearly stated delegated authorities and the adherence by all employees to these. With regard to procurement activities WMT segregate financial authorities into three distinct areas:

- The authority to INCUR (also known as Delegated Financial Authority);
- The authority to CONTRACT (also known as Delegated Procurement Authority);

- The authority to PAY and confirm the activity or service has been undertaken.

The segregation of these authorities is designed to ensure that there are checks and balances within the purchasing process with regard to budgetary control, regulatory compliance, selection of suppliers, drafting of contracts by competent individuals, and to guard against irresponsible or fraudulent activity.

Only those who have the **AUTHORITY TO CONTRACT** have the authority to sign a contract, primarily the, the Finance Director and the Managing Director or their approved delegate.

This process will be adopted by all employees involved in procurement and payment activities in WMT. This process should be understood in conjunction with WMT's Delegated Financial Authority published by the Finance Director. For any queries please contact the Finance Director.

7.4 DFT INVOLVEMENT

Under the NRC, there are a number of circumstances where DfT need to provide Approval or Consent before entering into a contract. Examples of these are:

Contracts that require the approval of the DfT Include:

- Any contract that we wish to enter into that goes beyond our current NRC term unless authorisation to enter into such a contract has been approved by Procurement, the Finance Director and consent from DFT.
- Subcontracting of passenger services
- Operation of any additional stations or light maintenance depots
- New property leases (these should follow agreed terms)
- Amendment of any property lease (except if we are required to do so under any station or depot access conditions)
- Station and Depot leases and Station subleases
- Rolling stock contracts (new/amend or waive terms)
- Insurance arrangements. Any new agreements and in some cases changes to the terms of the agreement will require approval.

In addition, any proposed changes or closure to the track, depot or station facilities will require consultation with other users, and approval from the DfT and ORR.

As a National Rail Contract holder, the Company has certain Key Contracts listed in its Agreement, these include:

1. Any Access Agreement to which the National Rail Contractor is a party other than in its capacity as a Facility Owner.
2. Any Property Lease.
3. Any Rolling Stock Related Contract including Rolling Stock Leases (excludes rolling stock related vehicles funded by additional investment)
4. Any contract for the maintenance and renewal of works at Stations
5. Any contract or arrangement for the lending, seconding, hiring, contracting out, supervision, training, assessment, or accommodation by another Train Operator of any train drivers,

conductors or other train crew used by the National Rail Contractor in the provision of the Passenger Services.

6. Any contract or arrangement for the subcontracting or delegation to another Train Operator of the provision of any of the Passenger Services.
7. Any contract or arrangement with a Train Operator (other than an Access Agreement) for the provision to the National Rail Contractor of train dispatch, performance or supervision of platform duties, security activities, evacuation procedures, advice or assistance to customers, assistance to disabled customers, operation of customer information systems, cash management or ticket issuing systems administration. Any contract or arrangement with a Train Operator for the provision of breakdown or recovery, and track call services to assist in the provision of the Passenger Services.
8. Any contract or arrangement for the supply of spare parts
9. Any contract or arrangement for the maintenance of track and other related infrastructure.
10. Any licenses of Marks to the National Rail Contractor.
11. Any contract or arrangement relating to the operation of smart ticketing and ticketing retail.
12. Any Licence of any Customer Relationship Management (CRM) System or Yield Management System
13. Any contract or arrangement for the provision or lending of Computer Systems (other than CRM and Yield Management)
14. Any SQR Contract.
15. Any Universal Licence Agreement.
16. Any other category of agreement, contract, licence, or other arrangement notified to the Operator by the Secretary of State.

The Company cannot enter into or amend the terms of these contracts without the prior approval of the DfT. The Procurement Department working with the NRC Management Team will obtain all necessary approvals from DfT and will provide advice on the management of these contracts. The Track Access Manager for the Company will obtain any Track Access approvals.

7.5 FAILURE TO COMPLY WITH THE APPROVAL PROCESS COULD BE A BREACH OF THE NRC AGREEMENT AND/OR ITS LICENCE TO OPERATE AS A PASSENGER TRAIN OPERATOR. PROCUREMENT TENDER PROCESS

Before starting the procurement process the Contract Owner requiring the Supplies should, in consultation with the Procurement team, produce a procurement strategy and checklist (SPF001-Procurement Strategy and Checklist). Any tender process exceeding £100,000 or should be completed and approved prior to the commencement of tender (SPF001 - Procurement Strategy and Checklist).

Matters to be considered in determining a procurement strategy will include the following:

- DfT approval, especially in contracts dealing with Key Contracts, Affiliate Contracts, BPCs, terms past the Core Term period.
- the requirements of these Procedures especially the Key Contract Requirements (**Error! Reference source not found.**), and the procedure appropriate to the estimated value of the contract.

- the value, duration and likely timing.
- current and future needs for this type of Supplies (this may indicate the need to set up some form of framework agreement, term contract or call-off arrangement as an alternative to raising individual orders).
- if the proposed procurement could usefully be linked with other similar projects elsewhere within the Abellio or its other operating companies.
- the risks attached to the procurement requirement and the potential contractor(s), particularly where the Supplies are critical to the operation of the business.
- if the Utilities Contract Regulations 2016 directives apply to this transaction.
- the proposed approach to the procurement (contract types and contract forms / terms, the criteria that will be used for selecting and awarding the contract(s), the tender and evaluation periods and approach etc.). The Procurement team, in conjunction with Group Legal, will advise on the most suitable form of contract to use e.g. NEC etc.
- what provision needs to be made for action / damages in the event of poor performance (bonds, parent company guarantees, liquidated and ascertained damages etc.).
- contingency planning in the event of contractor failure.
- any social responsibility, health, safety or environmental aspects to the transaction and how these will be dealt with.
- If you are aware of a **potential conflict of interest** with any of the potential suppliers identified as part of the tender process, please speak to the Head of Client Relationships and Contracts before progressing any further.

7.6 SUPPLIER ACCREDITATION/ SUPPLIER SELECTION

WMT will first check if an existing supplier can provide the service prior to adding new suppliers to our system.

WMT utilise an external supplier accreditation system nominated by Railway Delivery Group (RDG) known as Railway Industry Supplier Qualification Scheme (RISQS) to support the above process. The RISQS system is the UK rail industry supplier qualification scheme, providing a single common registration, qualification and audit process for suppliers that are shared by the UK rail industry.

The RISQS system is fully compliant with Utilities Contract Regulations 2016. As a result, where a tender process is required but falls below the Utilities Contract Regulations 2016 thresholds, the RISQS system can be utilised for supplier selection and prequalification. This then negates the need for individual calls for competition. NB. where suppliers cannot be sourced through RISQS a call for competition via the Find a Tender website must be carried out.

If you are aware of a **potential conflict of interest** with any of the potential suppliers identified as part of the procurement process, please speak to the Head of Client Relationships and Contracts before progressing any further.

To gain access to the RISQS system please speak to the Procurement who will advise on gaining access to the system.

7.7 E-TENDERING SYSTEM

WMT utilise an e-tendering system for all tendering activity within the group and its operating companies. For guidance into the use of the system liaise with your Procurement representative who will refer you to the online training manuals.

7.8 COMPETITION & BRIBERY ACT COMPLIANCE

WMT will operate in accordance with the WMT's Anti Bribery and Corruption policy. This procedure is necessary to enable the business to demonstrate that there has been no unreasonable use of market strength in negotiation with suppliers.

If you are aware of a **potential conflict of interest** with any of the potential suppliers identified as part of the procurement process, please speak to the Head of Client Relationships and Contracts before progressing any further.

8 Procurement Between £0k to £50k

8.1 INTRODUCTION

The purpose of this specific procedure is to set out the process by which low value Supplies, can be procured whilst demonstrating that best value practices have been applied. WMT credit cards should only be used in extreme emergencies cases and are governed by local procurement delegated financial authorities.

8.2 APPLICABILITY

This procedure applies to procurement exercises with a maximum estimated value of £50k or under, where the selection of suppliers is not subject to a formal competitive process and where there is no appropriate framework / term contract in place.

8.3 ESTIMATING THE CONTRACT VALUE

In calculating the value of the estimate for the purposes of establishing the competition requirements the highest estimate shall always be used and estimates must be genuine. Projects or work must not be sub-divided or split for the purpose of avoiding adherence to the appropriate Procedures.

8.4 VALUE FOR MONEY

Contract Owners involved in the procurement must take value for money into consideration and should endeavour to obtain evidence that the quality of service and the rates or prices charged are fair, reasonable or comparable with those of other suppliers.

8.5 KEEPING OF RECORDS

The Contract Owners shall keep written records of all decisions taken and how value for money was obtained. All contracts and correspondence shall be retained in a manner accessible to a third party for a minimum of 6 years after the completion of the contract.

8.6 KEY CONTRACT REQUIREMENTS

Before the procurement process commences confirmation should be sought whether this activity is classified as a Key Contract (SPF 007 – Key Contracts).

8.7 CHOICE OF SUPPLIER

The Contract Owner should prepare a sufficiently detailed specification or description of the Supplies required.

The Procurement representative shall establish whether there is an existing framework / term contract in place for the provision of this type of Supplies. If there is an appropriate framework / term contract in place, this must be used or valid justifications for not doing so must be documented and recorded for audit purposes.

If there is no appropriate framework / term contract in place, the Contract Owner should liaise with the Procurement representative to nominate an appropriate supplier(s). This can be achieved in a number of ways such as:

- Use of the RISQS system;
- Directly approaching organisations;
- From his or her own knowledge, discussions with colleagues, advice from the procurement team.



£0 - £20k spend. A single quotation may be used except where the Contract Owner considers that competition is likely to generate a commercial advantage. £20k to £50k three quotations are required.

If you are aware of a **potential conflict of interest** with any of the potential suppliers identified as part of the tender/procurement process, please speak to the Head of Procurement before progressing any further.

8.8 PROVISION OF QUOTATION

The Procurement Representative should send the selected Supplier(s) a copy of the specification, which outlines the requirements for the provision of Supplies required.

The Supplier should return a written offer direct to the Contract Owner, which includes details of the prices, timescales and any other relevant information.

8.9 EVALUATION OF THE OFFER(S)

The Contract Owner shall select the most satisfactory offer. Information that demonstrates how value for money had been obtained shall be recorded and kept on file.

8.10 AUTHORIZING AND PLACING THE ORDER

The purchase requisition together with all other supporting documentation is approved by the Appropriate Delegated Officer through the ordering system.

8.11 UNSUCCESSFUL SUPPLIER NOTIFICATION

The Contract Owner should contact the unsuccessful Suppliers and advise that they have not been selected.

9 Procurement between £50k and EU/UK Public Procurement Regulations threshold

9.1 INTRODUCTION

The purpose of this specific procedure is to set out the process by which Supplies may be procured whilst demonstrating that best value practices have been applied.

9.2 APPLICABILITY

This procedure shall apply to all procurement exercises with an estimated value of between £50k and the EU/UK Public Procurement Regulations threshold (refer to section 11) except where there is an appropriate framework /term contract in place.

Where a tender is required the Head of Procurement should be involved as early as possible to ensure that the need to tender does not adversely affect our ability to obtain Supplies, in a timely manner. The Head of Procurement will nominate a Procurement Representative to work with the Contract Owner on the tender process.

9.3 ESTIMATING THE CONTRACT VALUE

In calculating the value of the contract for the purpose of establishing the competition requirements the highest estimate shall always be used and estimates must be genuine. Projects or works must not be sub-divided or split for the purpose of avoiding adherence to the appropriate Procedures.

In estimating the contract value, the aggregation rules of the EU/UK Public Procurement Regulations should be used. If the estimate of the contract value is within approximately 10% of the EU/UK Public Procurement Regulations threshold it may be prudent to let the contract using the EU/UK Public Procurement Regulations Procedures.

9.4 KEEPING RECORDS

The Procurement Representative shall keep written records of all decisions taken and how value for money was obtained. All contracts and correspondence shall be retained in a manner accessible to a third party for a minimum of 6 years after the completion of the contract.

9.5 PROCUREMENT STRATEGY

Where the estimated value of the Supplies is in excess of £100k, the Contract Owner must liaise with the Procurement Representative to prepare a formal procurement strategy document and checklist (SPF001 - Procurement Strategy and Checklist). The Head of Procurement must approve the procurement strategy document before any procurement activity can commence.

9.6 PROCUREMENT TIMESCALES

The timescales below are recommended periods for internal action and should be used as a worst case scenario for planning a procurement exercise.

Stage	Estimated timings	
1	Produce specification for Tender, NB all tender documentation, including PQQ and ITT questions, contract etc. must be ready before publication of a notice.	4 weeks
2	RISQS or Find a Tender Notice	37 days from publication.
3	PQQ using suppliers from the appropriate tendering platform.	From 14 days
	Review PQQ responses and notification of unsuccessful bidders	2 weeks
4	Issue Tender	6 weeks (depending on the complexity)
5	Tender Evaluation	2 weeks
6	Supplier presentations	1 or 2 days depending on the number of suppliers involved.
7	Negotiations (including Best and Final Offer)	2-4 weeks (depending on the complexity)
8	Recommendation to the Managing Director or Finance Director in the form of a report.	1 week (depending on timings)
9	Approval	1 week
10	Contract Award (OJEU/UK Public Regulations Standstill Period)	10 calendar days

11	Contract drafting	4 weeks
12	DfT approval (see 9.6 Key Contracts)	4 weeks (depending on the complexity)
13	Signature of Contract	1 week
14	Purchase requisition and order	1 week
15	Contract Filing	1 week

9.7 KEY CONTRACT REQUIREMENTS

Before the procurement process commences confirmation should be sought whether this activity is classified as a Key Contract and all appropriate elements are complied with (SPF007 – Key Contracts).

9.8 FORM OF CONTRACT

The Procurement Representative will advise the Contract Owner on the appropriate form of contract to be used once this has been agreed by the Group Legal Department or the Head of Procurement. If external legal advice is to be used, approval is to be obtained by the Head of Procurement.

9.9 PRODUCTION OF TENDER DOCUMENTS

The Procurement Representative will prepare the tender documentation utilising the e-tendering system.

9.10 SPECIFICATION

The purpose of a specification is to present prospective suppliers with a clear, accurate and full description of WMT's needs, and so enable them to propose a solution to meet those needs. The supplier's response to the requirement is evaluated to arrive at, depending upon the procurement strategy, either the supplier to be awarded the contract, or those suppliers invited to take part in negotiations. The Contract Owner will need to draw up the specification ensuring that sufficient information is provided to obtain bids.

The Contract Owner will supply the Procurement Representative with a specification document which, for projects over £100,000 or which import risk to the business, when finalised will be recorded and attached to the Specification Authority /Change Acknowledgement document (SPF003 Specification Approval & Change Form). This document is to be signed by the Contract Owner and their Functional Director. Once issued with the Tender any significant changes to the specification must also be signed off by the Contract Owner and Functional Director.

9.10.1 Supporting Information

The Contract Owner will supply any additional information e.g. pricing matrix, photos, standards, plans etc. that may be supportive to the specification to ensure an accurate response from suppliers.

9.11 SELECTION OF TENDERERS

The Contract Owner should liaise with the Procurement Representative to select competent and appropriately experienced suppliers. The Procurement Representative, working with the Contract Owner, will advise on the most suitable product code within RISQS for selecting Suppliers. A minimum of three Suppliers should be selected to tender.

If there is no appropriate Product Code within the RISQS Database, the Contract Owner in conjunction with the Procurement Representative should establish a list of Suppliers by;

- directly approaching organisations.
- from their own knowledge, discussions with colleagues, advice from the Procurement team.
- approaching appropriate professional bodies and trade associations.

For safety, critical works please refer to the appropriate WMT Standards e.g. OCC-207 or OCC-705.

If you are aware of a **potential conflict of interest** with any of the potential suppliers identified as part of the tender process, please speak to the Head of Procurement before progressing any further.

9.12 AWARD CRITERIA

The award must be made on the basis of being the most “economically advantageous” to the WMT and not just the lowest price alone. The award process should provide a fair, transparent and accountable method for evaluating tender submissions on the basis of balancing all qualitative elements e.g. quality, safety, environmental, social impact etc. alongside with the quantitative element (price incorporating whole life cost).

The award criteria must be appropriate, specific to the particular project and relevant to assessing whether bids provide value for money.

9.13 INVITATION TO TENDER

The invitation to tender will be issued by the Procurement Representative which will include the “Instruction to tenderers” document. This document should give clear instructions on how the tender is to be completed and submitted. Care should be taken to ensure that they only contain instructions and do not include any contractual information that should be included in the contract documents.

All tenderers should be given identical information. Any clarification given to a tenderer during the tender period should be sent to the other tenderers, which should be managed through the Forum section on e-tendering system.

9.14 RECEIPT OF TENDERS

The Suppliers should submit their tender by the date and time stipulated in the instructions to tenderers. No Supplier tenders should be accepted after the closing date and should be returned to the Supplier by the Procurement Representative or notified as such when using the e-tendering system.

If the required number of tenders is not received, the Head of Procurement shall decide if more tenders are required or whether to proceed with the reduced number of tenders.

9.15 TENDER EVALUATION BOARD

The Procurement Representative and the Contract Owner should convene a tender evaluation board, which has been previously agreed at the beginning of the process, to evaluate the bids submitted and deal with any post-tender clarifications. Each bid shall be evaluated in accordance with the agreed award mechanism.

The tender evaluation board shall consist of at least the following members;

- The Contract Owner;
- The Procurement Representative;
- If applicable a representative from the Project Management Office (PMO);
- A nominated representative who is recognised as having experience in the subject nature of the procurement; and
- Member of the Safety Team where applicable.

9.16 POST-TENDER CLARIFICATIONS AND PRESENTATION OF BIDS

Post-tender clarifications may be required (SPF004 – Post tender Clarifications Template). All the shortlisted Suppliers that meet the criteria from the initial evaluation should be invited to attend a presentation. The Procurement Representative and Contract Owner should be in attendance for all Post Tender meetings. This is the main opportunity for the Contract Owner to make sure that the Tenderer has fully understood the specification and to make sure that the Services each supplier is offering is to the same specification.

9.17 TENDER EVALUATION REPORT

The tender evaluation board shall be responsible for producing a tender report using the standard format template which can be found in the procurement templates folder on the network drive.

The tender report should detail the findings of the examination of the tenders received and the reasons why a specific tender has been selected. The report should include a firm recommendation to accept a tender and/or any other action to be taken. This report writing is led by the Procurement Representative (SPF005 – Tender Evaluation Report).

The tender report should be approved by all members of the tender evaluation team (which will always include the Contract Owner) and where relevant the PMO, prior to the report being submitted with all supporting documentation to the Contract Owner's Director and Finance Director/Managing Director for approval. NB. It is the Contract Owners responsibility to progress the report through the authorisation chain up to and including their departments Director before returning it to Procurement who will then arrange for approval by the Managing Director or Finance Director. The signed tender report should be kept on file by the Procurement Representative.

9.18 NOTIFICATION OF CONTRACT AWARD AND DEBRIEFING

The Procurement Representative shall send a letter of acceptance to the successful tenderer advising of their preferred bidder status. At the same time the Procurement Representative shall notify the unsuccessful tenderers. The unsuccessful tenderers should be given the option of a debriefing. The debriefing should be conducted by the Contracts Owner and Procurement Representative.

9.19 ONCE ALL CONTRACT DOCUMENTS HAVE BEEN AGREED ITS SHOULD BE ISSUED VIA DOCUSIGN TO THE SUPPLIER FOR SIGNING BY AN AUTHORISED SIGNATORY. IF TO BE SIGNED MANUALLY, 2 COPIES ARE TO BE ISSUED FOR SIGNING. ONCE SIGNED IT IS TO BE PROCESSED VIA DOCUSIGN ACCOMPANIED BY THE 'SUBMISSION FOR CONTRACT AWARD/TERMINATION/VARIATION FORM (SPF009 SUBMISSION OF CONTRACT AWARD/VARIATION/TERMINATION), WHICH MUST BE SIGNED OFF BY THE CONTRACT OWNER, CONTRACT OWNER'S DIRECTOR, PROCUREMENT REPRESENTATIVE AND MANAGING DIRECTOR OR FINANCE DIRECTOR. NB. IT IS THE CONTRACT OWNERS RESPONSIBILITY TO PROGRESS THE CONTRACT DOCUMENT THROUGH THE AUTHORISATION CHAIN UP TO AND INCLUDING THEIR DEPARTMENTS DIRECTOR BEFORE RETURNING IT TO PROCUREMENT WHO WILL THEN ARRANGE FOR APPROVAL BY THE MANAGING DIRECTOR OR FINANCE DIRECTOR. ONCE BOTH COPIES OF THE CONTRACT HAVE BEEN FULLY SIGNED BY BOTH PARTIES, ONE COPY TO BE SENT TO THE SUPPLIER AND ONE COPY TO BE RETAINED BY PROCUREMENT AND UPLOADED ONTO THE CONTRACTS DATABASE. **PROCUREMENT CHECKLIST**

A Procurement checklist has been developed, and forms part of the Procurement Strategy Document (SPF001 - Procurement Strategy and Checklist). to assist the procurement team to ensure all tendering activities have been completed.

You can also refer to the Route to Procure Process Flowchart within the Sustainable Procurement Manual.

9.20 CONTINUOUS IMPROVEMENT

Following the end of a tender process, the evaluation team shall meet to discuss lessons learnt, what went well and what didn't etc. to enable enhancement of the procurement process and the contract itself.

10 Procurement above EU/UK Public Procurement Threshold

10.1 INTRODUCTION

The Utilities Contract Regulations 2016 as amended 01 January 2022 are intended to support fair and non-discriminatory competition throughout the European Union and compliance with the international agreements. Procurement activity under the rules must be conducted in a manner that is transparent and consistent with these objectives. EU/UK Public Procurement regulations attempt to systemise the Procedures for the awarding of contracts in ways that are intended to facilitate access to suppliers/contractors /services providers from the other EU member states by:

- Requiring contracts to be advertised throughout the EU through the Official Journal of the European Union (OJEU) up to 31st December 2020;
- Requiring contracts to be advertised via the Find a Tender portal on the .Gov.UK contracts finder website from 1st January 2021.
- Establishing a common framework of Procedures and criteria on which contracts are awarded.
- Making the process transparent
- Placing restrictions on contract variations and contract extensions
- Providing legal redress where the Procedures have not been adequately followed.

10.2 APPLICATION

The Directives apply to individual contracts (or series of related contracts) above the set financial thresholds. The detailed Procedures start at the point at which the contract is to be advertised and are completed once the contract has been awarded. They cover all stages of the process of awarding contracts.

Additionally, all contracts irrespective of their value must comply with the provision of the EU Treaty/UK Public Procurement regulations.

10.3 UTILITIES SECTOR DIRECTIVES/ /UK PUBLIC PROCUREMENT REGULATIONS

The Utilities Directive 2014/25/EU of the European Parliament and of the Council of 28 March 2014 coordinating the procurement Procedures of entities operating in the water, energy, transport and postal services sectors are implemented into UK law as the Utilities Contracts Regulations 2016 or as amended from time to time.

All procurement for Supplies that are subject to the consolidated Utilities Directive by exceeding the European Union (EU) thresholds must be conducted in accordance with the above mentioned procedure.

If there is any doubt regarding the eligibility of a transaction advice should be sought from the Head of Procurement.

With effect from the 1st January 2021 the Public Procurement (Amendment Etc.) (EU Exit) Regulations 2020 are to be read in conjunction with Utilities Directive however the principles, detailed within this document, of the Utilities Directive remain unchanged.

10.4 ADVERTISING

For individual transactions that exceed the relevant threshold subject to the relevant regulations cannot be advertised elsewhere before dispatching the EU/FTS notice. Once published in the EU/FTS the requirements may be advertised elsewhere provided that no more information to that given in the EU/FTS is provided.

NB. ALL tender documentation, including PQQ and ITT questions, contract etc. must be ready before publication of a notice.

10.5 AGGREGATION UNDER THE EU/UK PUBLIC PROCUREMENT RULES

In valuing a contract or transaction it is also necessary to consider whether the “aggregation” rules apply. Generally, the relevant value for threshold purposes is the value of each individual contract. However, in certain circumstances it is necessary to add together the value of purchases made under a number of similar contracts. Essentially this means that the value to be used should be the greater of:

- The individual contract value
- The total of a series of similar contracts
- The total value of the contract if it is renewed in accordance with the terms of the contract.

The highest value must always be used and estimates must be genuine.

Contracts must not be sub-divided or split to try and avoid the application of the rule e.g. dividing the work among two or more suppliers does not avoid application of the rules.

If the contract value is within 10% of the EU/UK Public Procurement threshold it may be prudent to let the contract using the EU/UK Procurement Procedure.

If there is any doubt with regards to the aggregation rules advice should be sought from the Procurement Team.

10.6 EU/UK PUBLIC PROCURMENT PROCUREMENT PROCEDURE

There are three main types of procedure available under EU Utilities Directives//UK Public Procurement rules for the procurement of Supplies. These are as follows:

- **Open procedure:** all interested organisations can submit tenders in response to the OJEU notice. Using the open procedure can lead to an excessive number of tenders and is therefore not recommended.
- **Restricted procedure:** allows the number of organisations that may submit to be restricted by using a selection process in advance of tender invitation
- **Negotiated procedure:** this takes two forms competitive and without a call for competition. Advice shall be sought from the Procurement team if using the negotiated procedure.

WMT will in all instances follow the negotiated procedure which allows for us to negotiate with suppliers once the tender submissions have been received.

10.7 EU/UK PUBLIC PROCUREMENT DEFINITION OF WORKS, SERVICES AND SUPPLY & FIT

The following definitions can be used when determining which category a potential tender falls within.

Works

There are actually two definitions to be aware of: “work” and “works”.

“Works” are anything set out in Schedule 2 of the Regulations – so these can be easily checked: site prep; demolition; general building; roofing; bricklaying; steel works; electrical wiring; painting; plumbing; plastering; joinery; glazing. In this respect your “other camp” is correct. The list includes the building of new structures as well as restoration and common repairs.

A “work” is defined as “the outcome of any works which is sufficient of itself to fulfil an economic and technical function”. This clearly covers a complete building such as an office or a bridge. This definition is relevant to the aggregation rules to avoid a situation where a buyer could argue that the value of individual elements all fall under the works threshold when in reality the total value of, say, the office is £20 million and so should be caught.

Supply and Fit

Where the supplier is to purchase something and install it (for example windows) then this would be a supply contract because that is defined as such where the purpose of the contract is the supply of goods (say windows or toilets) and the ancillary purpose is to install those goods. Although the physical installation will usually be works (glazing, plumbing) - where the supplier has purchased the goods they are to install it will be treated as a supply contract, with the consequential lower threshold.

Services

Most things are either a work or works and the latter can be checked under Schedule 2 of the directive. Where the supplier is entering into a supply and fit contract then although works are involved then for the purposes of the Regulations it is a supply contract. There shouldn't be much otherwise that constitutes a service contract but note that maintenance (as opposed to actual installation of plumbing, heating and electrical work) is a services contract, this can be checked under Schedule 3 of the directive if needed.

If necessary and for clarification when categorising a requirement, please refer to the CPV codes on SIMAP.

10.8 SERVICE CATEGORIES

Service categories can be found in ANNEX XVII B of the Utilities Directives 2014/25/EU.

10.9 EU/UK PUBLIC PROCUREMENT THRESHOLDS - UTILITIES

The EU/UK Public Procurement procurement rules apply to certain utility companies operating in the Energy, Water, Transport and Telecoms sectors. The rules set out detailed Procedures for the award of contracts whose value is equal or exceeds the following thresholds. The thresholds are updated every two years by the Office of Government Commerce. Please check with the Head of Procurement for the latest values. If applicable, speak to Procurement for the latest thresholds.

10.10 EU/UK PUBLIC PROCURMENT TENDERING PROCEDURE TIMETABLE

Please refer to the table located within **10.6**.

10.11 KEEPING OF RECORDS

The Procurement Representative shall keep written records of all decisions taken and how value for money was obtained. All contracts and correspondence shall be retained in a manner accessible to a third party for a minimum of 6 years after the completion of the contract.

10.12 KEY CONTRACT REQUIREMENTS

Before the procurement process commences confirmation should be sought whether this activity is classified as a Key Contract and all appropriate elements are complied with. (SPF007 – Key Contracts).

10.13 PROCUREMENT STRATEGY

Where the estimated value of the Supplies is in excess of £100k, the Contract Owner must liaise with the Procurement Representative to prepare a formal procurement strategy and checklist document (SPF001 - Procurement Strategy and Checklist). The Finance Director must approve the procurement strategy document before any procurement activity can commence.

10.14 FORM OF CONTRACT

The Procurement Representative will advise the Contract Owner on an appropriate form of contract to be used once this has been agreed by the Group Legal Department or the Head of Procurement.

10.15 INVITE EXPRESSIONS OF INTEREST VIA EU/FTS CONTRACT NOTICE

Where RISQS is not utilised for supplier selection, an EU/FTS Contract Notice should be drafted by the Procurement Representative and the Contract Owner. The notice should include details of the Supplies required and inform the bidder of how to participate. The information required from the bidders that they are to be evaluated against can be included into the Contract Notice or instructions of how to obtain a pre-qualification questionnaire should be provided.

All EU Contract Notices should be issued on FTS Contract Notices via the [FTS UK Government contracts finder site](#)

10.16 PRE-QUALIFICATION QUESTIONNAIRE

The Procurement Representatives will provide the standard templates of the Pre-Qualification Questionnaire which can be found on the e-Tendering system. The Procurement Representative in consultation with the Contract Owner will agree whether the contents of the questionnaire should be provided and set the selection criteria for each question. Once the criterion has been agreed the Procurement Representative will issue to all of the suppliers that have expressed an interest through the EU/FTS Contract Notice.

10.17 SHORTLIST SUPPLIERS TO TENDER

All Suppliers that meet the minimum criteria set should be invited to tender for the works unless it has been stipulated in the EU/FTS Contract Notice the number of Suppliers that will be invited to tender.

A minimum of four suppliers which meet the minimum selection criteria shall be shortlisted for the invitation to tender. If less than four suppliers are available at this stage the Head of Procurement must be consulted. A record of how the proposed list of suppliers was chosen should be kept on file for audit purposes.

For safety critical works please refer to the appropriate WMT Standards e.g. OCC-207 or OCC-705.

If you are aware of a **potential conflict of interest** with any of the potential suppliers identified as part of the tender process, please speak to the Head of Procurement before progressing any further.

10.18 PRODUCTION OF TENDER DOCUMENTS

The Procurement Representative will prepare the tender documentation utilising the e-Tendering system.

All tender documentation must be available to be issued with the publication of the Contract Notice, this includes but not limited to all specification documentation, contract document and pricing requirements.

10.18.1 Specification

The purpose of a specification is to present prospective suppliers with a clear, accurate and full description of WMT's needs, and so enable them to propose a solution to meet those needs. The supplier's response to the requirement is evaluated to arrive at, depending upon the procurement strategy, either the supplier to be awarded the contract, or those suppliers invited to take part in negotiations. The Contract Owner will need to draw up the specification ensuring that sufficient information is provided to obtain bids.

The Contract Owner will supply the Procurement Representative a specification document which, for projects over £100,000 or import risk to the business, when finalised will be recorded and attached to the Specification Authority /Change Acknowledgement document (SPF003 - Specification Approval & Change Form). This document is to be signed by the Contract Owner and their Functional Director. Once issued with the Tender any significant changes to the specification must also be signed off by the Contract Owner and Functional Director.

10.18.2 Supporting Information

The Contract Owner will supply any additional information e.g. pricing matrix, photos, standards, plans etc. that may be supportive to the specification to ensure an accurate response from suppliers.

10.19 AWARD CRITERIA

The award must be made on the basis of being the most “economically advantageous” to the WMT and not just the lowest price alone. The award process should provide a fair, transparent and accountable method for evaluating tender submissions on the basis of balancing all qualitative elements e.g. quality,

safety, environmental, social impact etc. alongside with the quantitative element (price incorporating whole life cost). The award criteria must be appropriate, specific to the particular project and relevant to assessing whether bids provide value for money.

Care should be taken that matters addressed at the pre-qualification stage are not revisited at the tender evaluation stage, where only matters relating to the delivering of the contract should be considered. The award criteria should be set out in the instruction to tenderers.

10.20 INVITATION TO TENDER

The invitation to tender will be issued by the Procurement Representative which will include the “Instruction to e-Tenderers” document. This document should give clear instructions on how the tender is to be completed and submitted. Care should be taken to ensure that they only contain instructions and do not include any contractual information that should be included in the contract documents. The following information should be included:

- Date and time of submission
- Contact details in the case of tender queries
- The award criteria and weightings
- The submission requirements of a compliant tender
- Instructions for site visits where required

All tenderers should be given identical information. Any clarification given to a tenderer during the tender period should be sent to the other tenderers.

10.21 RECEIPT OF TENDERS

The Suppliers should submit their tender by the date and time stipulated in the instructions to tenderers. No Supplier tenders should be accepted after the closing date and should be returned to the Supplier by the Procurement Representative.

If the required number of tenders is not received, the Head of Procurement shall decide if more tenders are required or whether to proceed with the reduced number of tenders.

10.22 TENDER EVALUATION BOARD

The Procurement Representative and the Contract Owner should convene a tender evaluation board, which has been previously agreed at the beginning of the process, to evaluate the bids submitted, in line with the tender scoring criteria (**Error! Reference source not found.**) and deal with any post-tender clarifications (**Error! Reference source not found.**). Each bid shall be evaluated in accordance with the agreed award mechanism.

The tender evaluation board shall consist of at least the following members;

- The Contract Owner;
- The Procurement Representative;
- If applicable a representative from the Project Management Office (PMO);

- A nominated representative who is recognised as having experience in the subject nature of the procurement; and
- Member of the Safety Team where applicable.

10.23 POST-TENDER CLARIFICATIONS

Post-tender clarifications may be required. All the shortlisted Suppliers that meet the criteria from the initial evaluation should be invited to attend. The Procurement Representative and Contract Owner should be in attendance for all Post tender meetings.

10.24 TENDER EVALUATION REPORT

The Procurement Representative shall send a letter of acceptance to the successful tenderer advising of their preferred bidder status. At the same time the Procurement Representative shall notify the unsuccessful tenderers. The unsuccessful tenderers should be given the option of a debriefing. The debriefing should be conducted by the Contracts Owner and Procurement Representative.

10.25 ALCATEL STANDSTILL PERIOD

The Standstill rules mean that WMT must wait for at least ten clear calendar days between notifying all bidders of an award decision and actually completing the contract. The "clock" starts on the day after the award decision is communicated by e-mail. If the ten calendar days' end on a non-working day, the standstill is extended to the next working day.

10.26 NOTIFICATION OF CONTRACT AWARD AND DEBRIEFING

The Procurement Representative shall send a letter of acceptance to the successful tenderer advising of their preferred bidder status (SPF006A Unsuccessful OJEU letter). At the same time the Procurement Representative shall notify the unsuccessful tenderers (SPF006B Successful OJEU award letter). The Procurement Representative shall provide a summary of the reasons the bidders were unsuccessful at the time of notification.

The Procurement Representative should agree a start date with the successful Supplier allowing sufficient time to finalise the contract documents. All contracts must be reviewed by the Group lawyer prior to finalisation. Once all contract documents have been agreed two copies should be sent to the

Once all contract documents have been agreed its should be issued via DocuSign to the Supplier for signing by an authorized signatory. If to be signed manually, 2 copies are to be issued for signing. Once signed it is to be processed via DocuSign accompanied by the 'Submission for Contract Award/Termination/Variation form (SPF009 Submission of contract award/variation/termination), which must be signed off by the Contract Owner, Contract Owner's Director, Procurement Representative and Managing Director or Finance Director. NB. It is the Contract Owners responsibility to progress the contract document through the authorisation chain up to and including their departments Director before returning it to Procurement who will then arrange for approval by the Managing Director or Finance

Director. Once both copies of the Contract have been fully signed by both parties, one copy to be sent to the Supplier and one copy to be retained by Procurement and uploaded onto the Contracts Database.

A Contract Award Notice should be sent to SIMAP/FTS by the Procurement Representative within the time limit of 2 months as stipulated in the Utilities Directive 2014/25/EU/Public Procurement Regulations.

10.27 PROCUREMENT CHECKLIST

A Procurement checklist has been developed, and forms part of the Procurement Strategy Document (SPF001 - Procurement Strategy and Checklist), to assist the procurement team to ensure all tendering activities have been completed.

You can also refer to the Route to Procure Process Flowchart within the Sustainable Procurement Manual.

11 Single Tender Action

11.1 INTRODUCTION

Single Tender Action (STA) means selecting a supplier without competition, usually because only one supplier is able to meet the specification. STAs must be tightly controlled and kept to a minimum.



The Finance Director must approve all requests for STAs.

11.2 JUSTIFICATION FOR STA

The justification for using the STA process can be if:

- only one supplier can provide the Supplies. In these cases, you must be able to show how you reached that conclusion and record details of any enquiries you made or other action that you took in arriving at your decision;
- the proposed supplier is the original supplier or manufacturer of specialist equipment and is the only company who can carry out services;
- in extreme urgency or an emergency exists.
- in cases where it is to the commercially advantageous to award a single sourced contract.

11.3 PREPARATION OF AN STA

Once you have identified an STA is required, the Contract Owner must complete an STA form (SPF002 - Single tender action approval form, providing a fully documented case to the Procurement Team.

The STA form should normally cover the following as a minimum:

- the Supplies, you wish to purchase from your chosen supplier;
- justification of why the specification or requirement restricts competition;
- details of any enquiries you have made to identify other suppliers;

- if you have other STAs in place for the same or similar work with the same supplier.

A contract will not be progressed for signing without a signed Single Tender Action form to accompany it through the authorization process.

11.4 EU/UK PUBLIC PROCUREMENT REGULATIONS AND STAS

If the estimated value of your contract, including STA exceeds the EU/UK Public Procurement thresholds, the rules of the Negotiated Procedure apply. The EU Utilities Directives/UK Public Procurement set out specific criteria, which need to be adhered to. If you wish to extend or vary a contract which was EU/UK advertised you must also do so using the negotiated procedure, but this is only permitted in certain circumstances.

Be aware that, awarding, extending or varying a contract without a Contract Notice when one should have been published is one of the grounds for ineffectiveness. You should consult with your Procurement lead for further advice.

11.5 APPROVAL OF STAS

All STA requests must be approved by the Contract Owner, the Functional Director, the Head of Client Relationships & Contracts and the Finance Director.

11.6 CONTRACT PREPARATION

Once the STA approval has been sought, for Supplies above £50k a contract must be put into place. The Procurement Representative should agree a start date with the successful Supplier allowing sufficient time to finalise the contract documents. Once all contract documents have been agreed two copies should be sent to the Supplier for signing and both copies to be signed by the Managing Director or Finance Director. This should be accompanied by the 'Submission for Contract Award/Termination/Variation form (**Error! Reference source not found.**), which must be signed off by the Contract Owner, Contract Owner's Director, Procurement Representative and Managing Director or Finance Director. Once both copies of the Contract have been fully signed by both parties, one copy to be sent to the Supplier and one copy to be retained by Procurement and uploaded onto the Contracts Database utilised.

11.7 AWARD SCORING MECHANISM

Tenders are assessed on how well they satisfy the award criteria (see SPF009 **Error! Reference source not found.**) which has been created in line with EU/UK Public Procurement regulations but can be adapted for non-EU/UK Public Procurement tenders. The relative importance of each award criterion should be established by giving it a percentage weighting so that all the weightings equal 100%. The Procurement Representative will liaise with the Project to agree the criteria weighting. The Procurement Team should draw up their own mechanism for each contract and test it with dummy data to ensure it works as anticipated.

When contracts are awarded on the basis of the offer which is the most economically advantageous the weightings given to each of the chosen award criteria shall be stated in the instructions to tenderers document.

In the event of a legal challenge the Procurement Representative will seek guidance from the Head of Procurement and/or Group Legal team who may request support from an external legal firm and will also note the instructions within the Abellio Procurement Policy.

11.8 VARIATIONS TO EXISTING CONTRACTS

Variations should be kept to a minimum and shall not change the essence of the contract. Where contract variations are materially different to the original contract awarded a new tender may be required to ensure transparency and bidders' equal treatment.

Not all variations will be unjustifiable, but care should be taken when proposing changes to an existing contract in determining that a Supplier has sufficient capacity for contract delivery.

No contract variations shall exceed 50% of the original contract value, as this will be deemed a material change and all variations must be agreed by the Head of Procurement.

All contract variations must be reviewed by the procurement department for compliance and where applicable a STA (SPF002 – Single Tender Action Form) is to be completed and approved.

11.9 CONTINUOUS IMPROVEMENT

Following the end of a tender process, the evaluation team shall meet to discuss lessons learnt, what went well and what didn't etc. to enable enhancement of the procurement process and the contract itself.

12 Framework / Term Contracts



Generally negotiated by Abellio Group.

12.1 INTRODUCTION

In the event that purchases are or may be expected to be made frequently consideration should be given to the setting up of a framework agreement, call-off contract or term contract. The definitions of these are as follows:

- **Framework Agreement** – an arrangement that sets out the terms that will apply if a Supplier is requested and is willing to supply Supplies during the period in which the agreement applies (e.g. agreed consultancy rates, ad-hoc provision of spares).
- **Call-off Contract** – an agreement, generally set for a fixed term during which the Supplier undertakes to provide goods or services whenever they are 'called off'. Goods or services are called off by a simple administrative procedure as agreed within the terms of the full

contract.

- **Term Contract** – an agreement that provides for a specified scope of supply over a defined period of time (e.g. planned preventative maintenance).

12.2 CONTRACT VALUE

The contract value shall be estimated at the outset before tender using the European Union Aggregation Rules.

12.3 SCOPE OF SERVICES

The scope of the contract/agreement is to be decided at an early stage and clearly stated when requesting expressions of interest and in the contract documents themselves.

12.4 KEY CONTRACT REQUIREMENTS

Before the procurement process is begun confirmation should be sought whether this activity is classified as a Key Contract and all appropriate elements are complied with. See SPF007 – Key Contracts.

12.5 TERM OF CONTRACT

Framework agreements, call-off contracts and term contracts must be of a defined duration. Options to extend the period of the contract by up to 1 or 2 years (in yearly stages) subject to satisfactory performance etc. may be included subject to agreement by the Head of Client Relationships & Contracts. The contract/agreement period and any possible extension options should be clearly stated in the contract and in the Contract Notice and should not be any longer than the length of the WMT Franchise.

All contracts must have an option clause for WMT to terminate upon the termination of the franchise. Any request beyond the end of the NRC Core Term requires the consent of the Secretary of State for Transport (DfT).

12.6 CONTRACT PRICE FLUCTUATIONS

For contracts/agreements of more than 1 year's duration an appropriate mechanism and formula for calculating contract price fluctuations should be included in the contract/agreement.

12.7 FRAMEWORK EVALUATION MODEL

A framework tender evaluation model shall be set up and agreed before the issue of a mini tender under the framework.

12.8 ALLOCATION OF WORK

For contracts where more than one Supplier is to be appointed for the same type of work the method of allocation of such work shall be ascertained before tender and notified in advance to the prospective tenderers.

12.9 E-FINANCE CATALOGUES

In certain circumstances the contract details are to be created as catalogues on the ordering system. Please contact the system administrator or a member of Procurement.

12.10 MINI COMPETITIONS

For framework contracts where there is more than one supplier that can provide the same service/work, a supplier should be appointed following a mini competition. The mini competition will take the same format as a Request for Information. The Project Manager/Contract Owner should contact the procurement representative for support and normal purchasing principles should be applied.

12.11 EMPLOYMENT OF CONSULTANTS

Prior to employing any consultant within WMT please refer the requestor to Human Resources to determine if an Authority to Recruit is required. In addition, it is essential that any contract is generated on a work package basis to ensure compliance with the IR35 tax regulations.

13 CONTRACTS DATABASE

All contracts once finalised must be stored onto the dedicated contract management Database.

14 NEC AGREEMENTS

In the event that an NEC agreement is used the following should be adhered to:

- Ensure the Contract Owner is aware of his/her obligations under the agreement, especially in terms of administration.
- When using NEC, this should ALWAYS be supported by the relevant published amendments and the amendments should be incorporated.
- Advise accounts payable of the payment terms as the standard terms for WMT are significantly longer than the standard terms in the NEC.
- The Works Information document is crucial and should be detailed and clear. It needs to be undertaken with a full understanding of how NEC works.
- Payment Mechanisms Options need to be agreed as part of the strategy document.

NB. WMT are currently utilizing both NEC3 and NEC4, with a gradual move to NEC4 in totality, with all new contracts being placed on NEC4.

If in doubt, contact the procurement team to contact the relevant legal support for advice.

15 SELLING OF WASTE

In the event that waste is collected on a specific site, that can be sold to a third party e.g. scrap metal, please contact the Environmental & Energy Manager or the Contract Manager for advice and guidance. Where possible these types of waste should be identified as soon as possible and incorporated into the strategy document and the supply agreement.

16 ORDER OF HAZARDOUS MATERIAL

The purchasing team will place orders on behalf of the business. The requisition for this service will be raised by local teams. In the event that any of the items are deemed to be or contain hazardous material e.g. cleaning liquids, these will be agreed by the safety department. This will include Group contracts where a core list is agreed by the business.

Instructions for the use of hazardous material are managed at a local level.

17 TRADING WITH SISTER OPERATING COMPANIES

In the event that an Abellio operating company (Supplier Operating Company) should tender for a contract with another operating company (Customer), then the Customer should treat the Supplier Operating Company exactly the same as any other bidder for the relevant tender. There should be no unfair advantage to the Supplier Operating Company and the principles and guidance set out in this policy and procedures document should be applied to all purchases.

18 TENDER CHALLENGES

Should a Contracts Manager be challenged by a bidder during and/or after a tender process the following should be adhered to:

- Always notify his/her line manager immediately;
- Inform the legal team;
- Do not ignore a challenge;
- React quickly and communicate clearly;
- Prepare a document pack, including correspondence if relevant, for the legal team to review;
- Don't destroy any information;
- The legal team may engage external lawyers, the Contract Manager and Group Contract Owner should provide cooperation and support;
- Ensure that the senior managers/directors are aware of the challenge and to appoint a single point of contact, should the bidder contact multiple managers in the business; and
- If there is foundation to the complaint take appropriate action, including rerunning the process if needed.

19 DATA PROTECTION & INFORMATION SECURITY

An information security questionnaire and privacy impact assessment (PIA) must be included in any tender process where personal data is captured. This template is available from the Information Security team.

20 CONTINUOUS IMPROVEMENT

Through contract review meetings the Contract Owner will be able to continuously monitor performance and collaborative working to build relationships and work in with the supplier to create action plans to enhance the results and meet the targets where not achieved.

The outcome of the process is focused on continuing to deliver best value and reduce the risk to the business throughout the contract life. As such this is a continuous improvement process and has a direct impact on the Procurement strategy.