Annex 2

1. INTRODUCTION

1.1 It is a policy of the British Transport Police Authority that value for money shall be secured. It follows that in managing risk in external expenditure the Authority shall ensure that best practice is followed within procurement.

1.2 This policy defines the Authority's approach to procurement.

1.3 The Office of Government Commerce Procurement Policy Guidelines, EU guidance for procurement, the Freedom of Information Act and other statutory provisions have guided this policy.

2. GENERAL PRINCIPLES

2.1 It is the responsibility of the Chief Constable through the Director of Finance & Corporate Services and the Procurement Manager to apply this Policy through the Authority.

2.2 All procurement shall be based on value for money both in the methodology of procurement and the contracted arrangement.

2.3 Contracts will normally be placed on a competitive basis. As soon as possible after the end of the financial year, an exception report shall be produced explaining any contracts >£250k in which competitive tendering was not employed.

2.4 Procurement in the Authority shall be benchmarked against best practice elsewhere.

2.5 The Authority shall produce procedures and processes compliant with IS0 9001 specifying and encompassing minimally all items that are the subject of the clause 3 following.

3. POLICY

3.1 Compliance with E.U. Procurement Regulations

Procurement in the Authority shall be fully compliant with Procurement Regulations of the European Economic Community. All financial thresholds shall be observed mindful of exchange rate fluctuations that may affect purchases affected by E.U. Procurement Regulations.

3.2 Code of Ethics

3.2.1 This code shall apply to all those involved in any aspect of procurement within the Authority.

3.2.2 Declaration of Interest – Any personal interest that may affect or be seen by others to affect a member of the Authority's staff's impartiality in any matter relevant to his or her duties or responsibilities shall be declared.

3.2.3 Confidentiality and accuracy of information – The confidentiality of information received in the course of duty shall be respected and shall never be used for personal gain. Information given in the course of duty shall be honest and clear.

3.2.4 The nature and length of contracts and business relationships with suppliers can vary according to circumstances. These should always be constructed to ensure deliverables and benefits. Arrangements which might in the long term prevent the effective operation of fair competition should be avoided.

3.2.5 Business gifts – Business gifts, other than items of very small intrinsic value such as business diaries or calendars, should not be accepted.

3.2.6 Hospitality – The recipient should not allow him or herself to be influenced or be perceived by others to have been influenced in making a business decision as a consequence of accepting hospitality. The frequency and scale of hospitality accepted should be managed openly and with care and should not be greater than the member's employer is able to reciprocate.

3.2.7 When it is not easy to decide between what is and is not acceptable, advice shall be sought from the Director of Finance & Corporate Services.

3.3 Delegations

3.3.1 Those authorised to incur cost on behalf of a Budget shall be notified of their delegation level by the Chief Constable, or Chief Executive and Clerk as appropriate.

3.3.2 Those authorised to commit the Authority in contract or external expenditure shall be notified of their delegation by the Chief Constable.

3.3.3 Only those authorised to commit the Authority in contract or external expenditure are empowered so to do.

3.4 Audit

3.4.1 Audits of contracts and orders placed, processes and controls shall be undertaken annually.

3.5 Procurement Structure

3.5.1 A procurement function and structure shall be in place that is appropriate to effectively manage the procurement needs and risk exposure of the Authority.

3.6 Supplier Database

3.6.1 The supplier database is held within the finance system of the Authority. It is best practice to keep the number of suppliers to the minimum that will support the Authority's needs. Requests to add suppliers shall be critically examined to ensure that no other contract exists where the supply or service could be obtained at equivalent or better value for money.

3.6.2 Where appropriate and dependent on the value or risk involved, suppliers shall be vetted to ensure their financial stability.

3.6.3 The Authority shall, over time, declare approved suppliers and shall place all contracts with those suppliers unless there are exceptional circumstances.

3.7 Value for Money

3.7.1 All orders/contracts placed shall be on the basis that they provide the best value for money for the Authority.

3.7.2 Value for money is defined as the best overall value taking into account:

- product or service quality
- delivery/performance schedule against need
- whole life costs (acquisition, servicing, operation, performance, residual asset, disposal)
- price
- operational needs of the Authority

3.8 Records

3.8.1 Records shall be retained of all contracts and orders placed for a period of 6 years following completion.

3.9 Terms and Conditions

3.9.1 The Authority has standard terms and conditions that are to be utilised for the supply of goods or services.

3.9.2 No variations to those terms and conditions shall be made without the express agreement of the Procurement Manager.

3.9.3 The Procurement Manager will provide advice on appropriate terms and conditions to use or if special conditions are required.

3.10 Mechanisms of Procurement

3.10.1 Procurement is effected in the Authority fundamentally in three ways:

- Specific Purchases
- Generic Purchases
- Low Value Purchases

3.10.2 Specific Purchases are those one off purchases either >£5,000 in value or of such a high risk to the Authority that they require:

- terms and conditions expressly governing the supply or service
- a start date and a completion date
- a price, value or rate
- a planned delivery or service schedule
- a specification
- negotiation
- performance reporting
- contract management
- a specific contract
- risk analysis if appropriate

3.10.3 Generic Purchases are orders placed under framework agreements used by the Authority where:

- the services or products are defined
- prices are stated and agreed
- prices are benchmarked against products services provided elsewhere
- order processes are in place to facilitate procurement
- there is benefit to the authority using sole leverage or with others
- a purchasing card should be used under the contract if more efficient

3.10.4 Low Value Purchases are those valued at <£5,000 where:

- the risk is low to the Authority
- a purchasing card should be used if not constrained by account
- the requirement is clear

3.11 Transactional Cost

3.11.1 It is the responsibility of those making purchasing decisions to ensure that transactional costs are minimised by:

- using purchasing cards where possible
- keeping the number of orders raised to a minimum
- not artificially creating orders to keep below value thresholds
- encouraging rolled up invoices from regular suppliers

3.12 Authority Operations

3.12.1 Those involved in undertaking procurement activity are to be mindful of maintaining the operational effectiveness of the Authority and will need to take this into account when considering procurement methodologies. Proposals to undertake activity that flaunt this policy on the basis of maintaining operability shall be referred to the Procurement Manager

3.13 Contract and Performance Management

3.13.1 All Specific Purchases shall have a nominated Contract Manager.

3.13.2 Generic Purchases placed or owned by the Authority shall be assigned a Contract Manager.

3.13.3 The Contract Manager shall produce interim and final performance reports in order to ensure that:

- progress is consistent with the contract
- quality is consistent with the specification
- suppliers comply with all terms and conditions of the contract
- opportunities are taken to reduce cost
- mitigation measures can be taken where a contract or order is failing

3.13.4 Formal reports shall be produced.

3.14 Variations

3.14.1 All proposed variations to contracts shall be agreed in writing prior to their implementation and shall not exceed the delegated authority of those requesting the change.

4. RESPONSIBILITY

4.1 This document is owned by the Director of Finance and Corporate Services and is to be reviewed annually.