

Leicestershire Police

Procurement Policy

Effective from December 2014

1. Introduction

1.1 The Office of the Police and Crime Commissioner for Leicestershire (OPCC) and the Chief Constable are jointly responsible for ensuring that all goods and services (which include the use of consultants, sponsorship and provision of works) are procured in the most effective manner so as to meet the operational needs of Leicestershire Police.

1.2 The OPCC has a legal requirement to:

- i) devise and implement Standing Orders which govern procedures for tendering for and the award of contracts for the supply of goods and services (Local Government Acts 1972/1988/1999) and 1997 Finance Regulations.
- ii) comply with European Union (EU) Procurement Directives for the supply of goods, services and works
- iii) Comply with the duty of best value and competition.

EU Procurement Legislation is expressed in the form of Procurement Directives, and is implemented into UK Law by means of Regulations that have statutory effect.

1.3 Thus the EU and UK procurement legislation, the OPCC's Financial Regulations and Contract Standing Orders provide a legal and regulatory framework which governs all purchasing throughout Leicestershire Police, no matter by whom it is carried out. Compliance is mandatory.

1.4 The Force Head of Procurement holds corporate responsibility for all procurement arrangements, providing advice and guidance on best procurement practise, to ensure that all commercial and legal interests of the Force are consistently represented. Central to this role is:

- i) the management of all tendering and contract award procedures for works, goods and services regardless of value.
- ii) providing guidance and advice on best Procurement practise
- iii) the provision of information to enable budget holders to make timely and effective Procurement decisions
- iv) ensuring that the commercial and legal interests of the OPCC are consistently represented and applied.
- v) Ensuring equality and diversity considerations are embedded into the procurement process. To ensure suppliers, contractors and service providers meet their obligations under the Equality Act 2010.

2. Confidentiality and Disclosure of Interest

- 2.1 Information obtained during the process of tendering, or by other approved procedures for negotiating a contract for the supply of goods and services, must not be divulged to any third party.
- 2.2 Budget holders should not disclose any information relating to contract prices or contractor performance to any third party. This must be treated as 'commercial in confidence'.
- 2.3 Any employee involved in the procurement process for the provision of any goods or services must disclose any form of personal interest they may have to their Area or Departmental Manager, in particular where a relative or friend is a member of a company, or organisation involved in the submission of a tender for a contract to the OPCC.

3. Use of Contractors Services, Gifts and Hospitality

- 3.1 Apart from participating in concessionary schemes arranged by trade unions or other groups for their members, employees of Leicestershire Police must not avail themselves of the services of contractors or suppliers employed by the OPCC for acquiring materials, goods or services at cost, trade or discounted prices.
- 3.2 Employees should not accept gifts from any contractors or suppliers, the only exceptions being low value cost functional items suitable for business rather than personal use. Any attempts by contractors or suppliers to undermine the honesty of staff by the offer of more substantial gifts or inducements should be reported to the Force Head of Procurement immediately, via their line manager.
- 3.3 Employees engaged on the establishment of contracts and use of thereafter will often find themselves in the position of being offered a meal or free attendance at social/commercial functions. Employees must use discretion in taking meals with contractors, suppliers or other parties with whom they are negotiating. Any such gratuities must be recorded in the Chief Constable's Register of Gifts and Hospitality.
- 3.4 Under no circumstances should employees accept accommodation or travel at the expense of contractors or supplier, or with any prospective contractors or suppliers.

4. Corporate Supply Arrangements

- 4.1 The Leicestershire Police Procurement Strategy acknowledges and accepts the ACPO National Procurement Strategy as the main driver for the Force Strategy. The National Strategy requires Chief Constables to ensure that individual force strategies are drawn up or amended to take account of the National Procurement Strategy, and that Chief Constables will need to demonstrate commitment to regional and national collaborative arrangements. HMIC will require Chief Constable's to be able to account for departures from consortia arrangements.
- 4.2 It is therefore a requirement of the Leicestershire Police Procurement Policy that the purchase of goods and services should be made from:-
 - National contracts or Framework Arrangements, or regional consortium contracts, that corporately, through the Force Procurement Department have been determined that the Force will participate in.
 - Such other contracts that have been arranged or approved by the Force Procurement Department for use by budget holders.

Where a contract has been awarded following the EU Procurements Directives the Force purchasing goods or services outside of that contract can be taken to court for breach of contract. Therefore there must be no Procurement of goods or services outside such contracts.

- 4.3 Where any goods or services required by a budget holder are available from a central contract referred to in paragraph 4.2 above, such goods or services shall, without exception, be procured from that central contract.
- 4.4 OPCC Standing Orders define a 'contract' as meaning a contract for the purchase of goods and services or contracts for the sale of goods and services. The issue of an official purchase order will constitute a binding 'contract' between Leicestershire Police and a supplier.
- 4.5 OPCC Financial Regulations and Contract Standing Orders both require that official purchase orders in writing are issued to suppliers on each and every occasion that goods and services are ordered. (Every contract must be evidenced in writing). Verbal orders are for emergency use only, and must be confirmed in writing within two days. Official purchase orders shall be generated via the Sage Tetra Financial Information System. The purchase order processing system forming part of the Sage Tetra Financial Information System will not permit a purchase order to be issued to any supplier who has not been approved by the Force Procurement Department as a supplier of goods and services to Leicestershire Police.
- 4.6 Suppliers can only be used as a result of successfully tendering to the OPCC or following approval by the Force Procurement Department via authorisation of a Single Source Dispensation via the Chief Executive of the OPCC
- 4.7 Enquires regarding products, pricing or service information in respect of centrally established supply arrangements should be referred to the Force Procurement Department. Any attempt by a Contractor to change the contract in relation to product specification, prices or contract terms must be reported to the Force Procurement Department
- 4.8 In order for the Force Procurement Department to monitor the effectiveness of centrally established contracts or supply arrangements, budget holders should report in writing to the Force Procurement Department significant difficulties regarding supplier or product performance as soon as they are aware of such issues...
- 4.9 A contract between Leicestershire Police and a supplier should be treated as 'commercial-in-confidence', the content of any contract should not be divulged to a third party.
- 4.10 Tendering by a budget holder or department where a purchase is over £5,000 should not be undertaken directly and this should be referred to the Procurement Department to manage on their behalf.

5. Tendering Procedures for the Supply of Goods and Services (incorporating EU Directives)

- 5.1.1 OPCC Standing Orders on Contracts state that the Chief Constable shall accept the most economically advantageous tender or the lowest priced tender. It is therefore crucial to ensure that the budget holder fully defines the scope of Service or Specification to the Force Procurement Department for inclusion in the tender documents.
- 5.1.2 The Force Procurement Department shall manage all procurement procedures for goods and services regardless of value. The formal procurement procedures incorporate the selection of companies, preparation of documents, invitation of proposals, evaluation of bids and award of business.
- 5.1.3 Where the estimated value of the contract is between £5,000 - £173,934:

- a minimum of three approved suppliers shall be invited to tender; wherever possible more than three suppliers should be invited where this is likely to be commercially advantageous
- the estimated time scale for establishing a contract under this procedure is approximately 4 weeks.

6.1 EU Tendering Procedures

6.1.1 Responsibility for all procurement contracts over the thresholds in place at the time of contracting will be with the Force Procurement Department. At January 1st 2014 until 31st December 2015 the thresholds applicable are:

- £172,514 for goods and services
- £4,332,021 for works.

6.1.2 EU tendering procedures may be either open, restrict or negotiated. These will be co-ordinated by the Force Procurement Department:

6.1.3 Open Procedure

- open invitation to any supplier to submit a bid; no development of a 'select list' prior to tender invitation
- the estimated time scale for the establishment of a contract under this procedure is approximately 20 weeks

6.1.4 Restricted Procedure

- involves the pre selection/evaluation of suppliers potential to bid
- suppliers apply for inclusion on to a select list from which a limited number are invited to tender
- the estimated time scale for the establishment of a contract under this procedure is approximately 36 weeks

6.2.6 Negotiated Procedure

- used only in exceptional circumstances e.g. where product/services are unique; contract establishment through direct negotiation with one or more suppliers without inviting competitive bids. (Similar procedure to OPCC Standing Orders for Single Tenders)
- the estimated time scale for the establishment of a contract under this procedure is approximately 16 weeks

6.3 The above time scales are approximate, reflecting legal requirements for tendering and contract award under OPCC and EU procedures. Time scales may differ dependant upon circumstances and allowances must always be made for the following:

- preparation of tender documents
- pre-tender selection of suppliers
- tender evaluation process

- tender approvals (management boards etc)
- tender award
- the budget holder should note that in certain circumstances it may be necessary to refer 'pre-contract' and 'contract award' to the OPCC for approval. This requirement may extend the overall tendering process.

7. Roles and Responsibilities in Tendering, Contract Award and Contract Monitoring

7.1 The Role of the Head of Procurement and Support Services.

- i) Providing advice and guidance on the appropriate commercial and operational strategy
- ii) Determining the correct tendering procedure to be implemented, or advising whether a contract is already available via an approved consortia arrangement
- iii) Placement of tender advertisement (where appropriate), in local/national press, trade journals and OJEU Notice (European Journal)
- iv) Financial and commercial vetting of suppliers to determine suitability against pre-tender criteria
- v) Issuing of letters to obtain business references from private sector companies and other police authorities where appropriate
- vi) Preparing and issuing the 'Invitation to Tender' documentation, this may include:
 - invitation to tender letter
 - terms and conditions of contract
 - pricing schedule
 - specification (provided by budget holder)
 - service level agreement (where appropriate)
 - commitment to equality and diversity legislation
- vii) Initial preparation of the Tender Return Schedule
- viii) Financial and commercial evaluation of the tender responses:
 - analysis of tendered prices
 - compliance with terms and conditions of trading
- ix) Arranging and attending all pre-tender and post tender contract meetings regarding all commercial and financial matters with suppliers; this will include where appropriate, organising and attending visits to supplier premises
- x) Implementing the award of contract procedure, this may include the following:
 - issue of 'Letter of Intent'
 - issue of 'Award of Contract' letter

- issue of OJEU award of contract notice
 - Contract conditions to include compliance and commitment to equality legislation
 - issue of rejection letter to unsuccessful tenderers
 - undertaking where requested de-briefs to un-successful tenderers
 - formulation of the 'contract' between the OPCC and the successful tenderer
- xi) Preparing and issuing all variation to contract notices. Budget holders must not enter into any negotiations or agree any variation to a contract with a supplier.
- xii) Maintenance of contract files embracing relevant documentation/correspondence relevant to each contract established by the Force Procurement Department. Specific requirements regarding the types of correspondence to be held by the Force Procurement Department will be notified to budget holder at the time of contract implementation.

7.2 The Role of Budget Holder

7.2.1 Following the formal registering of a procurement (contract) requirement with the Force Procurement Department the budget holder should:

- i) provide documentary evidence that all necessary authority and approvals have been secured to proceed with the tender exercise (appropriate management board etc, OPCC); this must include all financial provisions
- ii) provide scope of service or specification of requirement, this shall include the following:
- pre-contract value or estimate
 - identification of potential suppliers
 - development of specification, including technical and/or performance/service related criteria, inclusion where appropriate of BS/EN Standards, health and safety and environmental factors
 - service/maintenance parameters
 - quantity, units required etc
 - contract period
- iii) Depending on the value of the contract undertake or participate in the technical evaluation associated with the following:
- Pre-tender selection of interested suppliers, compliance with pre-determined selection criteria
 - Evaluation of tender bids and compliance with tender requirements
 - Tender evaluation report recommending or rejecting any supplier/s for award of contract

- iv) provide information as notified, to assist the Force Procurement Department in the monitoring of a contract. The format for such monitoring information will be agreed between the Force Procurement Department and the Budget holder dependant on the type of contract.

7.3 Joint Role of the Force Procurement Department and the Budget Holder

Certain activities within the tendering process shall require the collaborative input from both the Force Procurement Department and the budget holder as follows:

- i) agreement on the tender timetable, taking into account the complexity of the requirement, tender procedures to be applied and the potential need to report to the OPCC
- ii) consideration of the specification or scope of service, where it has been identified and agreed that a corporate contract will be established
- iii) award of contract: the Force Procurement Department and budget holder to sign the 'Tender Evaluation and Award of Contract' proforma which details the name/s of the successful tenderer and the tendered price, appended will be the technical evaluation by the budget holder and the commercial evaluation by the Force Procurement Department.
- iv) preparation of a 'Contract User Guide' (where appropriate). This may be required where a central contract has been established by the Force Procurement Department for 'call off' by budget holders. The user guide should provide all relevant information such as:
 - product range, scope of service and specification
 - pricing
 - performance monitoring reporting
 - supplier and internal contact personnel

8. **Management of Force Assets**

8.1 Stock Management

- 8.1.1 All budget holders and departments that are required to maintain stocks of goods or materials which are held and subsequently issued must ensure that appropriate records of stock movement are maintained.
- 8.1.2 The stock movement records must record the date and quantity of stock received together with the relevant Official Purchase Order number. Record of issues must be recorded detailing date, quantity, requisition number and to whom issue was made.
- 8.1.3 It is a requirement to ensure that at the end of each financial year (31 March) that closing stock figures and stock value is recorded. This information will be required by the Finance Department to be included in the 'Year End Accounts'.

8.2 Disposal of Assets

- 8.2.1 Responsibility for the application and adherence to the Force Disposal Policy rests with the Head of Procurement and Support Services. All surplus or obsolete assets (products and materials) must be disposed of in accordance with this policy. (NB. This policy excludes the disposal of land, buildings and vehicles where separate provisions apply).

- 8.2.2 The budget holders may undertake the disposal of an asset where the estimated value of an item is less than £300 without referral to the Head of Procurement and Support Services, this will require the completion of a 'disposal form' which must be retained on file together with all relevant documents and it must be ensured that any such variation is recorded on Area or Departmental inventory.
- 8.2.3 The Force Procurement Department shall manage on behalf of the budget holder the disposal of an asset where the estimated value exceeds £300.
- 8.2.4 In accordance with Financial Policy, the funds from the sale of an asset may only be returned to the budget holders income account if the original asset was purchased from the budget holders devolved allocation. In such instances where an asset was originally purchased as part of a 'capital scheme', or 'force project' the receipt must be deposited into the Force income account.
- 8.2.5 In all circumstances where the receipt for a disposed asset where the value exceeds £6,000, income will be treated as 'capital receipt', and as such will not be returned to the budget holder.

9. **Record Keeping and Retention Policy**

- 9.1 It is incumbent upon Areas and Departments to maintain sufficient records of their procurement activities both for internal and external audit, and for inspection by the Force Procurement Department as and when required. The Force Procurement Department will maintain records of centrally held contracts and procurement arrangements.
- 9.2 Where the Force Procurement Department has supported the procurement activities of the budget holders or client departments, the responsibility for audit remains with the client.
- 9.3 The Force Procurement Department will archive contract documents, which can include electronic storage, for the following periods:
- contracts (issued under seal) 12 years or indefinitely
 - contracts (not issued under seal) 6 years or indefinitely
 - building or re-building contracts indefinitely
 - heating (energy) supplies contracts 12 years
 - maintenance contracts contract period + 2 years
 - service contracts contract period + 2 years
 - contract final accounts indefinitely
 - register of tenders/quotations indefinitely
 - unsuccessful quotations, tenders and rejected bids current year + 2 years
 - pre qualification questionnaires current year + 2 years
 - tender correspondence and envelopes current year + 2 years
 - vetting forms for contractor's personnel retained by local managers for the duration of the contract.

10. **Efficiency Savings**

10.1 In the event of any direct cost savings being achieved regarding items purchased within the Force the following process relating to the re-deployment of the financial benefit will take place.

10.2 **Centralised Contracts affecting a number of Areas/Departments.**

10.2.1 Cost savings may be achieved via Regional or National collaboration or directly by the Procurement Department on behalf of a number of Areas or Departments within the Force. In theory each Area/Department may claim a percentage of such savings within their own budgets which could be based on their proportional spend against a specific contract. The solution to such a scenario would be that any such savings achieved would be retained centrally by the Chief Officers Group and not re-distributed to a number of Areas/Departments.

10.3 **One-off special purchases/contracts.**

10.3.1 Where however budget approval exists for a particular item/piece of equipment and through negotiation a saving is achieved then the budget holder may be left with a surplus of funds. In such circumstances then the Chief Officers Group will decide how such savings should be re-deployed within the Force. To ensure that there is a desire and incentive to achieve such savings by individual Areas/Departments then wherever possible the re-deployment of such funds by the Chief Officers Group will be made either wholly or on a proportional basis to the Area/Department concerned.

11. **Procurement Department Training/Awareness**

11.1 The Procurement Department will provide on-going guidance and assistance on all Procurement issues within the Force to key members of staff.

This will be established as follows:-

- Regular communication with Support Managers located within each Area/Department to discuss and advise on Procurement policy and individual procurement strategies that will effect their day-to-day roles. In addition advice and support will be given to Support Administrators where required.
- Individual Procurement Workshops will take place as and when required with each Area/Department. This will allow participants to understand the role of the Procurement Department within the Force. It will also discuss the process of adherence to Contract Standing Orders and Financial Regulations, the Procurement Strategy, Legislative requirements of Contracting and the support, guidance and advice available from the Procurement Department. These "Customer" Workshops will also allow time to discuss individual issues facing each discipline when they need to buy goods, services or materials and also discuss any other general issues in a question and answer session. An information/awareness pack will be left with each Area/Department.
- To actively promote the Procurement Department. The Leicestershire Police Intranet site will be used to provide regular advice and guidance on procedure and "hot topics" such as the issue of uniform. This awareness will promote the function in a positive manner whilst also providing meaningful information throughout the Force.
- Specific feedback will be received from Uniformed Officers on the Uniform and Operational equipment issued to them. The Procurement Department will organise supplier days at Force Headquarters as and when required. This will involve inviting suppliers to the Force to meet with Police Officers and Support Staff who will then have the opportunity to discuss issues directly with Suppliers. It is hoped that such a forum will provide suppliers with valuable information regarding product supply and

development for the future whilst also ensuring that consultation with the end users takes place.

12. **Audit/Review**

- 12.1 To ensure that Procurement Policy, Procurement Strategy, Contract Standing Orders and Financial Regulations are being followed the role of the Procurement Department will include an annual Audit of each Area/Department to understand purchasing processes used, savings achieved, best and appropriate use of terms and conditions of contract, existence of an audit trail regarding the purchase of goods, services and materials and overall to ensure that value for money is being obtained on behalf of the Force.
- 12.2 After initial consultation has been undertaken an annual timetable will be published for Audit's of all Areas/Departments. Prior to this a checklist will be provided to all Area/Departments which will identify in more detail the areas to be audited.
- 12.3 The results of individual Audits would then be used to determine if areas for improvement, training or awareness need to be addressed.

13. **Review of Policy**

- 13.1 The Force Head of Procurement will keep the Procurement Policy under review, particularly if there are material changes to UK Government and/or EU legislation, which will necessitate amending the OPCC Standing Orders on Contracts.

Latest revision December 2014.