southeastern

SE TRAINS LIMITED ("Southeastern")

PROCUREMENT POLICY AND PROCEDURES

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Approved By:	Signature:
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Distribution and Review History

Change Record

Date	Author	Version	Change
26th January 2022	S.Golby-Meek	0.1	First draft for review
11th February 2022	S.Golby-Meek	0.2	Incorporating comments and changes from the Finance and Procurement teams
1st March 2022	S.Golby-Meek	0.3	Incorporating comments and changes from the Executive team
2nd March 2022	S.Golby-Meek	0.4	Incorporating FOIA/EIR explanation, updated to UCR terminology and process maps in the appendices. Adding 'acknowledged exclusions' of the policy.
15th March 2022	S.Golby-Meek	1.0	Final version approved at SE Exec on 15/03/22, for implementation from 01/04/22

Distribution

Date	Version	Location
26th January 2022	0.1	Procurement and Finance team review
11th February 2022	0.2	SE Trains Exec
1st March 2022	0.4	SE Trains Exec, DOHL FD, LNER and NTL Heads of Procurement
1st April 2022	1.0	SE Trains management (via internal communications) and directorate briefings.

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1 POLICY INTRODUCTION AND SCOPE

1.1 Purpose

This *Procurement Policy and Procedures* document sets out how Southeastern will ensure value for money, transparency and high quality from its supply chain and ensure adherence with relevant regulations and legislation. It outlines the key principles and objectives of procurement and describes the governance mechanisms that will be used to help achieve the desired outcomes.

The principles and procedures contained within this document are mandatory and should be applied to all procurement activity across the organisation.

1.2 Policy context

Southeastern was part of the Go-Ahead Group plc ("GAG") (as a subsidiary of Govia Limited) until October 2021 and, during that time, followed the GAG Procurement Policy. In October 2021, Southeastern exited the Go-Ahead Group and was established as a standalone business. The *Southeastern* trading name was retained but the legal entity transferred from London & South Eastern Railway Limited to SE Trains Limited, a wholly owned subsidiary of DfT OLR Holdings Group ("DOHL"). This *Procurement Policy and Procedures* document has been produced to provide a procurement policy for the 'new' Southeastern. Any major changes have been outlined in Section 1.4.

Our Procurement Policy provides a framework for the organisation to obtain value for money by optimising specifications, extending market research, minimising total cost of ownership, driving competition, seeking innovation and improving processes in all its procurement activities. It addresses all elements of procurement activity from identifying a need, considering options, procuring the appropriate goods, services or works, 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, implemented fairly with robust financial controls.

The Procurement Procedures (Sections 4-7) sets out the way Southeastern will contract with third parties to obtain the supplies, services and works required to fulfil its business objectives in the timeliest and most cost-effective manner, whilst working within an acceptable level of risk and delivering value.

It is our policy to source from approved suppliers, who will have been assessed for their sound financial standing, technical, safety, environmental, sustainability and quality credentials; and that the supplies, services and works is at the minimum total cost while meeting the needs and timescales of the business. All sourcing activities follow clear principles of fairness, transparency, non-discrimination, mutual recognition and proportionality.

1.3 Scope

The policies, procedures and guidance contained in this document shall apply to all procurement of supplies, services and works by Southeastern.

The requirements to comply with Southeastern's *Procurement Policy and Procedures* **apply to all colleagues**, whether permanent, fixed term, temporary or engaged as consultants.

Some of the procedures require delegated financial authority to make a decision. This manager is referred to in this *Procurement Policy and Procedures* as the "Appropriate Delegated Officer" and is identified in Section 3.9 Delegated Authorities.

The Procedures shall be complied with at all times, except:

    i.   by written approval of the Managing Director; or

    ii.   by completion of a '*Sourcing Waiver*' document, authorised by the Appropriate Delegated Officers

It shall be the duty of all colleagues at Southeastern, requesting goods/services/works, placing

contracts, managing contracts or conducting transactions on behalf of the business, to ensure that optimum value for money is obtained, and to ensure the *Procurement Policy and Procedures* are followed. Value for Money is defined as optimising specifications, conducting market research to increase supplier participation, minimising total cost of ownership, driving competition, delivering social value through the supply chain, seeking innovation, improving processes and managing supplier contracts to ensure accurate costs and invoicing.

This policy also incorporates works or services delivered on behalf of external organisations "Third Party Funded" (e.g. Network Rail, councils and charities). These transactions/agreements may contain further stipulations on the award of contracts that exceed those outlined within this *Procurement Policy and Procedures* document.

This *Procurement Policy and Procedures* document shall be reviewed on an annual basis by the Head of Procurement and Finance Director. Any changes and/or updates shall be approved via the Southeastern Executive before being implemented.

1.4   Key changes in policy

As previously outlined, Southeastern previously followed the GAG Procurement Policy. This policy covered a diverse range of business, from large train operating companies with over 7,400 employees and turnover of £1bn+ to small bus companies with c.360 employees and 160 vehicles. A one size fits all approach was operated to enable consistency across the multiple operating companies. However, as Southeastern exited the Go-Ahead Group in October 2021, some elements of this *Procurement Policy and Procedures* document have been reviewed and amended to fit the requirements of the standalone organisation. These include:

   a) An Increase to the threshold for non-Procurement stakeholders to manage Request for Quote and Request for Proposal evaluation and selection from £50,000 to £100,000. As these values are far below the relevant UCR16 thresholds, this change is intended to improve process efficiency while maintaining the requirement for competitive pressure.
   b) An amendment for the process of requesting direct contract awards from a "Single Tender Action" procedure to a "Sourcing Waiver" Authorisation procedure, to align with other DOHL train operating companies (namely LNER) and refresh the templates.
   c) Procurement Strategies, Sourcing Waivers and Contract Award Recommendations over £1,000,000 to an appropriate Southeastern Executive meeting for greater visibility of high spend items.
   d) Call-off approvals for Procurement approval increased from £5,000 to £10,000 to improve process efficiency
   e) Requirement to publish FATS VEAT notices for direct awards and extensions to meet regulatory compliance.
   f) Incorporation of social value minimum evaluation weightings to align with government guidance.

1.5   Acknowledged exclusions

Southeastern acknowledge that some supply and services categories have inherent limitations which mean that competition is not possible. The following activities are excluded from the requirements from Sourcing Waivers but may require other formal documentation (where explicitly required by the UCR16):

   a) in-life changes, variations and/or necessary extensions to rolling stock leases;
   b) access or maintenance of critical spares which are owned by rolling stock leasing companies;
   c) High Speed 1 and/or Network Rail access agreements for depots, stations or any other necessary infrastructure for Southeastern to operate;
   d) Industry body membership (e.g. RSSB, RDG)

The rationale for these exclusions are that long term leasing or rental for third party owned or regulated assets cannot be competed and there are no alternatives. However, other than

Network Rail access agreements, any new requirements shall be considered in accordance with this *Procurement Policy and Procedures* document.

1.6 Legislation and regulation

All tendering activity will be conducted in accordance with *all* relevant legislation (e.g. General Data Protection Regulations), this policy document and, where above applicable thresholds outlined within the Utilities Contract Regulations 2016 (see Section 7.2). Any exceptions to this shall be clearly documented using the Sourcing Waiver, as outlined in Section 3.5.]

1.7 Our procurement objectives

a) **Value for money** - Delivering value for money for all of our third-party expenditure
b) **Safety** – Ensuring that suppliers are appropriately certified (where required), competent to provide the relevant goods and services and are engaged using appropriate terms and conditions to safeguard the health, safety and welfare of our staff, passengers and third-party operatives.
c) **Social value (sustainability)** – Ensuring a holistic approach to awarding contracts by adhering to our Procurement Social Value Charter and Modern Slavery Policies, including evaluation methodology to measure impact on local economies, the communities we operate within, diversity of our supply chain, our impact on the wider environment while always working in a fair and transparent manner.
d) **Quality –** Delivering clear, high quality contracts that allow flexibility, value and promote continuous improvement through fit for purpose metrics and service levels.
e) **Compliance** – Ensuring that we comply with relevant legislation and regulation at all times and have the right agreements in place

2 PROCUREMENT STRUCTURE

The Southeastern Procurement function is responsible for all tendering activity, agreeing terms and conditions and formalising contracts with third parties and suppliers. In addition, the team will provide support for obtaining and assessing Request for Quotations ("RFQs"), procurement policy, contract advice and guidance for Southeastern stakeholders and the maintenance of a contract database of all agreements across the organisation.

The permanent structure of the Procurement team is outlined in Table 2.1 below. Additional temporary or fixed term roles may be added from time to time. The Procurement team forms part of the Finance directorate and reports directly to the Finance Director.

Table 2.1 – Procurement team structure
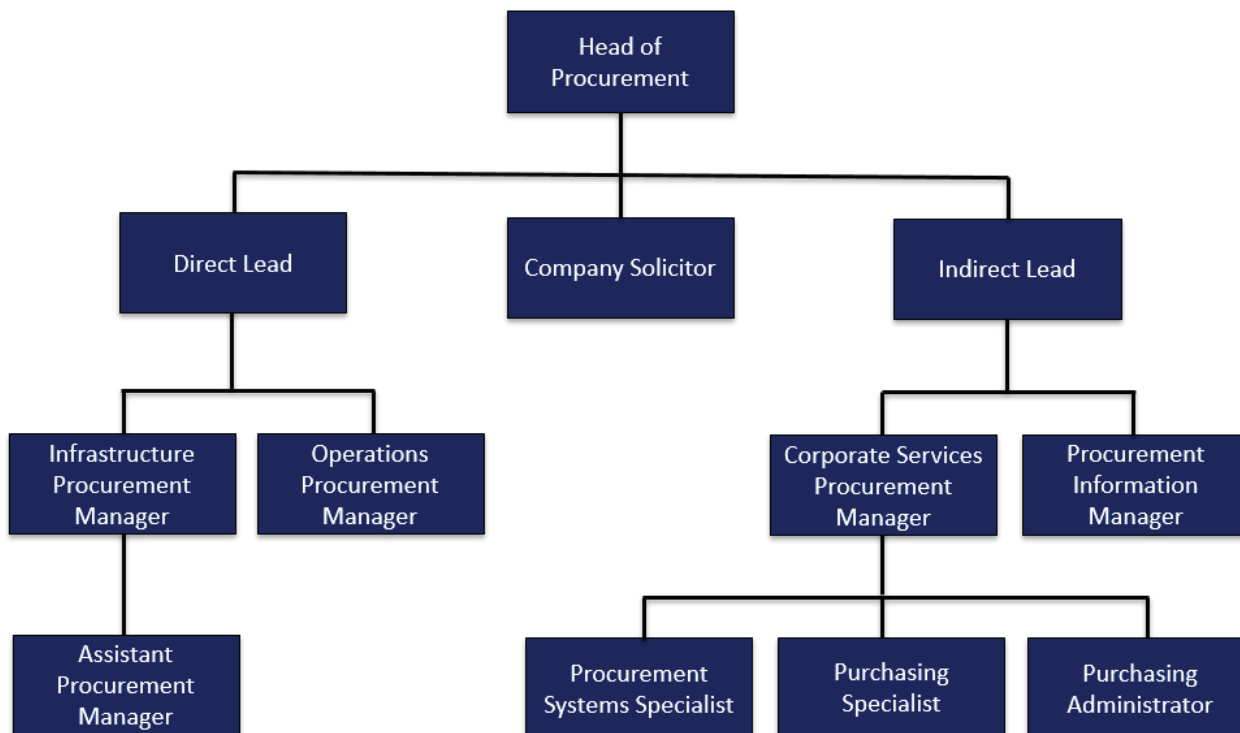
Table 2.2 – Breakdown of business area responsibilities

Direct (Infrastructure and Operations)	Engineering (excluding IT), Passenger Services, Train Services and Business Development directorates; and
	Direct frameworks (Rail Services, Professional Services and Minor & Intermediate Works)
Indirect (Corporate Services, Information and systems and purchasing)	Commercial, Communications, HR and Finance directorates, IT and Safety departments; and
	P2P systems (Oracle & Equinox), purchasing solutions (e.g. Amazon Business) and indirect/cross-departmental frameworks and office-based equipment/leasing.

3 PROCUREMENT PROCEDURES OVERVIEW

3.1 Types of procurement

For the purpose of this *Procurement Policy and Procedures* document, there are considered to be six types of activity in which Southeastern will approach the market for information or seek to procure goods, services or works. The five types are:

i. **Request for Information (RFI)** – This is a process of information discovery or market research for the purposes of supporting business decisions, optimising or validating strategies or seeking solutions to arising or novel requirements. This process does not result in any expenditure or contractual commitment.

ii. **Request for Quotation (RFQ)** – This is a process which involves requesting quotations to a scope of work, bill of materials or specification from one or more suppliers. A formal quotation is submitted by the supplier/s in response to the RFQ which can then be used to evaluate and procure the goods, services or works requested. See Section 4 for further details.

iii. **Below threshold tenders or Request for Proposals (RFP)** – This is a process of competition between two or more suppliers sourced via an applicable route to market (see Section 3.2) which adhere to the principles of UCR16. 'Below threshold' means contract values under the relevant UCR threshold/s (see Sections 5 and 6). The tender/RFP will typically contain a scope, specification, programme and proposed terms and conditions but always require a defined method of tender evaluation (see Section 8 for further details).

iv. **Above threshold tender** - This is a robust process of formal competition which fully complies to the requirements of UCR16. The tender will take place between two or more suppliers sourced via an applicable route to market (see Section 3.2) on contract values in excess of the relevant UCR threshold (see Section 7.2) The tender will typically contain a scope, specification, programme and proposed terms and conditions but always require a detailed methodology for tender evaluation (including weightings and scoring criteria), upon which the submissions are evaluated against and ranked to select the preferred bidder. See Section 8 for further details.

v. **Framework call-off** – Southeastern maintains a number of direct frameworks and has access to further frameworks via the Crown Commercial Services. A framework is a blanket set of terms and conditions covering a broad scope of goods, works or services. This process typically involves a 'call-off' to a supplier on the framework or a 'mini-competition' between two or more eligible suppliers on the framework. See Section 9 for further details.

vi. **Direct award** – In certain circumstance, a direct award may be required or be deemed as the most appropriate sourcing route. This involves engaging with a single supplier to agree the terms of goods, works or services. It should be noted that these circumstances will require a Sourcing Waiver document (subject to thresholds) and clearly state a valid, objective reason for not conforming to the standard sourcing process. If a direct award is required for values in excess of £355,000, the rationale must adhere to the exemptions stated within the UCR16. See Section 3.5 or Section 10.1 for further details.

3.2 Routes to market

Southeastern does not operate an 'Approved Supplier' database (or similar). There are a large number of suppliers registered on our e-Procurement system (i.e. Oracle) but this should not be deemed as a supplier being 'approved' or this being an appropriate selection criterion for procuring goods, services or works. The suitable routes to market (a.k.a. selecting suppliers) are outlined in the table below.

Table 3.2 – Routes to selecting suppliers

Route	Notes	Value	
		Below threshold values	Above threshold values
Prior knowledge, existing suppliers or market search	Only suitable for non-complex, low value goods or off-site requirements	Yes – only for low value off site requirements	No
Railway Industry Supplier Qualification Scheme (RISQS) – see below	Suppliers audited by third party for specialised for rail, engineering and infrastructure requirements. Accessible only via the Procurement team.	Yes	Yes – in selected circumstances[1]
Gov.uk Find A Tender Service (FATS)	Requires a contract notice to be placed on an open market platform (replaced TED/OJEU). Accessible only via the Procurement team.	Yes – in selected circumstances[2]	Yes
Frameworks (direct or Crown Commercial Services)	Suppliers must be selected via an applicable framework 'lot'	Yes	Yes[3]

RISQS is a UK rail industry supplier qualification scheme, provided by the Railway Safety Standards Board. It is a subscription-based model and suppliers must pass mandatory criteria (and audits) in order to supply certain categories of goods and services, including stringent requirements for 'safety critical' categories. This route ensures that suppliers have the necessary qualifications and skills to undertake various activities safely in the railway environment, including working on Southeastern sites. RISQS also assists with UCR compliance as all pre-qualified suppliers are selected through a fair, open and transparent process, with an audit trail.

Southeastern use the Oracle e-procurement (procure to pay) system. This system contains the details of all suppliers which are currently registered with their company and bank details for the issuance of purchase orders. If a supplier is not present on Oracle, a new supplier form should be submitted (see Section 11.1.1)

3.3 Procedure overview

The complexity of the procurement procedure will depend on the requirement and value. However, they will all follow the key stages outlines below. See Sections 4-7 for further detail of each process, depending on value.

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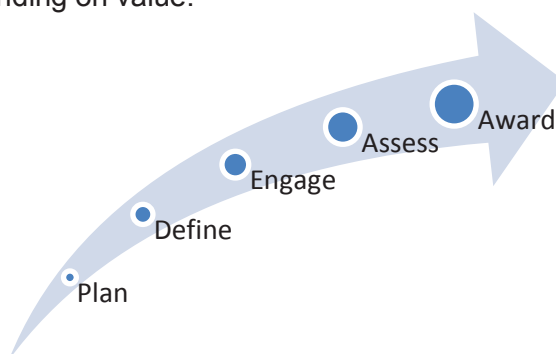
[1] It is possible to utilise RISQS for above threshold requirements but some categories are insufficiently covered via the pre-qualification scheme.
[2] There is no requirement to advertise on FAT for below threshold requirements. However, it may be preferable where there is insufficient coverage on RISQS or no available frameworks to utilise.
[3] Subject to maximum spend caps on framework, some requirement may not be suitable

1. **Plan** - The first stage of the process is to plan for the requirement. The "Requestor" (e.g. project manager, contract manager, technical lead) should notify the Procurement team of upcoming requirements (confirmed or potential) and/or contract renewals. Requestors should note the indicative timescales outlined in Section 3.13 for each type of sourcing procedure. Consideration should be given to Southeastern's business planning process and the requirement for a business case and/or options anaylsis.

2. **Define** – The second stage of the procedure is to define the scope, specification, budget and stakeholder team relevant to the procurement activity. In most cases, the requirement will be defined by the "Requestor" (e.g. project manager, contract manager, technical lead). A Procurement Strategy is required for requirements over £100,000 and will be drafted by the 'Procurement Manager' allocated to the activity.

3. **Engage** – The third stage of the procedure is to engage with the market (see Section 3.2 for applicable routes) and issue requirement/tender information. This will typically involve the issuance of a RFQ or Expression of Interest (EOI). The Southeastern Procurement team will endeavour to hold supplier engagement sessions wherever values and scope deem it to be advantageous. This stage will also involve the release of a pre-qualification and/or tender.

4. **Assess** – The fourth stage of the procedure is to assess the proposals/bids/quotes received from suppliers and impartially evaluate how each have met the requirements of the project or, where applicable, completing a full tender evaluation. This also includes assessing the terms and conditions proposed (seeking support from the Procurement team where required).

5. **Award** – The final stage is to nominate a preferred supplier (i.e. best or highest scoring proposal/bid) and seek authority to proceed to contract. A Contract Award Recommendation is required for requirements over £100,000. Terms and conditions should also be finalised ready for signature. The Procurement team will manage any signature process for contracts.

3.4 Competition requirements and thresholds

All purchases or commitments entered into by Southeastern should consider a range of factors, including (but not limited to): safety, value for money, social value and quality. In order to effectively generate competition and evidence value for money, Southeastern requires the minimum level of engagement as outlined below in Table 3.4 (other than the exclusions outlined in Section 1.5)

These thresholds outlined are designed to maximise competition while reducing administration and unnecessary tendering costs. All estimations shall be calculated excluding value added tax (VAT).

Non-complex requirements under £100,000 may be undertaken by Southeastern colleagues without the mandatory involvement of the Procurement team. However, this must be assessed on a case by case basis and if there are any notable risks involved, including but not limited to: financial risk/liabilities, payment terms, important delivery timescales, reviewing terms and conditions, involving working on Southeastern sites or involve data protection/security, then it is strongly advised to discuss these requirements with the Procurement team and/or the relevant subject matter experts (E.g. Data Protection Officer, Information Security Manager, Company Solicitor).

The total value of the contract over 48 months (if re-occurring) or the specific requirement duration (if a project or one-off) should be used to calculate the 'Estimated Contract Value'. If there is any ambiguity between the two, the highest should be used. All calculations must be genuine and based upon all available information at the time of the procurement commencing. It is not permissible to sub-divide or split elements of the procurement for the purpose of avoiding a higher 'Minimum Competition Requirement'.

Southeastern maintain a range of Frameworks across high spend or high volume purchasing categories. These have been competitively (and compliantly) tendered and are designed to enable quick and easy access to requirements without the same need for competition requirements. However, it is important to understand the scope, limitations and process for each framework, which can be accessed via the Framework briefing packs. Please contact the Procurement team for any advice around Frameworks or to access documentation.

Table 3.4 – Competition requirement thresholds

Estimated contract value[4] (£)	Minimum competition requirement	Minimum condition
£20,000 or less	**Competition is not required** unless it is likely to generate notable commercial advantage but an appropriate route to market[5] should be used. The Requestor shall demonstrate value for money and ensure a record is kept of the decision. (See Section 4 - Sourcing below £20k for further information)	**1 formal quotation** (on supplier headed paper)
	Frameworks – A proposal may be selected from an applicable Framework supplier, subject to the lot being suitable for the requirement.	**Call-off order**[6]
£20,001 to £99,999	A Request for Quotation should be sought from **at least three suppliers** via an appropriate route to market[5]. The Requestor shall assess the comparative advantages and disadvantages of each quote and select the one which best meets the requirement (considering risks and value for money). Where support is required, the advice of the Procurement team should be sought. (See Section 5 - Procurement between £20k and £100k)	**3 formal quotations** (on supplier headed paper)
	Frameworks – The Requestor shall request at least three (3) proposals from applicable Framework suppliers within the relevant lot.	**Call-off order**[6]
£100,000 to £355,000[7]	**A formal tender process is required**, led by the Procurement team, using an appropriate route to market[5]. Reasonable endeavours should be used to **invite a minimum of three participants**. Requestors should ensure that a project brief and scope of work/specification are provided. (See Section 6 – Procurement between £50k and £355,000)	**3 or more participants** (issued via Southeastern's e-sourcing platform)
	Frameworks – A mini-competition will be run by the Procurement team between all applicable Framework suppliers within the relevant lot.	**Call-off order**[6]
£355,000 and higher	**A mandatory UCR16 compliant tender process is required** and must be led by the Procurement team, using an appropriate route to market[5]. Where possible, at least six participants should be invited to the tender phase. Requestors must work with the Procurement team to develop a detailed scope, specification and other tender documents. (See Section 7 – Procurement above £355,000	**6 or more participants**[8] (issued via Southeastern's e-sourcing platform)
	Frameworks – Where applicable a mini-competition will be run by the Procurement team between all applicable Framework suppliers within the relevant lot.	**Call-off order**[6]

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[4] Excluding VAT

[5] The appropriate routes to market are outlined within Section 3.2

[6] Most frameworks will operate on a 'call off order' basis, which creates the contract/order and needs to be completed prior to a purchase order being issued. Please see the specific framework for further detail.

[7] The UCR16 thresholds are updated on www.gov.uk from time to time. The values stated are those applicable from 1st January 2022, which are *inclusive* of VAT at 20% from this date.

[8] Where 6 participants cannot be sourced due to market conditions, the highest number shall be used.

Where the minimum competition requirements cannot be undertaken, or are unable to be taken, a Sourcing Waiver document requires to be complete. Please see Section 3.5 below for further details.

Further information on the requirements and guidance for each threshold is outlined in Sections 4-7.

3.5 Sourcing Waiver

A 'Sourcing Waiver' is required where a supplier is selected for the award of an order/contract *without* formal competition (see thresholds in Table 3.5 below). It is Southeastern's objective to keep the Sourcing Waiver process tightly controlled and kept to a minimum, in order to ensure transparency, value for money and reduce UCR16 compliance risks.

The Sourcing Waiver must be completed by the Requestor and submitted to the Head of Procurement for review, prior to authorisation. A template can be requested from the Procurement team or available on the intranet.

Table 3.5 below outlines the range of justifications which are permitted for Sourcing Waivers.

Table 3.5 – Sourcing Waiver justifications and thresholds.

Justification[9]	Applicable between £20,000 and £355,000	Applicable above £355,000
Only one supplier can meet a goods or service specification due to intellectual property or supply exclusivity (e.g. a branded product)	Yes	Legal advice required[10]
A significant, short-term risk to safety which requires urgent mitigation/redress	Yes	Yes
Commercial advantage – due to unforeseen circumstances leading to demonstrable savings (e.g. supplier liquidation)	Yes	No
Cost avoidance – due to significant costs of change or re-work which could not reasonably have been foreseen.	Yes	Legal advice required[11]

All Sourcing Waivers must be agreed by the Head of Procurement and Director of the relevant department (requesting the waiver) prior to authorisation by the Finance Director. The Procurement team shall ensure that the relevant stakeholder agreement has been obtained via the e-signature process. Requirements in excess of £1,000,000 shall require approval by the Southeastern Executive in an appropriate forum.

Following approval of the Sourcing Waiver, an appropriate order/contract shall be required. The Procurement and Legal teams shall support in the review and finalisation of these agreements. If a Sourcing Waiver has been authorised for a value above £355,000 the relevant Procurement Manager shall place a Voluntary Ex Ante Transparency Notice (VEAT) on the Find a Tender Service portal, outlining the justification for exemption under the UCR16.

The signed Sourcing Waiver should be attached to the associated Oracle Purchase Requisition by the requisitioner.

3.6 Documentation requirements

The documentation requirements of a procurement will ultimately depend on the complexity of the project/requirement – some will require lengthy specifications and other a short brief. However, the following documentation (table 3.6) is mandatory and final copies should be stored by the Requestor and the Procurement Information Manager.

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[10] An applicable UCR16 exemption is required
[11] Where 6 participants cannot be sourced due to market conditions, the highest number shall be used.

Table 3.6 – Sourcing documentation requirements

Documentation type	Value under £20,000	Value between £20,000 and £99,999	Value over £100,000	Retention period
Formal quotation/s (see Section 4.5)	Y	Y	n/a[12]	3 years
Justification of proposal selection (see Section 5.6)	N	Y	n/a[13]	3 years
Procurement Strategy (see Section 3.11)	N	N	Y	6 years
Contract Award Recommendation (see Section 3.12)	N	N	Y	6 years
Sourcing Waiver[14] (see Section 3.5)	N	Y	Y	6 years
Contracts	Contracts may be required irrespective of value where they include work on Southeastern sites, data protection or other risks			Minimum of 6 years[15]

3.7 Key Contracts

A 'Key Contract' is a formal contract that requires written consent from the Department for Transport (DfT) prior to entering into the agreement. These are designated where the goods or services are "*necessary for the purposes of securing continuity of the Rail Services*". Typically, this involves the supply of critical components for rolling stock, services which include customer/personal data, operational and/or IT systems.

Where a requirement appears to meet this definition, a discussion must take place with the DfT franchise management team to ascertain designation status (supported by the Franchise Management and Procurement teams). In many cases where Key Contracts are designated, the Procurement team will be requested to assist the supplier in entering into a Direct Agreement with the Secretary of State. This is required to be in place before Southeastern can enter into the Key Contract.

3.8 E-signatures

Southeastern use a cloud-based e-signature system – AbodeSign - for the approval and signature of internal governance documents, contracts and other formal documentation (e.g. variations). This system shall be the primary route for authorising documents or obtaining signatures and our preference is for Southeastern signatories to apply the final signature (i.e. the supplier / counterparty to sign first). The Procurement team are the only users able to initiate a document signature.

All Southeastern colleagues are eligible to "approve" (i.e. review and confirm the content) a document and this can be completed without any special software or access. A link is issued to the relevant colleague and consent (or rejection) can be applied via the cloud-based portal.

Only colleagues with delegated financial authority to enter into a contract may be a "signatory" – typically this is reserved for the Finance Director, Managing Director or other statutory directors[16] listed on Companies House. See Section 3.9 for further details.

A document must have a valid e-signature from the counterparty and a Southeastern signatory in order to be deemed complete. If a deed requires signature, please contact the Company Solicitor for advice.

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[12] Requirements over £100,000 require formal tenders and quotes or justification are not applicable
[13] Reasonable endeavours must be undertaken by the requestor to collect evidence that supports the justification
[14] Procurement Strategy and contract award not required for requirements subject to a Sourcing Waiver
[15] Contracts signed a Deeds are to be kept for 12 years
[16] hiips://find-and-update.company-information.service.gov.uk/company/03266762/officers

In situations where the AbodeSign system cannot be used, the order of precedence on alternative solutions are: i) A supplier's e-signature system, ensuring that the relevant procurement team member is added as an "approver"; or ii) hard copy signatures.

3.9   Delegated Authorities

A key element for the purposes of this document is that delegated financial authority is required for certain sourcing actions and/or document approvals. This section does not cover all delegated authorities in detail and the Southeastern Governance Handbook[17] should be referred to for full details. In the event of a discrepancy, clarification should be sought from the Audit & Compliance Manager.

The purpose of the delegated authorities outlined below is to ensure that the relevant stakeholders are incorporated into approval processes in order to verify business need/requirements and compliance is being met, opportunity for errors is minimised and delegated authority is being obtained. The roles outlined in Table 3.9 are the minimum required for the approval/s but are not an exhaustive list of all those which may be contained on a distribution list. The Procurement team (or the colleague submitting the document) will also include other key stakeholders/roles into the review process, prior to submission, such as Health & Safety representatives, Finance Business Partners, Contract Managers and other subject matter experts.

Please note that temporary workers/consultants are not eligible as Contract Managers or for approvals (unless confirmed in writing by the relevant Head of department)

Table 3.9 – Delegated authorities for approvals

Document type	Authorised approver/s[18]	Authorised signatory/s
Sourcing Waiver	Functional Director or Head of Department and Head of Procurement	Finance Director; or Exec over £1,000,000 Finance Director
Procurement Strategy		
Contract Award Recommendation		
New contracts	Head of Department or Functional Director	Finance Director or Managing Director
Contract variations		
Grants or funding agreements		
Credit applications	Accounts Payable Manager	Finance Director
Framework call-off orders under £10,000	Requestor	Head of Procurement or Procurement Leads
Framework call-off orders over £10,000	Requestor or Head of Department	Finance Director or Managing Director
Purchase Requisition approval	See Oracle DFA	n/a
Purchase Order approval		n/a

3.10 E-sourcing system

Southeastern utilise the "Corcentric Smartsource" e-tendering system for sourcing events. The purpose of the system is to provide a transparent and auditable platform for all bidders to utilise, ensuring consistency in information and timescales provided. In addition, the system provides a 'Forum' for reviewing and responding to bidder clarification questions – allowing all participants to view the same information. The system shall be used for activities over £100,000[19] but may used at any value, where required.

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[17] Available upon request from the Audit & Compliance Manager
[18] Or nominated delegates/deputies which comply with the Governance Handbook
[19] Unless written consent is provided by the Head of Procurement to use an alternative approach

The Smartsource system is cloud based and administered by the Procurement team. Sourcing events are subject to approval by the Head of Procurement or Procurements Leads prior to publishing to bidders. This process is an automated workflow built into the system.

3.11 Procurement Strategy

A 'Procurement Strategy' document is required for all sourcing requirements in excess of £100,000. The purpose of the document is to clearly set out the context/background, approach to the sourcing event, market engagement, risks and opportunities, value, duration and any other factors relevant to the event.

Before undertaking any formal supplier engagement or contract notices are issued, the business "Requestor" (e.g. project manager, contract manager, head of department) shall engage with the Procurement representative leading the project to draft the Procurement Strategy. The Procurement representative shall lead the production of the document but with input from relevant stakeholders. The Procurement Strategy must be approved by the relevant Delegated Authorities (see Section 3.9) before the project can commence. It is best practice to ensure that a holistic stakeholder review (i.e. all stakeholders outlined in the strategy) of the document has taken place prior to seeking approvals.

The template document shall be owned by the Head of Procurement and provided locally and/or on the intranet, ensuring that the latest version is available.

Procurement Strategies in excess of £1,000,000 shall be issued for endorsement at the next available Southeastern Executive meeting.

The Procurement Strategy will typically include (but not limited to) the following elements:

i. Provisional contract reference (provided by the Procurement Information Manager)
ii. current and future needs for the type of supplies, services and works required;
iii. the objectives of the procurement and any lessons learnt from previous contracts;
iv. stakeholder communication plan with key stakeholders and RACI (including nominated evaluators and the anticipated contract manager);
v. whether the requirement is a Key Contract (see Section 3.7);
vi. the UCR procedure selected;
vii. the duration/term and estimated value of the contract;
viii. the number of contract lots involved including their size, value, duration and likely timing;
ix. the programme any associated milestones;
x. the type of contract anticipated to be awarded;
xi. the proposed (high-level) evaluation criteria anticipated, including social value, safety, commercials, programme etc;
xii. consideration of the key social value / sustainability elements, based on the risk categorisation outlined within the Social Value Charter and how these will be dealt with.
xiii. any investigations which have taken place to ascertain if a collaborative approach could be taken with other operating companies or industry partners (e.g. Network Rail);
xiv. the risks, mitigations and opportunities outlined for the procurement;
xv. the 'make or buy' or other options considered by the Requestor (e.g. in-house, outsourced, turnkey)

3.12 Contract Award Recommendation

A 'Contract Award Recommendation' document is required for all sourcing requirements in excess of £100,000. The purpose of the document is to clearly set out the preferred bidder (typically the highest scoring bidder in the tender evaluation), the relevant advantages of the preferred bidder versus other participants, events which took place during the tender process,

contract pricing and other key contract terms, any variation to approach outlined in the Procurement Strategy and risks / benefits of the award with owners on subsequent actions required to leverage or mitigate.

The Contract Award Recommendation is required to be approved by the relevant Delegated Authorities (see Section 3.9) prior to issuing a notice to award (e.g. standstill notice), informing any supplier of the tender result or entering into any agreement. The Procurement Manager leading the project shall be responsible for drafting the document, with input from the business Requestor (e.g. project manager, contract manager, head of department) and other subject matter experts (e.g. safety manager, finance business partner). It is best practice to ensure that a holistic stakeholder review (i.e. all stakeholders outlined in the strategy) of the document has taken place prior to seeking approvals.

Award recommendations in excess of £1,000,000 shall be issued for endorsement at the next available Southeastern Executive meeting.

The template document shall be owned by the Head of Procurement and provided locally and/or on the intranet, ensuring that the latest version is available.

A Contract Award Recommendation will typically include the following sections:

    i.   Executive summary, relevant departments and the nominated contract manager;

    ii.   Background / context;

    iii.   Procurement and evaluation process;

    iv.   Evaluation results;

    v.   Financial impact – including variance against budget and inclusions/exclusions within the cost;

    vi.   Risks and opportunities;

    vii.   How the recommendation meets the original objective and/or any variances against the Procurement Strategy;

    viii.   Summary of recommendation (duration, value, options etc)

3.13 Procurement timescales

The timescale for a sourcing event will ultimately depend on the complexity, readiness of scope/specification documentations and advance notification of the requirement being received in advance and resource availability (Procurement, Requestor and all other stakeholders required in the procedure). The table below outlined the typical timescales for each type of procedure, based on the *minimum* required/recommended steps required. These timescales should be incorporated into the pre-planning phase and are for internal use. Suppliers will be advised of the specific timescales related to their event via the Procurement Manager.

All criteria relating to minimum timescales for contract notices, tender submissions and the standstill period must be met.

Table 3.13 – Indicative sourcing procedure timescales

Milestone/Requirement value	Under £20,000	£20,000 to £100,000	£100,000 to £355,000	Above £355,000
Scope and Specification finalised by the Requestor	*Assumed starting point*			
Request for quotations/proposals	1 week	2 weeks		
Proposal evaluation and justification		2 weeks		
Purchase order approvals	1 week	1 week		
Procurement Strategy			3 weeks	4 weeks
Call for competition / Expressions of interest			2 weeks	5 weeks
Preparation of tender documents			2 weeks	2 weeks
Pre-qualification stage (inc evaluation)				5 weeks

Tender period			3 weeks	5 weeks
Evaluation period			2 weeks	4 weeks
Best and Final Offer (BAFO) period, if required			1 week	3 weeks
Contract award notification			1 week	4 weeks
Contract signature			2 weeks	4 weeks
Cumulative total	2 weeks	5 weeks	16 weeks	36 weeks

Framework process timescales will vary depending on complexity but typically take between 2 weeks (low value) and 10 weeks (high value).

3.14 Procurement Social Value Charter and Social Value Portal

It is Southeastern's objective to source responsibly, mitigate our impact on the environment, support our communities and ensure the welfare and wellbeing of our colleagues and those within our supply chain.

The Procurement Social Value Charter outlines the mandatory criteria that we expect from our supply chain and any desirable initiatives to help support our vision and objectives. The document (available from the Procurement team or on the Southeastern website) outlines the supply categories which include inherent risks and development opportunities via a heat map. Requestors and Procurement Managers shall refer to this document to ensure that the charter is incorporated into all relevant sourcing events.

To support the tracking of social value performance indicators, the 'Social Value Portal' (third party organisation) provides information/data collection and tracking via nominated contracts. The Procurement Manager responsible for a sourcing event shall ensure that relevant key performance indicators are included in contracts.

4 SOURCING UNDER £20,000

4.1 Introduction

The purpose of this procedure is to set out the process by which non-complex, low value supplies or services can be sourced whilst demonstrating that best practices, value for money and risk mitigation has been applied.

Requirements meeting the criteria of this process are devolved to Requestors (any colleague, typically a project manager or contract manager), along with the responsibility to adhere to the requirements of this document.

4.2 Applicability

This procedure applies to sourcing requirements with a maximum estimated value of £20,000 and **do not** include one or more of the following:

- Involves a supplier working on a Southeastern site; or
- Involves data/information security and/or personal data (see Section 10.4);
- Involves IT systems or equipment; or
- Involves the engagement of a consultant or contractor; or
- Requires negotiation or review of terms and conditions; or
- A pre-existing contract or framework is in place covering the scope of goods/services/works required (seek clarity from the Procurement team if in doubt).

Where one or more of these elements are present, please contact the Procurement team for further assistance. **No goods, works or services shall be progressed with a supplier without the issuance of a purchase order.**

4.3 Value estimation and orders exceeding £20,000

Prior to commencing a sourcing process, a genuine estimate should be made of the anticipated value of the requirement. This should be using previous work/orders, supplier discussions or publicly available information. Please contact the Procurement team if any support is required.

In the event that a requirement unexpectedly exceeds the £20,000 threshold, the procedure outlined within Section 5 (sourcing between £20,000 and £100,000) should be undertaken. For example, if a £26,000 quote was obtained, the enhanced sourcing process (Section 5) would be required and a minimum of two further quotes would be necessary.

4.4 Supplier selection

The Requestor shall make enquiries with the Procurement team to establish whether existing contracts or frameworks exist for the requirement. Where no agreement exists, requestors should review the supplier selection instructions outlined in Section 3.2. Where an existing supplier (on Oracle) cannot be used, a new supplier request form is required (Section 11.1.1).

Please note that a supplier being present on Oracle does not mean that a supplier is 'approved' or recommended. This only applies to contracted or framework suppliers.

Any supplier conducting any works or services on a Southeastern site must have a formal contract and it is not permitted to instruct these works or services on a purchase order basis.

4.5 Request for quotation (RFQ)

The Requestor shall prepare a sufficiently detailed specification or description of the supplies, services and works required. This specification shall be provided to the supplier when requesting a formal quotation.

A formal quotation from a supplier should be submitted on a standalone, headed document (e.g. MS Word, PDF). Emails or verbal discussions are not acceptable as quotations. As a minimum, a quotation should include: the scope of works, specification, delivery date / programme and price.

Please note that some quotations have a specified validity period and a purchase order would need to be required before the stated date/duration. In addition, some suppliers will link quotations to their terms and conditions. In this instance, Southeastern will either require the supplier to confirm acceptance of our purchase order terms and conditions or for the supplier terms and conditions to be reviewed by the Procurement team.

The formal quotation should be attached to the Purchase Requisition on Oracle.

4.6 Justification of quotation

The supplier quotation should be reviewed against the requirement specification/scope to ensure that all elements are covered and the price does not have exclusions (e.g. delivery).

It is the responsibility of the Requestor to take value for money into consideration and to obtain reasonable evidence that the quality of service and the rates or prices charged are fair, reasonable or comparable with those of other suppliers.

4.7 Placing the Order

The order may be placed by the Requestor by submitting a Purchase Requisition on Oracle iProcurement, attaching all supporting documentation. The Purchase Requisition will then be reviewed and approved by the relevant budget holder/s with delegated financial authority on the Oracle system.

Once a Purchase Requisition is fully approved, a purchase order can be generated by the Procurement team. At this point, the documentation will be checked against this *Procurement Policy and Procedures* document. Purchase Requisitions not complying with the relevant process will be queried and are likely to be rejected. A Purchase Order will only be valid and complete once it has also been approved by the relevant colleagues with delegated financial authority.

5 SOURCING BETWEEN £20,000 AND £100,000

5.1 Introduction

The purpose of this procedure is to set out the process by which medium value supplies, services or works can be sourced whilst demonstrating that best practice, value for money, competition and risk mitigation has been applied. The primary difference between this procedure and the procedure outlined in Section 4 is the requirement for **a minimum of three (3) proposals to be obtained**.

Requirements meeting the criteria of this process are devolved to Requestors (any colleague, typically a project manager or contract manager), along with the responsibility to adhere to the requirements of this document.

5.2 Applicability

This procedure shall apply to all sourcing activities which have an estimated value of between £20,001 and £100,000 and **do not** include one or more of the following:

- Involves a supplier working on a Southeastern site; or
- Involves data/information security and/or personal data (see Section 10.4); or
- Involves IT systems or equipment; or
- Involves the engagement of a consultant or contractor; or
- Requires negotiation or review of terms and conditions; or
- A pre-existing contract or framework is in place covering the scope of goods/services/works required (seek clarity from the Procurement team if in doubt); or
- Is likely to be deemed as a Key Contract (see Section 3.7)

Where one or more of these elements are present, please contact the Procurement team for further assistance. **No goods, works or services shall be progressed with a supplier without the issuance of a purchase order.**

5.3 Value estimation and threshold variance

Prior to commencing a sourcing process, a genuine estimate should be made of the anticipated value of the requirement. This should be using previous work/orders, supplier discussions, internal contracts or tender events and/or publicly available information. Please contact the Procurement team if any support is required.

In the event that the value of a requirement falls equal to or below £20,000, the procedure outlined in Section 4 *may* be followed. However, consideration should be given on the progress of the sourcing activity and whether multiple proposals have already been received. In this scenario, Requestors should continue to evaluate all available proposals.

In the event that the value of a requirement unexpectedly increases to above £100,000, the procedure for procurements over £100,000 shall be followed. For example, if a £126,000 quote was obtained, the £100,000-£355,000 sourcing process (Section 6) would be required and a tender process may be required, subject to the advice of the Procurement team.

5.4 Supplier selection

The Requestor shall make enquiries with the Procurement team to establish whether existing contracts or frameworks exist for the requirement. Where no agreement exists, requestors should review the supplier selection instructions outlined in Section 3.2. Where an existing supplier (on Oracle) cannot be used, a new supplier request form is required (Section 11.1.1).

If a minimum of three suppliers cannot be sought, clear evidence shall be provided to demonstrate that reasonable endeavours have been made to invite competition. To provide support and assistance, this should be noted with the Procurement team at the earliest opportunity.

Please note that a supplier being present on Oracle does not mean that a supplier is 'approved' or recommended. This only applies to contracted or framework suppliers.

Any supplier conducting any works or services on a Southeastern site must have a formal contract and it is not permitted to instruct these works or services on a purchase order basis.

5.5 Request for proposals (RFP)

The Requestor (or subject matter expert) shall prepare a sufficiently detailed specification or description of the supplies, services and works required. This specification (and any other information relating to the requirement) shall be provided to at **least three (3) suppliers**, at the same time, when requesting a formal quotation. It is important that all suppliers are given an equal opportunity to respond and the same timeframe for response.

A formal proposal from a supplier should be submitted on as a standalone document (e.g. MS Word, PDF). Emails or verbal discussions are not acceptable as proposals. As a minimum, a proposal should include: a response on how the scope of works will be performed and the specification will be met; a programme outlining key milestones (if required) and the delivery date/s; and pricing.

Please note that proposals often have a specified validity period and a purchase order would need to be required before the stated date/duration. In addition, some suppliers will link quotations to their terms and conditions. In this instance, Southeastern will need to review the terms and conditions or place a new contract with the supplier. This will require review and completion by the Procurement team.

The final proposals should be attached to the Purchase Requisition on Oracle.

5.6 Evaluation and justification of proposal selection

The supplier proposals should be reviewed against the requirement specification/scope to ensure that all elements are covered and the price does not have exclusions (e.g. delivery).

It is the responsibility of the Requestor to take value for money into consideration and to obtain reasonable evidence that the quality of service and the rates or prices charged are fair, reasonable or comparable with those of other suppliers.

The Requestor must make an unbiased and fair decision in selecting the preferred proposal for the requirement and shall keep a written record of the decision. This document is required to be attached to the Purchase Requisition (See Appendix D for a template).

All documents must be kept for a minimum of three (3) years. Requestors should bear in mind that documentation could be requested via Freedom of Information requests (see Section 12.5).

5.7 Unsuccessful Supplier Notifications

The Requestor should contact the unsuccessful suppliers and advise that their proposal has not been selected at the earliest opportunity. It is advisable to provide a brief summary of the reasons why their proposal was unsuccessful for supplier development. However, no commercial, sensitive or confidential information of other suppliers should be divulged.

5.8 Placing the Order

The order may be placed by the Requestor by submitting a Purchase Requisition on Oracle iProcurement, attaching all supporting documentation (including final proposals and evaluation summary). The Purchase Requisition will then be reviewed and approved by the relevant budget holder/s with delegated financial authority on the Oracle system.

Once a Purchase Requisition is fully approved, a purchase order can be generated by the Procurement team. At this point, the documentation will be checked against this *Procurement Policy and Procedures* document. Purchase Requisitions not complying with the relevant process will be queried and are likely to be rejected. A Purchase Orders will only be valid and complete once it has also been approved by the relevant colleagues with delegated financial authority.

6 PROCUREMENTS BETWEEN £100,000 AND £355,000

6.1 Introduction and applicability

The purpose of this procedure is to set out the process by which medium/high value supplies, services or works are to be sourced between £100,000 and £355,000. The primary difference between this procedure and the procedure outlined in Section 5 is the requirement for **a formal tender process**, which shall be conducted by a member of the Procurement team (the 'Procurement Manager') following the requirement being raised/planned by a Requestor.

6.2 Value estimation

The Procurement Manager shall (with the support of the Requestor) undertake a genuine estimate of the anticipated value of the requirement. This should be using current/previous contracts or tender events, previous work/purchase orders, market engagement or Request for Information (RFI) and/or publicly available information.

Reasonable endeavours shall be used to ensure that the spend value is not likely to exceed £355,000 during the term, either via extension, options or variation[20]. See Section 3.4 for further guidance.

Once this procedure has commenced and the value is found to be less than £100,000, it shall not be possible to revert to either procedures outlined in Section 4 or 5 and the tender process should complete irrespective of the final value. If the value is found to be in excess of £355,000, advice shall be sought from the Head of Procurement.

6.3 Procurement Strategy

The Procurement Manager shall (with the input of the Requestor and other project stakeholders) draft a Procurement Strategy (see Section 3.11) and issue to all stakeholders identified within the document for feedback and review, as well as (if not already included): Finance Business Partners, Safety representatives, Procurement Leads and the Head of Procurement. Following the receipt of comments, feedback or amendments, the final document shall be issued for e-signature via AbodeSign, using the approvers and signatories outlined in table 3.9.

The scope of the sourcing event scope shall be checked for in accordance with:

  i. the Procurement Social Value Charter to highlight any high-risk sustainability elements. If the scope does contain such elements, these factors shall be included within the strategy, tender documentation, evaluation criteria and contract KPIs; and
  ii. any inclusion of data/information security, processing and/or personal data (see Section 10.4);

The final, signed Procurement Strategy shall be shared with stakeholders and provided to the Procurement Information Manager for archiving.

6.4 Supplier selection

The Procurement Manager shall use an appropriate supplier selection method (outlined in Section 3.2) to invite at least three (3) suppliers to participate in the tender process. In some cases, where there is a large volume of potential or interested suppliers, it may be suitable to run a pre-qualification phase to shortlist down to a smaller number of participants. It is recommended that this number does not exceed six (6) suppliers to reduce the resource requirements of the evaluation phase.

The selected suppliers shall be provided an indicative timeline of milestones by the Procurement Manager, including tender issuance, tender return and award notification.

6.5 Invitation to Negotiate (ITN)

The Requestor shall prepare a sufficiently detailed specification and/or description of the

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[20] If a requirement may exceed the £355,000 threshold, the procedure outlined in Section 7 shall apply.

supplies, services and works requested. All tender documentation shall be collated by the Procurement Manager, including:

    i.   ITN document and Form of tender (i.e. how the tender should be completed)
    ii.   Scope of work and/or specification
    iii.   Delivery requirements (safety, locations, times of work, access, packaging etc)
    iv.   Draft form of contract
    v.   Evaluation guidance document

The Procurement Manager shall produce an evaluation guidance document and agree the content/format with the Requestor and other project stakeholders. The purpose of this document is to set out the evaluation criteria and the methodology of how tenders will be evaluated. This should align to the mandatory criteria outlined in Section 8 and any scoring weighting outlined within the Procurement Strategy.

The Procurement Manager shall configure the e-sourcing system and upload all documentation to ensure that all suppliers have access to the same information and are provided the same timeframe for response. Once all documentation has been reviewed and prepared, the Procurement Manager shall submit the e-sourcing event for publication approval (see Section 3.10)

During the tender period, the Procurement Manager shall manage any clarification questions received from suppliers on the e-sourcing forum, disseminating any non-process related questions to the Requestor and/or other relevant stakeholders. Where the question is relevant to all suppliers, endeavours shall be made to ensure all suppliers receive the response.

6.6 Extension of tender period

Circumstances may arise during the tender process that require the tender period to be extended. This may be as a result of (but not limited to): unforeseen events, resource unavailability, supplier requests, omission of documentation, revision of the tender scope or documentation.

If an extension is required as a result of a Southeastern change and has been agreed between the Procurement Manager and Requestor, all suppliers must be advised of the new deadline in writing and the timescales revised on the e-sourcing system.

If an extension request is received from a supplier, the exact time period requested and the rationale must be requested by the Procurement Manager. A balanced view should be taken when considering such requests on the impact to the sourcing event (and overall programme) and ability to maintain a fair competition. This shall be discussed between the Procurement Manager and Requestor.

If an extension is granted to one supplier, it should be offered to all other suppliers or provided if the same circumstances arise. If an extension introduces a notable or unacceptable programme risk or can only be provided in a manner which would provide an unintended advantage to a supplier, it shall be rejected.

The final decision to accept or reject an extension request shall be made by the relevant Procurement Lead or the Head of Procurement.

6.7 Tender receipt and evaluation

Once the tender deadline has passed, the Procurement Manager will electronically 'unseal' any tenders received and check the content for completeness. Any obvious errors or minor omissions shall be queried with the supplier/s and re-submission requested within 24 hours. However, if a supplier has material omissions to their tender, they may be rejected, and no evaluation shall take place. In this scenario, the information shall be discussed and agreed with the relevant Procurement Lead or the Head of Procurement prior to the supplier being informed in writing.

In the event that a supplier has failed to submit in a tender in its entirety, urgent clarification shall be sought from the supplier's representative/s to ascertain the cause. Unless a supplier is able to evidence or provide a reasonable justification, the supplier shall be eliminated from

the tender.

The Procurement Manager shall take all tenders submitted and disseminate the relevant sections of the tenders to the specified evaluators (outlined within the Procurement Strategy) with all evaluation guidance documentation (specific evaluation criteria provided at the ITT stage and any generic 'how to' internal stakeholder guidance).

Each evaluator shall allocate appropriate time to review all tenders. If any issues or ambiguities are encountered or further clarification is required, these should be provided as 'tender clarifications' to the Procurement Manager. The Procurement Manager will provide any tender clarification raised by the evaluation team to the supplier/s with a reasonable period for response (typically 48-72 hours). All supplier responses shall be shared with the evaluation team.

All evaluators shall undertake their evaluation strictly in accordance with the methodology documented. All scoring shall be accompanied by objective explanatory comments (on the reasons for the score) and provided to the Procurement Manager for collation.

Once all scoring has been submitted, the Procurement Manager shall produce an evaluation scoring summary. If there is a lack of consensus on any jointly evaluated area, a consensus meeting shall be scheduled by the Procurement Manager and any relevant evaluators to discuss the rationale for scoring and ascertain if any unintended errors had been made. Unless explicitly outlined in the evaluation guidance document provided as part of the ITT, it is not necessary for evaluators to agree to the same score if their reasons are objective and unbiased, however a record shall be kept by the Procurement Manager. In the event an evaluation element/section cannot achieve consensus, an average score may be used.

A final evaluation scoring summary shall be produced by the Procurement Manager, ranked in descending order of total score (unless outlined otherwise within the evaluation guidance document). All evaluation scoring, comments and notes should be archived by the Procurement Manager for a minimum of three (3) years.

6.8   Contract Award Recommendation

The Procurement Manager shall (with the input of the Requestor and other project stakeholders) draft a Contract Award Recommendation (see Section 3.12) and issue to all stakeholders identified within the document for feedback and review, as well as (if not already included): Finance Business Partners, Safety representatives, Procurement Leads and the Head of Procurement. Following the receipt of comments, feedback or amendments, the final document shall be issued for e-signature via AbodeSign, using the approvers and signatories outlined in table 3.9.

The final, signed Contract Award Recommendation shall be shared with stakeholders and provided to the Procurement Information Manager for archiving.

6.9   Supplier notifications

Following the approval of the Contract Award Recommendation, the Procurement Manager should contact suppliers at the earliest opportunity to provide written confirmation on whether their proposal has been successful or unsuccessful. Formal notification should not be provided prior to the Contract Award Recommendation being signed by all signatories.

In providing feedback to unsuccessful suppliers, it is advisable to provide a brief summary of the reasons why their proposal was unsuccessful (and scoring, if appropriate) for supplier development. However, no commercial, sensitive or confidential information of other suppliers should be divulged.

In certain circumstances, a supplier may request further information or detail. The Procurement Manager should consider reasonable requests for a 'debrief' in the interests of supplier development.

6.10 Finalising the contract

The Procurement Manager shall lead the final drafting of the contract, with the support of the

Company Solicitor, using the draft contract form issued at ITT. The contract shall be provided to the Requestor and supplier for review, confirmation of content accuracy and to agree a commencement date.

Any material changes to Southeastern's standard terms and conditions shall be agreed with the Company Solicitor, the relevant Procurement Leads and/or the Head of Procurement.

Upon confirmation of the final contract, the Procurement Manager shall commence the e-signature process, using the approvers and signatories outlined in Table 3.9.

6.11 Placing the Order

Once the contract has been signed, the Requestor may submit a Purchase Requisition on Oracle iProcurement, including the alphanumeric contract reference. The Purchase Requisition will then be reviewed and approved by the relevant budget holder/s with delegated financial authority on the Oracle system.

Once a Purchase Requisition is fully approved, a purchase order can be generated by the Procurement team. This will only be approved if a valid contract reference has been provided.

6.12 Handover to the Contract Manager

Following contract signature, the Procurement Manager shall ensure that the nominated Contract Manager is provided all relevant documentation (contract, programmes, pricing etc) and a kick-off meeting is scheduled (typically soon after the contract award in the early mobilisation phase). The kick-off meeting shall include an overview of the core elements of the contract (price, milestones, delivery commitments, key stakeholders, future meeting structure, key performance indicators) and act as the formal transfer of contract ownership from the Procurement Manager to the Contract Manager.

7   PROCUREMENTS OVER £355,000

7.1   Introduction

The purpose of this procedure is to set out the process by which high value supplies, services or works above £355,000 are to be sourced in compliance with the Utilities Contract Regulations. The primary difference between this procedure and the procedure outlined in Section 6 is the requirement for **a UCR16 compliant tender process**, which shall be conducted by a member of the Procurement team (the 'Procurement Manager') following the requirement being raised/planned by a Requestor.

Frameworks which have been compliantly tendered and included sufficient financial headroom may be used as an alternative to a UCR16 process.

7.2   Utilities Contract Regulations 2016 (UCR16)

As a passenger rail operator, Southeastern are required to comply with UCR16. These regulations set out the principles (transparency, equal treatment and proportionality) and the available procedures for sourcing events. Southeastern may use any of the UCR16 procedures ('Open', 'Restricted', 'Negotiated' or 'Competitive Dialogue'). The selection of procedure shall be outlined within the Procurement Strategy and matched to the objectives of the sourcing event. The typical process below outlines the minimum requirements of a 'Restricted' process, so care should be taken to examine the UCR16 procedures for any variations and/or additional steps.

There are a number of thresholds that relate to goods, services, light touch categories and works (see table 7.2 below). Southeastern acknowledge that, for ease of reference, an internal threshold exclusive of value added tax is being used for the purposes of this *Procurement Policy and Procedures* document rounded down to the nearest £1,000 (i.e. £355,000). This threshold may be amended if the UK VAT rate is amended up or down from 20%.

The Procurement Manager shall ensure that the correct threshold is being applied before commencing the procedure (issuing a contract notice) and included within the Procurement Strategy. The Company Solicitor or Head of Procurement should be approached if there are any queries regarding the application of the regulations or the applicable thresholds.

All criteria relating to minimum timescales for contract notices, tender submissions and the standstill period must be met.

Table 7.2 – UCR16 thresholds

Category	Value threshold (*including* value added tax)	Value threshold (excluding 20% value added tax)
Goods, suppliers and services	**£426,955**	£355,829
'Light touch' categories[21]	**£884,720**	£737,266
Works[22]	**£5,336,937**	£4,447,447

7.3   Value estimation and aggregation

The Procurement Manager shall (with the support of the Requestor) undertake a genuine estimate of the anticipated value of the requirement. This should be using current/previous contracts or tender events, previous work/purchase orders, market engagement or Request for Information (RFI) and/or publicly available information.

The total value of the contract should be used to calculated using one of the following:

  i.   the duration of the project (if a one off event); or

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[21] The 'light touch' categories are outlined at: hiips://www.legislation.gov.uk/uksi/2016/274/schedule/2/made
[22] Definition of 'Works' are outlined at: hiips://www.legislation.gov.uk/uksi/2016/274/schedule/1/made

ii. 48 months (if re-occurring); or, if greater,
iii. the total contract duration, with options

If there is any ambiguity between two durations, the highest should be used. All calculations must be genuine and based upon all available information at the time of the procurement commencing. It is not permissible to sub-divide or split elements of the procurement for the purpose of avoiding any relevant UCR16 thresholds.

In valuing a contract 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 or for similar requirements. For example, two batches of IT equipment required six months apart for £250,000 each would be aggregated to a total value of £500,000.

7.4 Procurement Strategy

The Procurement Manager shall (with the input of the Requestor and other project stakeholders) draft a Procurement Strategy (see Section 3.11) and issue to all stakeholders identified within the document for feedback and review, as well as (if not already included): Finance Business Partners, Safety representatives, Procurement Leads and the Head of Procurement. Following the receipt of comments, feedback or amendments, the final document shall be issued for e-signature via AbodeSign, using the approvers and signatories outlined in table 3.9.

In contrast to other sourcing procedures, sourcing events in excess of £355,000 *must* contain social value evaluation criteria and contractual KPIs. The scope of the sourcing event shall be checked against the Procurement Social Value Charter to highlight all risk elements and be included within the strategy, tender documentation, evaluation criteria and contract KPIs. See Section 8 for further guidance.

In addition, if the scope of the sourcing event includes data/information security, processing and/or personal data then appropriate risks shall be added to the Procurement Strategy.

The final, signed Procurement Strategy shall be shared with stakeholders and provided to the Procurement Information Manager for archiving.

7.5 Internal stakeholder briefings

The Procurement Manager shall inform all stakeholders identified within the RACI assessment of the Procurement Strategy on an appropriate frequency throughout the sourcing event (typically, every 2 to 3 weeks). In addition, guidance should be provided to nominated evaluators to ensure that sufficient notice is provided to diarise evaluation period/s.

7.6 Contract notice / Expression of interest

The Procurement Manager shall use an appropriate supplier selection method for advertising the requirement for above threshold values (outlined in Section 3.2). Where possible, attempts should be made to select the method that provided the maximum volume of competition.

A summary of the requirement shall be collated by the Procurement Manager and either:

i. If using the Rail Industry Supplier Qualification Scheme (RISQS), provide the brief to all eligible suppliers and invite the submission of an expression of interest (EOI); or
ii. If using the Find a Tender Service (FATS), complete and submit a Contract Notice, providing a weblink to a portal in which suppliers can access documentation and/or express interest in participation.

In either scenario, all potential suppliers must be provided the minimum timescales outlined within UCR16 (usually 30 calendar days).

7.7 Tender engagement sessions

It is recommended that the Procurement Manager arrange an engagement session, for all interested suppliers to attend, to be held shortly following the EOI deadline. This session shall

provide an overview of the anticipated scope, objectives, timelines/milestones of the tender and any other relevant information. The intention of the session is to provide further *context* to requirement outlined within the contract notice and should not be relied on to provide any material information relating to the tender. The tender engagement session should also be attended by the Requestor (i.e. project manager, contract manager, head of department) and any other relevant stakeholders in the tender.

7.8 Production of Tender Documents

The Procurement Manager and Requestor shall produce all necessary tender documentation in advance of any pre-qualification or tender process. This shall typically include: confidentiality or non-disclosure disclaimers / agreements; instructions to tender or pre-qualify; tender or pre-qualification questions; evaluation criteria and methodology (evaluation guidance); draft contract / terms and conditions (including key performance indicators, service level regime and any additional clauses for information security and/or GDPR); scope and/or specification documents; pricing sheets; and any other information or documentation required for a supplier to submit a tender.

The Procurement Manager shall upload all documents to the e-sourcing system.

At the pre-qualification stage, information may still be outstanding or awaiting a third-party submission. If this occurs, it may be permissible to provide 'draft' documents along with the pre-qualification questionnaire, as reasonable endeavours are undertaken to provide the maximum amount of information available and there are no subsequent materials changes to the tender documentation. Notable changes to scope, specification, timescales or evaluation criteria would require liaison with the Head of Procurement.

7.9 Evaluation Criteria

The evaluation criteria must be set out prior to inviting suppliers to submit either a pre-qualification questionnaire or a tender (whichever are relevant). The evaluation criteria must include the elements outlined in Section 8 of this *Procurement Policies and Procedures* document.

7.10 Pre-Qualification

A pre-qualification phase may be required in a sourcing event where a large number of suppliers are eligible to submit a tender or have expressed interest to an earlier contract notice. The purpose of the phase is to shortlist a smaller number of relevant suppliers to participate in the tender phase in order to generate effective competition and manage resource requirements. Typically, at least six (6) suppliers would progress from a pre-qualification phase but this shall at the discretion of the Procurement Manager when considering the parameters of the sourcing event.

The Procurement Manager shall draft a pre-qualification questionnaire relevant to the sourcing event requirements and using the standard Southeastern template (ensuring mandatory questions are included). Any bespoke questions shall be agreed with the Requestor and/or other relevant stakeholders, including importance/criticality for consideration when agreeing evaluation criteria (see Sections 7.9 and 8). The questions at this stage should be backward looking (past performance, safety performance financial stability, capability etc) and not be duplicated in any tender questions.

7.11 Shortlisting for tender

If a pre-qualification phase has been undertaken, the evaluation criteria shall be used to assess and score submissions in accordance with the published methodology. Evaluators shall keep records of their scoring and written commentary.

The suppliers which have met the pre-qualification requirements shall be informed by the Procurement Manager, outlining anticipated timescales for the issuance of the tender phase. All unsuccessful suppliers shall be notified in writing, outlining their score against the benchmark required for progression (e.g. supplier A = 56%, top 6 suppliers were between 90-74%) and a brief explanation of their score.

If a maximum number of suppliers has been outlined in the pre-qualification, tender or evaluation documentation, this must be adhered to. E.g. if a maximum of 6 were stated, no more than 6 can be progressed to tender. However, if a minimum number of suppliers has been outlined, the Procurement Manager shall have discretion on the number of suppliers progressed, subject to the selection being fair and proportionate.

7.12 Invitation to Negotiate (ITN)

Following the pre-qualification and shortlisting (if relevant), the Procurement Manager shall collate all tender documentation and confirm accuracy with the Requestor and any other relevant stakeholders, including:

vi.   ITN document and Form of tender (i.e. how the tender should be completed)
vii.   Scope of work and/or specification
viii.   Delivery requirements (safety, locations, times of work, access, packaging etc)
ix.   Draft form of contract (including Social Value Portal KPIs)
x.   Evaluation guidance document

The evaluation guidance document may have had minor changes since its original production prior to the pre-qualification phase (if applicable) but checks should be made by the Procurement Manager that this document is aligned to the requirements of Section 8 of this *Procurement Policies and Procedures* document and any scoring weighting outlined within the Procurement Strategy.

The Procurement Manager shall configure the e-sourcing system and upload all documentation to ensure that all suppliers have access to the same information and are provided the same timeframe for response. Once all documentation has been reviewed and prepared, the Procurement Manager shall submit the e-sourcing event for publication approval (see Section 3.10)

During the tender period, the Procurement Manager shall manage any clarification questions received from suppliers on the e-sourcing forum, disseminating any non-process related questions to the Requestor and/or other relevant stakeholders. Where the question is relevant to all suppliers, endeavours shall be made to ensure all suppliers receive the response.

7.13 Extension of tender period

See Section 6.6 for circumstances arising during the tender process which may lead to an alteration of the tender period.

7.14 Receipt of Tenders

Suppliers should submit their tender by the date and time stipulated in the instructions to tenderers (automated or manual reminders may be provided in advance of the deadline).

Once the tender deadline has passed, the Procurement Manager will electronically 'unseal' any tenders received and check the content for completeness. Any obvious errors or minor omissions shall be queried with the supplier/s and a compliant re-submission requested within 24 hours. However, if a supplier has material omissions to their tender, they may be rejected, and no evaluation shall take place.

In the event that a supplier has failed to submit in a tender in its entirety, urgent clarification shall be sought from the supplier's representative/s to ascertain the cause. Unless a supplier is able to evidence or provide a reasonable justification, the supplier shall be eliminated from the tender.

In scenarios involving the rejection of a supplier or notable omissions from their tender, the information shall be discussed and agreed with the relevant Procurement Lead or the Head of Procurement prior to the supplier being informed of Southeastern's decision.

7.15 Tender evaluation

The Procurement Manager shall take all tenders submitted and disseminate the relevant sections of the tenders to the specified evaluators (outlined within the Procurement Strategy) with all evaluation guidance documentation (specific evaluation criteria provided at the ITN

stage and any generic 'how to' internal stakeholder guidance).

Each evaluator shall allocate appropriate time to review all tenders. If any issues or ambiguities are encountered or further clarification is required, these should be provided as 'tender clarifications' to the Procurement Manager. The Procurement Manager will provide any tender clarification raised by the evaluation team to the supplier/s with a reasonable period for response (typically 48-72 hours). All supplier responses shall be shared with the evaluation team. Responses to clarification may impact the evaluation scores (positively, negatively or in a neutral way) and any changes to scoring must be documented, along with written commentary on the rationale.

All evaluators should undertake their evaluation strictly in accordance with the methodology documented. All scoring shall be accompanied by objective explanatory comments (on the reasons for the score) and provided to the Procurement Manager for collation.

Once all scoring has been submitted, the Procurement Manager shall produce an evaluation scoring summary. If there is a lack of consensus on any jointly evaluated area, a consensus meeting shall be scheduled by the Procurement Manager and any relevant evaluators to discuss the rationale for scoring and ascertain if any unintended errors had been made. Unless explicitly outlined in the evaluation guidance document provided as part of the ITN, it is not necessary for evaluators to agree to the same score if their reasons are objective and unbiased, however a record shall be kept by the Procurement Manager.

A final evaluation scoring summary shall be produced by the Procurement Manager, ranked in descending order of total score (unless outlined otherwise within the evaluation guidance document). All evaluation scoring, comments and notes should be archived by the Procurement Manager for a minimum of three (3) years.

7.16 BAFO, negotiation and/or dialogue stages (optional)

Where a negotiated or competitive dialogue UCR16 process is being undertaken (see Section 7.2) the tender documentation may outline additional tender, best and final offer (BAFO) or dialogue stages. In this instance, a discussion or series of discussions may be held with the suppliers to refine reach the tender objective. It is important that the Procurement Manager ensure that all suppliers are provided an equal opportunity for re-submissions and/or attendance in negotiation or dialogue discussions.

Further evaluation phases may also be undertaken, subject to the process being outlined in the tender documents/guidance.

7.17 Contract Award Recommendation

See Section 6.8 for details regarding the contract award recommendation.

7.18 Supplier notifications

Following the approval of the Contract Award Recommendation, the Procurement Manager should contact suppliers at the earliest opportunity to provide written confirmation on whether their proposal has been successful or unsuccessful. Formal notification should not be provided prior to the Contract Award Recommendation being signed by all signatories.

The Procurement Manager shall send a letter of acceptance to the successful supplier advising:

   i.   Their status as preferred bidder; and
   ii.   Their scoring against the evaluation criteria; and
   iii. The start and end dates of the standstill period (see Section 7.19); and
   iv.   Any residual actions and/or approvals required before the contract can be progressed.

In providing feedback to unsuccessful suppliers, it is necessary to outline:

   i.   The details of the preferred bidder (successful supplier); and
   ii.   The comparative advantages and disadvantages of their proposal versus the prefer bidder; and
   iii. Their scoring versus the preferred bidder, broken down by any sub-criteria outlined

> within the evaluation guidance; and
>
> iv.   The start and end dates of the standstill period (see Section 7.19)

However, no commercial, sensitive or confidential information of other suppliers should be divulged.

In certain circumstances, a supplier may request further information or detail. The Procurement Manager should consider reasonable requests for a 'debrief' in the interests of supplier development. However, it is not compulsory to accept debrief requests.

7.19 Standstill period

It is mandatory for a ten (10) calendar day period to elapse between notification of award (i.e. tender result) before Southeastern can enter into a contract with the preferred bidder. The commencement of period shall be the date in which the award notifications were issued and the end of the period must be a working day. Therefore, if the standstill period were to finish on a weekend or public holiday, the next available working day after that date shall be used.

7.20 Challenge of tender award

An unsuccessful supplier may 'challenge' the award decision upon commencement of the standstill period by issuing a written complaint or notification of legal proceedings. If a verbal complaint has been received, the Procurement Manager must request for the supplier to provide the details in writing, within the stated standstill period.

In either scenario, the Procurement Manager should notify the Procurement Lead, Head of Procurement and Company Solicitor as soon as reasonably practical. It is important to acknowledge receipt of the compliant to avoid unnecessary escalation. However, no immediate attempt should be made to provide a response.

An independent member of the Procurement team (i.e. not the Procurement Manager for the sourcing event or the respective Procurement Lead for the business area) shall review the supplier complaint and tender documentation to assess the validity of the claim.

If no further action is required, the Head of Procurement shall respond to the supplier with the findings of the review. However, if further action may be required, the Head of Procurement and Company Solicitor shall liaise with the Finance Director (or, if unavailable, the Managing Director) to agree next steps and a response.

It is important for all information, documentation and communications throughout the sourcing event to be retained by the Procurement Manager in the event of further proceedings.

7.21 Finalising the contract

The Procurement Manager shall lead the final drafting of the contract, with the support of the Company Solicitor, using the draft contract form issued at ITN and/or revised at a later phase in the sourcing event. The contract shall be provided to the Requestor and supplier for review, confirmation of content accuracy and to agree a commencement date.

Any material changes to Southeastern's standard terms and conditions shall be agreed with the Company Solicitor, the relevant Procurement Leads and/or the Head of Procurement.

Upon confirmation of the final contract, the Procurement Manager shall commence the e-signature process, using the approvers and signatories outlined in table 3.9.

If a contract has been (or is likely to be) designated as a Key Contract, please refer to Section 3.7 for additional requirements prior to signature.

7.22 Placing the order

See Section 6.11 for details regarding placing the order on Oracle.

7.23 Handover to the Contract Manager

See Section 6.12 for details regarding handover of contractual documentation to the Contract Manager.

7.24 Contract award notice

Once the sourcing event is complete, the Procurement Manager shall place a contract award notice on the Find a Tender Service (FATS) within 28 days of contract signature, including any references to earlier contract notices and/or calls for competition.

8 EVALUATION CRITERIA

8.1 Introduction

The evaluation of tenders (or proposals) in excess of £100,000 must be undertaken using the evaluation framework below and on a "most economically advantageous tender" (MEAT) basis. While it is not necessary for requirements under £100,000 to apply the same depth of evaluation criteria, they must also be reviewed/evaluated on the MEAT basis.

The MEAT criteria ensures that a range of appropriate criteria are assessed when awarding contracts at Southeastern, which take into account overall value, the elements that are important to the organisation and how we meet our strategic goals. Contracts shall not be awarded on the basis of lowest price alone and the purpose of using this evaluation criteria is to balance safety, quality, programme and price.

8.2 Mandatory criteria

Evaluation criteria must be appropriate, specific and proportionate to individual sourcing events, based on their risk profile and objectives. The Procurement Social Value Charter (and included 'heat map') should be reviewed when determining the applicable social value criteria and inherent risks to a sourcing event.

While the weightings, criteria and sub-criteria may be adjusted for each sourcing event, they must not exceed the tolerances outlined in Table 8.2 without the approval of the relevant Procurement Lead and/or the Head of Procurement.

Table 8.2 – Evaluation weighting parameters

Level 1 criteria	Sourcing events up to £355,000	Sourcing events over £355,000
Price	No greater than 50%	No greater than 40%
Contract	Discretionary	0-10%
Technical capability	Minimum 20%	Minimum 20%
Programme/delivery	Discretionary	Discretionary
Safety (where applicable)	Minimum 10%	Minimum 10%
Social value	Discretionary	Minimum 10%

8.3 Establishing the relevant criteria

All evaluation criteria must be agreed with the Requestor and relevant stakeholders, initially via inclusion as level 1 criteria in the Procurement Strategy and later in the tender (or, if relevant, pre-qualification) and evaluation guidance documentation, including any level 2 or 3 criteria.

Level 1 criteria outline the scoring category (e.g. price, capability), while sub-criteria may break down the level 1 criteria into multiple sub-sections. E.g. Capability (Level 1) at 40% may be made up of the following Level 2 criteria: experience 10%, accreditations 10%, ability to meet the specification 10%, support services 10%. This information must be included within the evaluation guidance documentation in advance of any tenders (or pre-qualifications) being issued to suppliers.

A further example is provided in Picture 8.3 below.

Picture 8.3 – Example of level 1, 2 and 3 evaluation criteria within an evaluation guidance document.

Evaluation Criteria (Level 1)	Sub Criteria (Level 2)	Sub Criteria (Level 3)
Operational 50%	Contract Management 20%	n/a – 20%
	Implementation Management 30%	Design assurance 10%
		TUPE plan 10%
		Mobilisation programme 10%

Social Value 10%	Social value 10%	n/a – 10%
Commercial 40%	Price 30%	Whole life cost 28%
		Fixed price duration offered 2%
	Contract 10%	n/a – 10%
Total 100%	**Total 100%**	**Total 100%**

8.4 Evaluation Methodology

Please refer to Appendix E – Tender Evaluation Guidance for further detail on how evaluators should approach the scoring and documentation of the evaluation process.

It is crucial for all evaluators to keep objective and accurate records of scoring and, for sourcing events under £100,000, the justification of any award decision.

For Procurement Managers, care should be taken to select the most appropriate scoring methodology for the relevant question within the tender. There is no mandatory scoring methodology, as sourcing events have unique characteristics, objectives and risks. If guidance is required, please contact the relevant Procurement Lead or Head of Procurement.

In most cases, a standard scoring key may be used (see Table 8.4.A), which scores a supplier's response from 0-5. However, 0-10 may be more appropriate in scenarios where there is likely to be a wider range of responses.

It is likely a different methodology will be required for programme or pricing responses (see Table 8.4.B). Careful consideration should be given to pricing methodology to ensure that sufficient differentiation is achieved but also to avoid arithmetic errors which could result in an erroneous scoring (e.g. minus scores or scores over 100%) .

Mandatory pass/fail questions may be included but consideration should be carefully given to the potential consequences of excluding some or all suppliers.

In all cases, the Procurement Manager, Requestor and relevant stakeholders shall carefully review the evaluation criteria and its methodology to ensure that the outcome is as expected, and no errors are contained within any calculations.

Table 8.4.A – Standard scoring key example

Rating of the supplier's submission to the question asked	Score
NIL - The supplier has failed to address the question, submitted a nil response or any element of the response gives cause for major concern	0
POOR - The supplier has provided a methodology addressing one or two of the key points listed above in detail OR the supplier has provided some of the key points listed above but lacks detail. The response provided does not provide confidence that the requirements can be met.	1
SUB-OPTIMAL - The supplier has provided a methodology addressing some of the key points listed above in detail OR the supplier has provided most of the key points listed above but lacks detail. The response provided does not provide confidence fully that the requirements can be met.	2
SATISFACTORY - The supplier has provided an acceptable methodology addressing most of the key points listed above in detail OR the supplier has provided all the key points listed above but lacks detail in answering the question fully. The response provides confidence that the requirements can be met.	3
GOOD - The supplier has provided a strong methodology addressing the majority of the key points listed above in sufficient detail providing confidence that the requirements can be met in full.	4
EXCELLENT - The supplier has provided a strong methodology addressing all the key points listed above in sufficient detail providing confidence that the requirements can be met in full or improved.	5

Table 8.4.B – Pricing calculation *example*

Calculation (*example only*)
Where supplier's total price is calculated versus the lowest priced submission: (Lowest price/Supplier price) x criteria weighting = Supplier score
Example, where Supplier A's price is £125,000, the lowest price is £110,000 and the scoring weighting for price is 10 of the total evaluation.   (110,000/125,000) * 10 = 8.8

8.5 Evaluation scoring

Evaluators shall always use the scoring methodology outlined within the tender documentation (and/or evaluation guidance document) and deviation is not permitted. If any errors or issues are encountered during the evaluation process, the Procurement Manager should be consulted.

Unless otherwise advised, evaluators shall provide their unweighted score to the Procurement Manager. The Procurement Manager shall apply the applicable criteria or sub-criteria weightings, checking calculation accuracy. Where a weighted score does not equate to a whole number, all scoring shall be rounded to the nearest 1 decimal place (e.g. 10.8).

The Procurement Manager shall collate all scoring from evaluators and produce a tender scoring summary, outlining the weighted scores for all suppliers.

8.6 Tie breakers

In the unlikely event that two or more Bidders obtain the exact same score, then a tie breaker will apply. The Procurement Manager and Requestor shall select the most important criteria or sub criteria of the tender (or pre-qualification) in order of priority. The tie breaker will be determined by the scores achieved by each supplier on the first priority criteria/sub-criteria. If this does not provide an outcome, the same methodology shall be applied to the second and third criteria/sub-criteria until an outcome has been achieved.

8.7 Changing evaluation criteria after tender issuance

In the event that the tender (or pre-qualification) evaluation criteria has been found to contain an error during the tender process, all suppliers must be informed in writing as soon as possible and provided the updated version of the evaluation guidance document or relevant criteria.

If an error is found after tender (or pre-qualification) submission, the Procurement Manager shall contact the relevant Procurement Lead or Head of Procurement for advice.

9 FRAMEWORKS

9.1 Introduction

A framework is a blanket set of terms and conditions covering a broad scope of goods, works or services, usually involving a number of suppliers which have been through a competitive process. Southeastern maintains a number of frameworks and has access to further frameworks via the Crown Commercial Services.

In the majority of cases, a Framework is a zero-value agreement, with no firm commitment to the supplier. In order to purchase the goods, works or services on the Framework, a "call-off order" is required. This is usually a pro-forma which requires completion and signature before a contract is created. No order or contract is created without an applicable call-off order.

The advantage of Frameworks are that suppliers have been through an assessment process to demonstrate their capabilities, including commercials, financial standing and delivery ability. In addition, core terms and conditions will have already been agreed. The result of this preparatory work is that the sourcing process takes considerably less time and uses assured, commercially competitive suppliers.

A briefing pack will be available for all Southeastern Frameworks, containing the key information, suppliers, scope, pricing and contact details. Please contact the Procurement Team for further information.

It is important to provide an equal opportunity to all framework suppliers and care should be taken by Requestors to avoid frequent direct awards where requirements are under £20,000.

9.2 Competition requirements (Mini-competitions)

The presence of a Framework does not provide the opportunity to directly award goods, works or services to suppliers and the competition thresholds outlined in Table 3.4 describe how these apply to frameworks. While requirements under £20,000 may be directly awarded, requirements in excess of £20,000 require competition between the relevant framework suppliers via a "mini-competition".

A mini-competition is a process where some or all of the relevant framework suppliers are provided an opportunity to submit a proposal. It is important that all framework suppliers are given the same information and timescale to respond.

The Procurement team can assist with any mini-competition requirement but requirements under £100,000 may be undertaken by the Requestor, ensuring that all documentation and award justification is retained and presented in the order approval process.

9.3 Call-off orders

Many Frameworks are invalid until a call-off order has been completed and signed by both Southeastern and the supplier. A call-off order may be completed upon the completion of the mini-competition (if required) and should be checked for accuracy by the Requestor. All mandatory sections are required to be completed.

It is essential that the Procurement team are engaged in the signature process (using e-signatures) to ensure that call-off orders are archived and added to Southeastern's contract database.

The supply of goods, services or works shall not occur before a call-off has been fully completed, as this would be outside of contract.

9.4 Call-off orders approvals

Framework call off orders under £10,000 may be signed by the Procurement Leads or Head of Procurement. Any value in excess of £10,000 must be signed by the Finance Director or Managing Director (see Table 3.9).

9.5 Oracle Frameworks (e-Catalogues)

Some Frameworks, usually involved non-complex good, do not require a call-off order form and may be sourced via Oracle e-catalogues. The product details and pricing are added to the Oracle e-Procurement system and may be used by any Requestor.

The Procurement Systems Specialist shall ensure the accuracy and update of the e-catalogues.

9.6 New Frameworks and briefing packs

If a new Framework is required, the sourcing processes outlined in Sections 6 or 7 shall apply (depending on the anticipated value). Once a Framework has been awarded, the Procurement Manager is responsible for producing a guidance document (briefing pack) for the use of the framework by Requestors. This document should provide a summary of the scope of service, lotting details, supplier contact details, pricing.

10 EXISTING CONTRACTS

10.1 Variations to existing contracts

Where a notable variation to a contract is proposed, consideration needs to be given to the proportionately and overall value of the change. In some cases, a change to an existing contract may breach the UCR16 and not be permissible.

Any variations to existing contract shall conducted in line with the contract terms and conditions and be recorded in writing, with any material or cost impact changes requiring approvals outlined in Section 3.9. Minor administrative changes to the contract can be progressed by the Contract Manager but still requires processing via the e-signature process. Contract Managers must discuss any contract variations with the Procurement team to ensure compliance and to update the contract database.

In principle:

i. variations to contracts below £355,000 may be undertaken up to 50% of the original contract value, subject to the new value not exceeding the £355,000 threshold. See Section 7.3 for details of calculating contract value; and

ii. variations to contracts above £355,000 are limited to 10% of the original contract value.

Where contract variations do not meet the above criteria, they are likely to be deemed materially different to the original contract awarded and a new tender may be required to ensure UCR16 compliance, value for money and transparency. If this is not feasible, a Sourcing Waiver is required, in addition to the publication of a Voluntary Ex Ante Transparency Notice on the Find a Tender Service.

10.2 Contract database

All contracts once finalised must be stored onto the contracts database by the Procurement Information Manager. Each Procurement Manager shall provide the Procurement Information Manager with relevant details of the contracts to be added to the contract database.

Contracts must be retained within the Contracts Database for a period of 6 years.

Upon request to the Procurement Information Manager, copies of contracts and associated variations/documentation shall be provided to Contract Managers.

10.3 Standard form of contracts (NEC and JCT)

In most cases, Southeastern will opt to use its own range of bespoke terms and conditions. However, in the event that a specific requirement (or market) necessitates the use of a standard form of contract, NEC or JCT may be used.

The Procurement Manager shall:

i. Ensure the Contract Manager is aware of his/her obligations under the agreement, especially in terms of administration.

ii. When using NEC, always issue the contract documentation with a clear statement of bespoke (Z) clauses and referencing the version of NEC being used for the template agreement.

iii. Advise Accounts Payable and the Procurement Systems Specialist of the payment terms, as payment timescales may differ and require an amendment to supplier records.

iv. Ensure that the Requestor has produced the Works Information document in a detailed and clear manner.

v. Seek advice with the Company Solicitor and/or Head of Procurement if intending to use a JCT form contract.

10.4 Information security and General Data Protection Regulation (GDPR)

Where any IT software/systems are being procured or GDPR (where personal information is being stored or processed) risks are present within a scope of work, then additional contractual terms and conditions are required.

To establish the appropriate terms, the Requestor and/or Procurement Manager shall liaise with one or all of the positions below and complete the appropriate assessments:

i. Information security matters must be discussed with the IT Cyber Security Manager or, if unavailable, the Head of IT and the supplier must complete an Information Security Questionnaire. This should be either included in any tender process or requested from the supplier if a tender is not being conducted.

ii. GDPR matters must be discussed with the Company Solicitor and Audit & Compliance Manager (or data protection office, if applicable). A summary of the context and requirement shall be provided and an assessment shall take place on the required minimum terms for the contract.

All templates/document are available upon request from the relevant subject matter experts outlined above.

Contracts involving the storage or processing of customer data are likely to be considered Key Contracts (see Section 3.7). Data is not permitted to be stored outside of the European Economic Area (EEA) without additional terms and consents.

11 SYSTEMS AND PROCESSES

11.1 Oracle

Oracle is the procure to pay and financial system used by Southeastern. This system is used to store supplier details (to enable requisitions to be raised), for payments to be made to suppliers (by Accounts Payable) and management of accounts (by Finance).

11.1.1 Supplier management and new suppliers

The Procurement Systems Specialist is responsible for the maintenance of supplier information on Oracle. This includes processing any changes to supplier details (e.g. name, addresses, payment details), creating new suppliers (via New Supplier Request forms) and conducting regular reviews of data accuracy.

Requestors are generally responsible for initiating new supplier requests and must have checked for existing suppliers and outlined their justification prior to submission of the form to the Procurement Systems Specialist. In some cases, such as the conclusion of a tender process involving a new supplier, the Procurement Manager may submit a new supplier request.

At least every twelve months, the Procurement Systems Specialist shall review all suppliers on the Oracle system and highlight any that have not been used for two years or greater. Suppliers that have not been used for this period of time shall be reviewed for deletion with the Procurement team and relevant stakeholders. Unless a genuine reason exists for the maintenance of the supplier/s then the supplier information shall be removed from Oracle. If the supplier is required again in the future, a new supplier request would be required.

11.1.2 Procure to pay process

The Oracle systems provides an electronic solution for Requestors to raise requirements (i.e. requisitions). These requisitions require approval by budget holders prior to being issued to the Procurement team. Upon approval of a requisition, the Procurement team shall check the requisition for evidence that the relevant *Procurement Policy and Procedures* have been completed. Typically, this would involve the check of a contract reference provided or review of the attached documentation (quotations and justification summaries). Unless the checks outline any discrepancies, a purchase order will be created and issued for financial authority approvals. A purchase order is only approved and made available for receipting and invoicing once the final approvals have been provided. See Appendix B for further process detail.

11.2 BACs payments

Southeastern may progress selected payments via a Bankers' Automated Clearing System (BACS) process. These payments must be genuine one-offs and under £10,000. In all other circumstances, a new supplier request shall be submitted, and the supplier paid via Oracle.

Please contact Accounts Payable for further details.

11.3 Purchase cards

Purchasing cards ("P-cards") are issued to nominated Southeastern colleagues. These cards are to be used in accordance with their conditions and terms of use. It is not permitted to use purchasing cards for reoccurring purchases and the Procurement team shall be consulted to support these requirements.

Please contact the Financial Controller for further details on purchase cards and the application process.

11.4 Company vehicles and fuel cards

Southeastern operate a fleet of vehicles for operational and logistic purposes. Each vehicle shall be allocated an 'owner' who will be responsible for the vehicle management (raising issues with the leasing company, booking maintenance interventions, checking road worthiness).

The Procurement team shall support on new leasing requirements, variations or the termination of leases.

Fuel cards are issued to the nominated 'owners' who drive company vehicles. These cards are to be used in accordance with their conditions and terms of use. It is not permitted to use fuel cards for any other vehicle than the one to which the card is registered.

Please contact the Procurement team for further details on fuel cards and the application process.

11.5 Tail spend solutions (Amazon Business)

Southeastern maintain a business account with Amazon (Amazon Business) for low value, non-critical, ad hoc requirements and some working from home equipment. Users are able to self-serve and check out using the pre-populated purchase order details for their directorate/department. Purchasing via Amazon Business is intended to be a secondary, tail spend solution and existing contracts and frameworks shall be checked and utilised where they exist.

Please contact the Procurement team for access and/or any queries.

12 MISCELLANOUS

12.1 External publication of documents

It is Southeastern's objective to publish relevant information of our procurement requirements externally. In order to support this, the following are intended to be published via the Find A Tender Service and/or the Southeastern website:

i. Pipeline of key procurements – An overview of key requirements which Southeastern anticipate approaching the market to procure in the next 12 months.

ii. Prior indication notice/s – An outline of any anticipated procurements above the UCR16 threshold.

Both documents shall be reviewed at least on an annual basis by the Procurement Information Manager.

12.2 Selling of waste / Disposal of assets and equipment

In the event that waste collected on a Southeastern site can be sold to a third party e.g. scrap metal, please contact the Environment Manager or a member of the Procurement team for advice and guidance. Consideration needs to be provided on any legislation, regulations or certification which apply to waste disposal/sale. IT equipment must be disposed of securely, in accordance with the procedures held, at the time, by the IT department. Where possible these types of waste should be identified as soon as possible and incorporated into the strategy document and the supply agreement.

Any financial benefit must be returned to Southeastern and the relevant Finance Business Partner shall be consulted on the process for this.

Any equipment/asset disposals must be approved by the Finance team, as the asset may have a residual net book value.

12.3 Sourcing of hazardous material

Any sourcing of hazardous material must have the relevant certification prior to purchase. The Safety team shall be consulted for any new/varied chemicals or hazardous materials to ensure that COSHH certificates have been reviewed and approved.

Hazardous materials shall not be sourced via any unapproved routes.

12.4 Conflicts of interest

If a Requestor, Procurement Manager or stakeholder involved in the tender specification/evaluation have any potential conflicts of interest with a sourcing event, they must outline these to the Head of Procurement and Audit & Compliance Manager as soon as they become aware. For further guidance, this may include (but not limited to):

i. a family member, friend or close acquaintance working for a supplier which is participating in a sourcing event; or

ii. financial interests in a contracted supplier or a supplier participating in a sourcing event (e.g. shares, investments)

12.5 Freedom of Information (FOIA) and Environmental Information Regulations (EIR)

The Freedom of Information Act 2000 (FOIA) places obligations on 'public authorities', to actively publish certain information about their activities and allows the public to request information. As Southeastern is a wholly owned subsidiary of DOHL, we meet the definition of 'a publicly owned company' and are therefore classified as a 'public authority'. In addition, Southeastern is also a classified as a 'public authority' for the purposes of the Environmental Information Regulations 2004 (EIR) which also requires 'public authorities' to proactively make available environmental information,using easily accessible electronic means whenever possible and respond to requests for environmental information.

13 CONTRACT MANAGEMENT BEST PRACTICE

13.1 Definition

Much more than just administration, Contract Management involves ensuring contractual obligations are met, services are delivered efficiently, and that risks are identified and proactively managed.

Contract Managers must ensure that key deliverables (in terms of time and quality) are met, service level agreements/key performance indicators are used and that any enforcement mechanisms within the contract are used when suppliers do not meet our expectations. It is important to maintain this balance. Contract Managers should contact the Procurement team if any advice or guidance is required in respect to contracts.

13.2 Key Objectives

The overall objectives of contract management are to:

i. Maintain the contract and ensure that it is always up to date; and
ii. Manage the total cost of supply, mitigating any unnecessary costs; and
iii. Minimise the supply chain risks; and
iv. Enable both parties to meet their obligations, leading to successful delivery of objectives; and
v. Develop a constructive and sustainable supplier relationship; and
vi. Maintain compliance to relevant regulations and legislation;
vii. Providing supplier performance feedback to the Procurement team.

13.3 Responsibilities in tender processes

The Contract Manager is responsible for:

i. Producing the tender specification/scope for future requirements and renewals; and
ii. Producing a draft of key performance indicators, outlining the most important elements of in-life contract performance; and
iii. Highlighting and managing risks; and
iv. Supporting the tender process and acting as a point of contact for clarifications; and
v. Providing input to Procurement Strategies and Contract Award Recommendations; and
vi. Allocating sufficient time and, where relevant, team resource to facilitating the tender process and meeting the milestones agreed in the Procurement Strategy;

13.4 Contract review meetings

Each Contract Manager shall conduct regular contract review meetings with their supplier/s. The frequency and content of these meetings are usually outlined within the contract but may be wider or more regular if the Contract Manager requires. Action plans are to be agreed between the parties and followed up on regular review meetings.

It is recommended that the Head of department attend at least on a quarterly basis to ensure that the contract is aligned to the requirements of the business,

The Contract Manager shall feedback to the Procurement Information Manager and Procurement Leads on supplier performance against key performance indicators (KPIs) every six months.