
PROCUREMENT POLICY (EXTERNAL)

V1.0

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1. Purpose

- 1.1 The purpose of the policy is to enable the efficient and effective operation of our business by providing clear guidelines on how any procurement activity is to be undertaken to ensure that it is compliant with internal and external requirements, including the Procurement Act 2023.
- 1.2 The policy exists to provide transparency of process, compliance with GWR's governance requirements and ensures that all Procurement activities are:
 - 1.2.1 Legal, accountable, and auditable.
 - 1.2.2 Ethically, sustainably, and socially responsible.
 - 1.2.3 Undertaken to minimise commercial and reputational risk.
 - 1.2.4 Able to demonstrate best value for money.
- 1.3 In addition to the Policy and its objectives we should seek to engage with suppliers who subscribe to and operate on similar principles to GWR. Therefore, as a minimum, all existing and prospective suppliers **must** be registered as an approved supplier through GWR's supplier assurance process and conform to the standards as set out in the Supplier Code of Conduct.

2. Scope

- 2.1 The policy applies to all employees, managers, and directors of GWR as well as contractors, temporary staff, or agents working on behalf of GWR, in any situation where they are involved in:
 - 2.1.1 Any part of the Procurement Process whether as a requisitioner, authoriser, sponsor, or specifier.
 - 2.1.2 Authorising expenditure or payments including those via the SAP or Webcycle systems.
 - 2.1.3 Business interactions with suppliers on behalf of GWR.
- 2.2 Adherence to the policy is an individual responsibility. A breach of the policy, or failure to properly adopt the Procurement Process, may constitute a disciplinary offence. GWR will not tolerate:
 - 2.2.1 Breach of this policy by GWR or by suppliers.
 - 2.2.2 Financial loss or reputational damage resulting from Procurement or Supplier Management activity.
 - 2.2.3 Unethical treatment of suppliers and / or potential suppliers and their associated supply chains.

- 2.2.4 Non-adherence to the policy, which leaves GWR exposed to unacceptable level of risk.
- 2.3 It is fundamental for all Procurement activity that the requisitioner, approver(s), and supplier are different persons and identifiable from the maintained records.
- 2.4 All relevant records **must** be maintained for an appropriate length of time and comply with the GDPR regulations and any other applicable relevant laws and regulations.

3. Responsibilities

3.1 The responsibilities apply to all employees, managers, and directors of GWR as well as contractors, temporary staff, or agents working on behalf of GWR, in any situation.

- 3.1.1 The aim of the Procurement Process is to ensure that all Procurement activity is undertaken in accordance with the policy and its objectives. There are four key responsibilities:

Procurement Value	Owner / Actions
Low Value: Less than £10k	Led by the Specifier.
Mid Value: £10k - £50k	Typically led by the Specifier.
High Value: £50k – £300k	Led by GWR Procurement who will adopt a cross-functional team approach involving key stakeholders, as appropriate.
Strategic: more than £300k	Led by GWR Procurement who will adopt a cross-functional team approach involving key stakeholders, as appropriate.

- 3.1.2 No contract (excluding PO only contracts) should be entered in to without prior completion of either a Contract Approval Form (CAF) or Authority to Engage (ATE). CAFs and ATEs for low / medium value requirements should be completed by the business owner. For any Procurement activity above £50k, these should be completed by both the business owner and GWR Procurement. They are sent via electronic workflow to a pre- determined list of approvers. For the avoidance of doubt, a CAF / ATE is also required for any and all extensions, renewals, or variations to a contract regardless of value but should reference only the value of the extension, renewal, or variation. If the commitment, extension, renewal, or variation is less than £10k in value then a CAF is not required.

- 3.1.3 Where a contract is defined by the DfT as a Key Contract, approval **must** also be sought from the DfT to amend, vary, extend, or award the contract regardless of value.
- 3.1.4 It is the business owners' responsibility to provide the specification, timelines and budget confirmation, to enable the procurement process to commence, inaccurate / insufficient information will delay the process.

When providing this information, the owner should consider a minimum 12-month horizon for most procurements, and ideally longer than that, especially for complicated / large scale procurement activity.

4. Procedure

4.1 Procurement Process

- 4.1.1 The Procurement Process outlined in this section provides clear guidance on the process that **must** be followed for any Procurement requirements that are not covered under a current contractual agreement. If there is any uncertainty as to how to follow the Procurement Process, including the appropriateness of any contract agreement for the procurement of a particular requirement, then advice on how to proceed **must** be sought in the first instance from GWR Procurement.
- 4.1.2 Any requested deviation from GWR's standard purchase order terms and conditions **must** be forwarded to GWR Procurement for review and authorisation before progressing.
- 4.1.3 All tender documents, including PQQ and ITT returns **must** be held on file for a minimum of 7 years.

4.2 Legal and Ethical Concerns

- 4.2.1 Any legal and / or ethical concerns as well as any approaches from current or potential suppliers deemed to be improper, whether in the form of inducements or threats, **must** be reported to GWR Procurement or via the whistleblowing process.
- 4.2.2 Whether ultimately proven to be verified or not, it is important that all legal and / or ethical concerns are reported to enable a full investigation.
- 4.2.3 Procurement activities will fully respect and comply with:
 - 4.2.3.1 All applicable UK (England & Wales and Scotland) laws and regulations.
 - 4.2.3.2 All relevant laws, regulations, treaties, and agreements to which the UK is party.

- 4.2.4 There are no circumstances in which it is permissible for Procurement activities to be undertaken which would break, or knowingly risk breaking, applicable laws and regulations.
- 4.2.5 GWR is committed to the fair and effective application of all laws and regulations. There is therefore a positive duty on GWR and its employees to report and refer any and all reasonably founded suspicions of illegal activity. For example, this **must** include attempts at corruption or bribery, evidence of anti-competitive activity, breaches of employment or environmental law and attempts to procure inducements from a supplier.
- 4.2.6 There are no circumstances in which it is permissible to undertake Procurement activities or commit GWR's expenditure without being able to document the transaction in such a way that at a future date it is possible to determine (as a minimum):
- 4.2.6.1 The originator of the requirement.
 - 4.2.6.2 The purpose of the expenditure and why it was required.
 - 4.2.6.3 Who approved the requisition and by which route (e.g., SAP).
 - 4.2.6.4 How the Procurement was undertaken to ensure compliance with the Policy.
 - 4.2.6.5 The Procurement Process adopted.
 - 4.2.6.6 That the goods or service were supplied in accordance with the order and met the required standards.
 - 4.2.6.7 The destination of any goods or services received.
 - 4.2.6.8 The route by which payment was authorised, when, by whom and in what sum payment(s) were made.
 - 4.2.6.9 Any post-contract variations and how they were agreed / progressed.
 - 4.2.6.10 The process by which all key decisions were arrived at, and by whom.
- 4.2.7 It is fundamental for all Procurement activity that the requisitioner, approver(s), and supplier are different persons and identifiable from the maintained records.
- 4.2.8 All relevant records **must** be maintained for an appropriate length of time and comply with the GDPR regulations and any other applicable relevant laws and regulations.

4.3 Raising Purchase Orders

- 4.3.1 Purchase orders can only be raised for goods and services to approved Suppliers where there is confirmation of budget, and the expenditure is being committed in accordance with the Procedure.
- 4.3.2 Expenditure can only be committed to suppliers through a valid purchase order being raised and fully approved by a manager(s) or director(s) with the appropriate level of delegated authority, or in accordance with the order process detailed in an existing contract (e.g., telephone bookings for taxis).
- 4.3.3 Aside from individual contracts where there is a documented variation to the prescribed purchase order process there are no circumstances where works, goods or services can be requested from suppliers via telephone, or other unofficial methods, with the commitment or promise of a purchase order to follow.
- 4.3.4 GWR has two principal systems for raising purchase orders:
 - 4.3.4.1 SAP e-Procurement.
 - 4.3.4.2 IFMS.

4.4 Supplier or Contract Management

- 4.4.1 After the selection or appointment of a supplier, or the raising of a purchase order, for a particular requirement it is important that the supplier delivers the goods or services to the agreed service level, specification and standard as stated during the Procurement or in the contract. This will involve some form of supplier or contract management which should be led by the business owner.
- 4.4.2 The level of supplier or contract management will depend on the importance, complexity, and value of the requirement. For higher importance / complexity / value requirements it may be necessary to implement some or all of the following:
 - 4.4.2.1 Setting targets / objectives for key deliverables.
 - 4.4.2.2 Establishing a regular report to track progress against key criteria.
 - 4.4.2.3 Setting up joint performance review meetings to review progress.
- 4.4.3 For strategic suppliers and contracts GWR Procurement may lead the supplier management process and implement a supplier performance management

(SPM) or supplier relationship management (SRM) system whereby a scorecard is established for measurement against key criteria.

- 4.4.4 For non-strategic suppliers and contracts there is a requirement for there to be a designated 'business owner' of the contract and / or supplier. For contracts with a significant value (typically above £50k per annum) this relationship should be formally contract managed in line with 4.4.2 above. For more guidance on this the business owner should contact GWR Procurement.
- 4.4.5 GWR's Supplier Relationship Management and Supplier Performance Management Programs are governed within the framework of BS11000.

4.5 Contract Changes and Variations

- 4.5.1 Whether the appointment is made using standard PO terms and conditions or a bespoke contract negotiated by GWR Procurement the requirement deliverables should be detailed as clearly and unambiguously as possible to ensure that the supplier clearly understands what is required of them.
- 4.5.2 The final contract deliverables and price **must** be in accordance with the approval that was provided for the expenditure. Any post-contract changes or variations, which result in an increase to the price or a material change to the agreed deliverables will require formal approval from the budget authoriser, and potentially GWR Procurement depending on the value and complexity.
- 4.5.3 Under no circumstances **must** an employee have the unilateral authority to change or vary a contract, including standard purchase order terms and conditions, without first obtaining the necessary approvals from the budget authoriser, and GWR Procurement, as required.

4.6 Commercial and Reputational Risk

- 4.6.1 Potential commercial and reputational risks **must** be assessed as part of any Procurement activity, which should not impart unnecessary or unassessed levels of risk.
- 4.6.2 Consideration of commercial and reputational risk should include an assessment of the following key areas:
 - 4.6.2.1 Supplier risks: arising from the nature of the work undertaken by the supplier, any legal actions or proceedings that may have been taken against them and / or any conflict with the supplier's policies and those of GWR as well as risk of obsolescence.

- 4.6.2.2 Financial risks: arising from potential financial demise of the supplier or in the level of risk imparted from the proportion of our business in to their total annual turnover.
- 4.6.2.3 Process risks: arising from the Procurement Process followed or failure to adhere to legal requirements, regulatory requirements, or industry standards as part of the delivery of the goods or services.
- 4.6.2.4 Supply chain risks: arising from the ability of the supplier to supply the required goods or services on time and to the required specification including the management of obsolescent goods and / or services.
- 4.6.2.5 Control risks: arising from the ability to impart adequate controls on the ordering or replenishment of the goods or services.
- 4.6.2.6 Environmental risks: arising from the potential ecological or environmental impact of the goods or services.
- 4.6.2.7 Social risks: arising from the potential social risks of the goods or services including consideration of equal opportunities, diversity, human rights, and Modern Slavery Act.
- 4.6.3 The level of risk will in most cases be proportionate to the value of the requirement therefore it is important that greater rigour is applied to the risk assessment process for higher value requirements.
- 4.6.4 The main output of any risk assessment exercise is to identify key risks and consider appropriate mitigating actions to either avoid the risk from occurring or lessen its impact. It is important in this respect that identified risks are communicated to key stakeholders ahead of entering into commitments with suppliers.
- 4.6.5 Where there is any doubt over how to approach risk assessment as part of any Procurement activity this should be referred to GWR Procurement for review.

4.7 Best Value for Money

- 4.7.1 The key aim of any Procurement activity is to obtain the best through-life value for money for the goods and services legally, ethically, and sustainably. Value is defined as the economic benefit derived over the expected life of the goods / services and is a balance of time, performance, cost, and sustainability factors, and may include:
 - 4.7.1.1 Reduced price.

- 4.7.1.2 Reduced lifetime operating costs.
- 4.7.1.3 Avoided Costs.
- 4.7.1.4 Improved product / service performance.
- 4.7.1.5 Improved sustainability performance.
- 4.7.1.6 Positive customer experience impact.
- 4.7.1.7 Accelerated delivery timescales.
- 4.7.1.8 Enhanced reputation.
- 4.7.2 Any Procurement activity will be undertaken to maximise GWR's buying power and **must** aim to achieve the best value for money in every instance subject to satisfying the other constraints and objectives as detailed in the Policy with a primary focus on being legal, accountable, and auditable.
- 4.7.3 In order to achieve best value for money for any Procurement activity the following **must** be considered:
 - 4.7.3.1 Strict adherence to the Procurement Process.
 - 4.7.3.2 Establishing an output specification or scope of key requirements.
 - 4.7.3.3 Identifying potential suppliers from the list of GWR Approved Suppliers, wherever possible.
 - 4.7.3.4 Setting pre-defined evaluation criteria and communicating this to suppliers.
 - 4.7.3.5 Ensuring that all bids can be evaluated fairly and on an equal basis.
 - 4.7.3.6 Cascading GWR's preferred terms and conditions for the requirement whether standard purchase order (PO) terms and conditions or a bespoke agreement approved by GWR Procurement.
 - 4.7.3.7 Evaluation against total expected through-life costs of the goods or services and whether all potential cost factors have been adequately considered in the Procurement (e.g., design, acquisition / construction, operation, maintenance, disposal etc.).
 - 4.7.3.8 Sustainability factors as detailed in the SPS including environmental and social impacts.

4.8 Gifts, Hospitality and Other Inducements

- 4.8.1 GWR operates a Gifts and Hospitality Policy, and all employees are bound by its terms. It is each employee's responsibility to ensure that they understand and follow the Gifts and Hospitality Policy.

4.9 Conflicts of Interest

- 4.9.1 When dealing with suppliers, potential conflicts of interest can sometimes arise, which may be in the form of spouses or other relatives being employed by the supplier or you, or a close family member, possessing shareholdings or other stakes. Any potential conflicts **must** be reported to your manager as soon as they are identified, and a Conflicts of Interest declaration should be completed and returned to GWR Procurement. They will not normally prevent GWR from trading with the company concerned, but it is important that any potential conflicts can be reviewed, recorded, and managed.
- 4.9.2 Former employees may be potential suppliers and indeed their knowledge of GWR may make them a suitable partner. It is important that they do not receive special consideration or access to information not available to other potential suppliers. If their perceived inside knowledge gives them an unfair competitive advantage, steps **must** be taken to ensure fair competition among all potential suppliers.
- 4.9.3 Employees should avoid dealing with suppliers in their private affairs particularly if this potentially puts them under some obligation to the supplier. Where such arrangements are unavoidable, it is essential that they ensure that they are not offered any sort of deal which is not commonly available, and which could be construed as a reward for actions taken in the course of their employment.

4.10 Anti-Competitive Behaviour

- 4.10.1 Individuals may become aware of multiple suppliers appearing to act in collaboration to potentially fix or inflate prices. Any such suspicions **must** be reported, together with any supporting evidence, to GWR Procurement.

4.11 Whistle Blowers

- 4.11.1 GWR operate a Whistle-Blowing Policy, and all employees are bound by its terms.
- 4.11.2 Early reporting is essential so that, where necessary, legal advice can be taken and both the individual and GWR can be protected.

4.12 Ethical, Sustainable and Social Responsibility

- 4.12.1 Beyond the requirements of law and other regulations in respect to Procurement activities GWR have obligations to the wider community and stakeholders in respect to the way it undertakes its business activities.
- 4.12.2 This **must** include the adherence and application of GWR's Sustainable Procurement Strategy (SPS) and the wider Corporate Social Responsibility (CSR) Policy when undertaking Procurement activities.
- 4.12.3 Where there is any perceived conflict between the ethical, sustainable, and social requirements as set out in the SPS and those elsewhere included within the Policy, or within wider GWR policies, then advice **must** be sought from GWR Procurement.

4.13 Health & Safety Considerations

- 4.13.1 All employees **must** carefully consider the health and safety implications in conjunction with this Policy and comply with GWR's internal Health & Safety policies. Consideration should also be given to a supplier's safety standards as part of the tendering process. Further advice can be sought from the safety team.

Safety **must** be a consideration when compiling requirements (for example 'Buy Quiet' vibration campaigns which refer to Noise at Work and PUWER Regulations) and selecting suppliers as part of a tender process and if you have any queries, please consult the safety team initially before progressing.

4.14 Authority and Approvals

- 4.14.1 Only directors, managers and employees with delegated authority can approve expenditure to suppliers and only in instances where the expenditure is being committed in accordance with the Policy and in particular the Procurement Process.
- 4.14.2 Expenditure can only be approved where there is a budget in place for the specific requirement or there is DfT approval. The available budget **must** be allocated to the type of expenditure being committed and not be taken or reallocated from another budget allocated for a different purpose.
- 4.14.3 If there is any uncertainty as to the levels and use of delegated authority, then advice **must** be sought from either GWR Procurement or Finance.

5. References

5.1 Definitions / Abbreviations

Term	Definition / Abbreviation
Approved Supplier	Any supplier that, as a minimum, has been fully accredited through GWR's supplier assurance process. This is subject to any additional accreditations that may be required in accordance with Engineering Procedure documents.
ATE	Authority to Engage
CAF	Contract Approval Form
CSR	Corporate Social Responsibility
DfT	Department for Transport
GDPR	General Data Protection Regulation
GWR	Great Western Railway
GWR Procurement	The Great Western Railway (GWR) Procurement Team
IFMS	Integrated Fleet Management System
ITT	Invitation to Tender
Key Contract	As defined by the DfT
NR	Network Rail
PO	Purchase Order
PQQ	Pre-qualification Questionnaire
Policy	GWR Procurement and Supplier Management Policy
Procurement	All activities for the buying or leasing of goods and services through their expected life cycle including, as appropriate, specifying the requirement, supplier engagement, tender activity, contracting, ordering, contract management and end of life disposal. This Policy excludes 3 rd Party commercial funding agreements
ProAct23	Procurement Act 2023
Procurement Process	The approach to be followed for the Procurement for the buying of goods and services
SAP	SAP e-Procurement System
SME	Small and medium-sized enterprises
SPS	Sustainable Procurement Strategy
SRM	Supplier Relationship Management

