



HERTFORDSHIRE

CONSTABULARY

Hertfordshire Police Authority

Contract Regulations

&

Procurement Principles

Prepared by

Nick Barnes, Head of Procurement & Supplies
Bill Baker, Procurement Process Manager

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1 Introduction

1. The Constabulary spends in excess of £ 30 million per annum on goods, services, and capital projects, and as a lead authority for Police consortia has influence over a further £15 million expenditure per annum.
2. Effective Contract and procurement management is essential in order to become best in class in a business process that involves all aspects of police operation and support. It has an immense impact on the delivery of Best Value; therefore it is vital that all procurement activities are managed effectively and that procurement personnel and local buyers are well trained and highly professional.
3. This document has been developed to provide employees of Hertfordshire Constabulary and the Hertfordshire Police Authority who become involved in the Contracting and procurement process with a clear regulation framework in which to operate to enhance the delivery of Best Value for the force. In addition to the Regulations this document contains procurement principles that set out guidance to assist in the delivery of a world-class procurement operation.
4. These Regulations are supported by a comprehensive set of procurement procedures that will enable all those involved in day-to-day procurement activity to act in full compliance with these Regulations. The procedures will be updated from time to time to stay at the forefront of best practice and respond to business needs.
5. These Regulations relate principally to the Procurement Process considering the Competitive Process, Selection & Management of Suppliers and Contract Award.

2 Empowering Regulations

1. These Regulations are the standing orders to be made under Section 135 of the Local Government Act 1972 and all other powers enabling the Authority.
2. These Regulations cover and comply legislation governing the tendering and award of contracts for the supply of goods and services (Local Government Acts 1972/1988/1999 and European Union (EU) Procurement Directives.
3. The Constabulary has an Anti -Fraud and Corruption Policy which will be made available to all Contractors or other organisations with which it conducts business.

3 Application of Regulations

1. These Regulations cover all Contracting and procurement activities within the Constabulary. This includes new Contracts, extensions of Contracts and renewal of Contracts, with the exception of Contracts for the purchase of land, and Contracts of employment.
2. The Regulations detailed apply to all employees of Hertfordshire Constabulary and must be adhered to at all times.
3. Where the Authority is acting as an agent for another body, these Regulations shall apply unless the principle directs to the contrary.
4. Any person who is not an Officer of the Authority engaged to manage a Contract on behalf of the Authority shall comply with these Regulations.
5. All business areas and departments will identify a manager accountable for implementation and monitoring the effectiveness of Procurement Activity.
6. The Regulations apply to all commitments for the supply, hire, execution or disposal of any goods and services for or by the Authority with the exception of Contracts that have an interest in land or Contracts of employment.
7. These Regulations aim to achieve audit-ability and full accountability of those involved, requiring them to identify and record the Contract decision-making process for all commitments.
8. These Regulations provide the means of deciding which procedure is to be used for a given requirement.
9. These Regulations cannot be changed nor departures from them made without the agreement of the Authority.
10. The Regulations apply from 1st January 2003.
11. The Updated Regulations apply from 29th June 2007.

4. Role and Duties of Procurement

4.1 Role of Procurement

The role of procurement can be expressed simply as: *“To obtain the best overall value for each pound spent when acquiring goods and services, working with Internal Clients to ensure that value is maximised during life and at disposal.”*

Procurement Principle

The enhanced role of procurement is achieved when the following are recognised:

- Procurement influences more than 95% of external expenditure with Suppliers.

- HQ Procurement continually develops as a centre of expertise for Internal Clients.
- Procurement works jointly with Internal Clients to add value through the provision of services and support.

Procurement teams are to assist with and, where appropriate, carry out, the sourcing of products and associated negotiations on behalf of Internal Clients.

4.2 Duties of the Chief Constable

The duty of the Chief Constable within these Regulations is to:

1. Ensure awareness of and compliance with these Regulations, accompanying procedures, and procurement guidance that is issued by the Head of Procurement & Supplies.
2. Delegate the defined responsibilities for procurement to Head of Procurement and Supplies.
3. Ensure auditable records are maintained and available for inspection.
4. Delegate Authorities under the Scheme of Delegations.

4.3 Duties of the Head of Procurement & Supplies

The Duty of the Head of Procurement & Supplies within these Regulations is to:

1. Ensure personal awareness and understanding of these Regulations and other financial regulations, procedures and guidelines that relate to procurement and Contracts. Develop and agree procurement strategies with senior management in line with ACPO procurement policy.
2. Nominate a Chief Officer for each Contract.
3. Appoint a Contract Officer for each Contract. Ensure the Contract Officer is trained and monitored to ensure delivery of Best Value procurement.
4. Ensure the appointment of the Chief Officer and Contracts Officer is recorded in the Contract Register.
5. Manage the Contract Regulations and Procurement Procedures to ensure that they are maintained in line with good procurement practice and Best Value. Advise the Director of Resources and the Authority when it is necessary to update the Regulations.
6. Take responsibility for the procurement process, although much of the actual purchasing activity will be devolved to internal departments.
7. Manage procurement & Contracting focusing:
 - ❖ **Role**
 - Deliver maximum business benefit appropriate to Internal Client needs.
 - Obtain the most cost effective supply solution.
 - Manage commercial risk.

- Maximise procurement leverage through aggregation of demand and position in the supply market to promote the interests of the Constabulary and to develop preferred customer status with Contractors.

❖ **Relationships**

- Generate and maintain business relationships that give the Constabulary constant, easy access to capable, efficient and highly motivated Suppliers.
- Develop and manage the Constabulary's purchase arrangements for supplies jointly sourced with other emergency services (consortia arrangements).
- Identify and maintain indicators and techniques to measure the performance of key Suppliers.
- Manage the provision of out-sourced and Contracted services on behalf of and in conjunction with Internal Clients and consortia members. Procurement will provide the process, data and market information to assist in outsourcing decisions.

❖ **Process**

- Ensure Contracts are formed detailing clear specification of requirements and terms and conditions appropriate to the requirement.
- Develop procedures and working practices to support the procurement process, including updates to procurement systems.
- Develop and maintain a Contract register.
- Ensure that procurement is carried out in a professional and ethical manner that is consistent with public sector policies and that the Constabulary's aggregated requirements are brought in line with the E U Procurement Directives.

❖ **People**

- Disseminate knowledge throughout the organisation to ensure procurement staff and Internal Clients are aware of the procedures they should follow, and the Suppliers they should use.
- Set and monitor key performance indicators for procurement and ensure that they are met.

4.4 Duties of the Chief Officer of Contract

The Duty of the Chief Officer of Contract (normally the budget holder) within these Regulations is to:

1. Ensure personal awareness and understanding of these Regulations and other financial regulations, procedures and guidelines that relate to procurement and Contracts.
2. Ensure an auditable record is maintained for the Contract.
3. Ensure compliance with these Regulations and that appropriate procurement procedures are followed.

4.5 Duties of the Contract Officer

The Duty of the Contract Officer within these Regulations is to:

1. Ensure personal awareness and understanding of these Regulations and other financial regulations, procedures and guidelines that relate to procurement and Contracts for all members of the team directly involved in the Contract / tender process.

2. Develop and agree Contract strategy to be applied to the specific Contract with Head of Procurement & Supplies and the Internal Client.
3. Ensure that procurement is carried out in a professional and ethical manner that is consistent with public sector policies and that the Constabulary's aggregated requirements are brought in line with the EU Procurement Directives.
4. Ensure Contracts are formed detailing clear specification of requirements and terms and conditions appropriate to the requirement.
5. To assess whole-life costs as appropriate to the requirement.
6. Ensure Contract award details are reported to the Contracts Manager for inclusion in the Contract register following award.

4.6 Duties of Local Procurement Teams

The Duties of the Local Procurement Teams working within these Regulations are to:

1. Support Regulations and procedures and communicate any conflict between the local approach and these Regulations to the Head of Procurement and Supplies.
2. Promote the use of Procurement Cards for local purchases.
3. Swiftly process requests from internal client areas.
4. Ensure that the competitive process is maintained in line with expenditure thresholds.
5. Ensure that an audit trail is maintained.
6. Promote the use of the Standard Terms of Contract for procurement.
7. Involve HQ Procurement where a purchase is complex, requires special terms of Contract, or Contract extension, even when the requirement is within the buyer's delegated Procurement Authority.

5 Authorities & Controls

5.1 Hertfordshire Police Authority

1. The Police Authority delegates a level of expenditure authority to the Chief Constable to commit to Contracts up to a specified level of expenditure.
2. The Chief Constable further sub-delegates that authority to individuals by means of the Scheme of Delegations.

3. Where monetary figures are specified in these Regulations relating to the Chief Constable's Scheme of Delegations, the Director of Resources, in consultation with the Head of Finance is authorised to vary them in light of inflation and other relevant circumstances.

Procurement Principle

The review of monetary values should be made in line with the review of EU thresholds on a biennial basis.

5.2 Expenditure Authority

1. Expenditure Authority rests with the budget holder and/or the person with delegated budget authority.
2. All expenditure must have prior budgetary approval and financial sanction.

5.3 Procurement Authority

1. This is the authority delegated by the Chief Constable to the Head of Procurement and Supplies to make Contractual commitments with external Suppliers.
2. This authority may be sub-delegated to procurement teams and/or Internal Clients.
3. Procurement commitments cannot be made without prior budget authority and financial sanction.
4. No person is permitted to make commitments to Suppliers unless they have direct or delegated procurement authority.
5. The Head of Procurement and Supplies will retain a register of people with delegated procurement authority, a copy of which is retained in Finance with specimen signatures.

5.4 Segregation of Duties

1. The authorities relating to the Contracting and procurement process are segregated between the following phases:
 - Requisition
 - Commitment (Contract Signatory)
 - Receipt
 - Payment
2. No one individual can have the authority to control more than two consecutive stages in the segregation of duties.

5.5 Disaggregation of Requirements

Disaggregation, the separation of a purchase into several smaller requisitions or Contracts to avoid thresholds and competitive procedures, is not permitted.

6 Procurement Process

6.1 Procurement Involvement

1. Internal Clients will utilise procurement teams where a purchase is complicated and /or involves high expenditure and commercial risk.
2. A common sourcing strategy will be developed as appropriate and adopted across the Constabulary in line with ACPO Procurement Strategy.
3. Procurement activities will reflect the fact that Suppliers are dealt with in an impartial, legal and ethical manner.

Procurement Principle

Within the Constabulary, no function can work well on its own. This is especially true of procurement. If a procurement team is to be effective, it must regularly communicate with its Internal Clients.

Acquiring items of a high value and/or a critical nature will always be a joint effort between Procurement and Internal Clients, ensuring compliance with EU procurement directives as appropriate.

Procurement staff will need to take part in all stages of the process to ensure that the commercial risk is fully assessed. The procurement process starts when an Internal Client identifies a need. The process of placing a Contract can be time consuming, therefore Internal Clients are encouraged to hold discussions with Procurement early, and to utilise Constabulary Contracts where they already exist.

6.2 Utilisation of Contractual Arrangements

1. Where ACPO Contracts exist, the Constabulary should support those arrangements.
2. In the exceptional occasions where better value can be obtained from sources alternative to those that have been awarded to an ACPO Contract, approval to use those alternatives must be obtained from the Director of Resources and reported annually to the Authority.
3. Where Constabulary Contracts exist, Internal Clients must support those arrangements.
4. In the exceptional occasions where better value can be obtained from sources alternative to those that have been awarded a Constabulary Contract, approval to use those alternatives must be obtained from the Head of Procurement and Supplies.
5. Contracts should not be awarded that compete with an existing Contract for similar requirements without the express approval of the Head of Procurement and Supplies.

6.3 Supplier Relationship Management

1. Supplier selection is to be based on sound business principles that recognise the quality of products and services, financial stability and the ability to fulfil Contracts on time.
2. Suppliers and tenderers are normally selected from an advertisement response and Suppliers known to the Constabulary who have a proven track record of supply. Any company can make an application to tender. In these instances the Contract Officer must correctly evaluate the companies as to their suitability.
3. At the Contract Officer's discretion other companies may be invited as potential Suppliers as they could be more competitive or provide a more technically advanced solution than Suppliers known to the Constabulary.
4. Contracts are awarded through the appropriate competitive process to Suppliers who offer the Best Value combination of commercial and technical terms that meet business needs.
5. Auditable records should be retained supporting all decisions made during the Supplier selection process.

Procurement Principle

The natural dynamics of the supply market means that supply relationships will be different depending upon Supplier importance and need. Relationships will range from arms-length to close collaboration depending upon the risk in the supply market, number of sources available, and business requirements.

The Constabulary may, when a supply relationship develops with key Suppliers of high value critical products, and in compliance with Contract Regulations create a strategic alliance where the Constabulary and the Supplier develop a mutually advantageous commercial relationship within defined parameters, e.g. bespoke IT software and specialist equipment.

The Constabulary favours Suppliers who demonstrate a commitment to the achievement of world-class standards and who are committed to providing continuing exceptional service.

In seeking Best Value, Buyers need to be mindful of the extra benefits of long-term associations with ethical and reliable Suppliers, and take care to ensure that these arrangements remain mutually beneficial.

Employees within the Constabulary will be in contact with Supplier visitors and may on occasions visit Suppliers. This creates potential commercial exposure for the Constabulary in that if employees are unable to recognise and manage subtle sales approaches, then it is possible that commercially sensitive information will be released.

6.4 Internal Supply Market

Wherever possible, purchases should be made firstly from internal markets and then by use of existing Contracts.

Procurement Principle

The Constabulary's presence in the supply market automatically generates an image.

The supply market includes Suppliers, potential Suppliers, HMIC and other government departments that monitor activity, pressure groups and lobbies who perceive procurement to be a reflection on overall business activity.

All personnel who are exposed to the external supply market play a part in forming this image. The Constabulary should actively develop an image, and not allow one to form by default. All employees should at all times demonstrate an ethical, professional approach to the supply market, demonstrably operating according to the highest standards of business practice.

The aim is that the Constabulary is perceived by key Suppliers as a preferred customer, and is seen as an organisation that behaves faultlessly by those who regulate or otherwise constrain commercial activity.

7 Competitive Process

1. A complete audit trail is to be retained for each Contract, providing an auditable record and full file detail of tender documents, detailed analyses, negotiations, clarifications and subsequent decisions.
2. Contract and tender documentation must be retained as per the retention policy under the Freedom of Information Act.
3. The preferred method of tendering for all levels is to utilise the E-tendering package contained in the 'Blue Light' marketplace. In exceptional circumstances the paper process can be utilised, and reasons for this approach should be recorded in the tender file.

7.1 Specification Development

1. The Specification should be developed as a generic performance based specification as the normal approach to business. This form of specification increases the ability of Suppliers to compete and aids the delivery of Best Value.
2. Specifications should be framed so that, as far as possible, the resulting offers can be judged against objective criteria.

3. Proprietary product specifications should only be used in Exceptional Situations (*Section 9*). When this event occurs the Contract Officer must record the reasons in the Contract file stating why a restricted competitive approach has been selected.

Procurement Principle

Specifications should be generic and output based rather than developed in such a way as to focus on a proprietary product or single consultancy offering.

By developing generic specifications the competitive process is enhanced, enabling more organisations to compete for the business on offer.

7.2 Specification Changes

1. If a specification is changed for any reason during the tender process, the updated specification must be communicated promptly to all tenderers, giving additional time to respond, as appropriate, to the change.
2. If a specification is changed for any reason after receipt of tenders, the updated specification must be communicated to all tenderers. They must be given adequate time to respond to the change in specification and to prepare revised tenders. The process will follow the tender process.

7.3 Equal Treatment

1. Equal treatment will be given to all potential Suppliers, including access to the same information and adequate time to respond to enquiries and tenders.
2. Buyers should ensure that all potential Suppliers have a reasonable chance and are capable of meeting the requirement.
3. The tenders solicited by the Constabulary remain confidential before and after the business is placed subject to the terms of the Freedom of Information Act.
4. It should be made clear to tenderers that their tenders will only be considered if they are submitted on time and in the proper format.

7.4 Low Value Procurement Thresholds

1. Purchases below £5,000 value are Low Value Purchases.
2. Contracts below £30,000 value are Small Contracts.
3. Where the requirement is of Low Value and not covered by an existing Contract, the order can be placed directly with a selected Supplier.
4. Low Value and Small Contracts will be managed through a local competitive process appropriate to the goods or service required. Full details are contained in the Procurement Procedures.

7.5 Procurement Cards

1. The VISA procurement card should be used with specific Contracts, and with Suppliers that will accept the VISA card process of ordering and for *ad hoc* requirements.
2. The user controls are agreed between Procurement, Finance and local management for each user setting expenditure limits per month and per transaction.
3. All procurement card users will receive specific training prior to being issued with their personal procurement card.

7.6 Tendering Process

1. Contracts between £30,000 value and EU Procurement threshold will be subject to the tendering process.
2. The preferred method of tendering requirements of all values is to utilise the 'Blue Light' e-tendering system. This enables the full process to be completed electronically in compliance with EU and competition legal requirements.
3. All tender advertisements must include the award criteria and any weighting,
4. The Contract officer will select the appropriate number of tenderers, dependant on the requirement, value and the competitiveness of the supply market.
5. The Contract Officer must consult the Head of Legal Services on Contracts over £250,000 as to whether a bond or guarantee is required. (*Section 10*)
6. The Contract Officer will utilise Standard Terms and Conditions of Contract and if whether any additional special terms and conditions are appropriate to the requirement.
7. Tenderers should be advised that the lowest priced tender may not be accepted.
8. Tenderers should be advised that no tender may be accepted.
9. Tenderers should be advised that Negotiation and/or e-auction may be employed prior to acceptance.
10. Tenderers should be advised that acceptance is not of Contractual effect unless signed by the Chief Officer of the Contract.
11. All tenders must specify the reply by time and date.

12. All tenderers must be advised of any change in the specification, closing date, extension of time allowed, or of any other change in the tender arrangements.
13. E-tenders will comply with the principles of a paper based process in that bids are lodged in a secure file that cannot be opened until the due time and date.
14. For paper based tenders the invitation will incorporate the phrase “your tender/quotation must be sealed and despatched so as to arrive at this office by...(time) on ...(date)”.
15. For paper based tenders all tenders must be submitted in a plain sealed package, using the special “TENDER RETURN” address label or envelope supplied for the purpose, clearly marked with the reference number of the enquiry, the opening time and closing date.
16. For paper based tenders the package/envelope should have no indication of, or reference to, the name of the tenderer.

Procurement Principle

Reflecting the strategic nature of a requirement, Procurement teams can utilise a differentiated tender process dependent on the value, complexity, and ultimate Contract duration of the requirement.

- Requirements that exceed £30,000 but are less than £60,000, or a one year Contract period, will be subject to the Tender process managed by Local Procurement Teams.
- Requirements that exceed £60,000 or a three year Contract period will be subject to the Tender process managed by the Contract Manager working with Internal Client Contract Teams.

These processes are detailed in the Procurement Procedures.

7.7 EU Procurement Procedures

1. Contracts above the EU Procurement threshold will be subject to the full EU tendering process.
2. The Contract Manager will advise on the most appropriate procedure. There are six procedures that can be used as appropriate to award of Contract under EU Regulations:
 - ***Open Procedure*** ~ any company who replies to an advertisement in the European Journal can tender.
 - ***Restricted Procedure*** ~ companies express an interest in tendering in response to an advertisement, and after a preliminary vetting procedure (limited to financial & technical capability), a shortlist of companies are invited to tender.
 - ***Negotiated Procedure*** ~ the Constabulary enters into negotiations with at least three companies before awarding the Contract. Reasons for using this method must be documented in the procurement plan because the scope for proceeding by negotiation is limited under EU Regulations.

- **Dynamic Procurement Systems** ~ the Constabulary can utilise dynamic methods of procurement to improve the competitive process and assist delivery of Best Value. E-Auctions will normally be used as part of the collaborative process working with other Forces on a regional or national basis.
- **Framework Agreements** ~ is a process of award of Contract and is made as an agreement between one or more Contracting authorities and one or more Contractors.
- **Competitive Dialogue** ~ When developing a complex requirement that could be provided by a Private Finance Initiative (PFI) the Constabulary will utilise this approach to develop the agreement.

7.8 Tender Receipt & Opening

1. Tenders are registered when received either within 'Blue Light' E-tender system, or within a tender file for paper based sealed tenders, and left unopened until the due time and date.
2. Tenders are opened following the e-tendering process or by at least two people one of whom is an impartial witness to the process. The Contract Officer and Chief Officer of Contract are excluded from the Tender Opening.
3. The tender documents are signed and witnessed at time of opening by all present.
4. Particulars of tenders received and those accepted shall be recorded.

7.9 Late tenders

1. Tenders received after other tenders have been opened will not be accepted.
2. A Tender received late but before the other tenders have been opened may be considered if there is evidence that it was despatched by post or other means early enough to be received in due time in normal circumstances.
3. A tender rejected due to late delivery will not be recorded nor included in the analysis process.
4. The Chief Officer of Contract will return a rejected tender to the tenderer immediately.

7.10 Errors in Tender Submissions

1. Advantage should not be taken of genuine inadvertent errors made by tenderers.
2. When the Contract Officer finds an error in a tender, the tenderer will be advised that an error may exist in their offer and be given the opportunity to:
 - Confirm that the tender stands in its current form.
 - Withdraw the tender.
 - Correct that part of the tender that is in error.
3. No request to amend a tender after the time fixed for receipt shall be accepted.

7.11 Negotiation & Clarification

1. Negotiation can be used when deemed advantageous to the competitive process by the Contract Officer. Negotiation will not be utilised on all occasions.
2. When negotiation is employed it should be conducted with short listed tenderers.
3. Negotiation focusing only on price will not be used during the procurement process. During the EU Procurement Process the Contract Officer can enter into clarification discussions to understand technical and operational issues of the offer that may result in a change to the cost of the Contract.
4. During the negotiation and clarification process the Contract Officer must ensure impartiality to all tenderers invited to negotiate.
5. Negotiation will be utilised by trained buyers and will be used to enhance better value of goods and services.
6. It is unethical in negotiation practice for a tenderer's commercial information to be used as a lever to reduce other offers.

Procurement Principle

When employing negotiation, buyers need to be aware of the power they have in the supply market and use ethical business approaches in the planning, preparation and execution of the negotiation.

7.12 Award of Contract

1. Tender analysis should be completed using criteria determined prior to issue of tender documentation.
2. The Contract Officer must record the reasons and analysis that lead to the acceptance of the Best Value offer.
3. The Contract Officer is empowered to recommend the acceptance of tenders.
4. The Contract is to be signed on behalf of the Authority by :
 - a. For Contracts that are of estimated values up to £60,000 by the Chief Officer of Contracts.
 - b. For Contracts that are of estimated values from £60,000 to £750,000 by a member of the Constabulary Executive. Where it is considered that there is a risk that the contract will exceed this value, the Constabulary will consult with the Authority in the awarding process.
 - c. For Contracts that are of an estimated value that exceeds £750,000 or over £375,000 per year recurring expenditure, a tender may only be accepted after consultation with the chair of the Police Authority and the Chair of the Financial Resources Working Group and shall be signed by the Executive Director to the Police Authority.

5. A minimum period of ten calendar days must be allowed as a stand-still period between the notification of an award decision and Contract commencement for all EU value Contracts. (*This period is extended to the next working day when the final day falls on a non-working day*).
6. All unsuccessful tenderers have the right to a formal debrief promptly or within 15 days of a written request a de-brief following award of Contract.

Procurement Principle

Subjective comparisons can play a part in tender analysis. Contract Officers should avoid focusing the decision making process on them.

Common courtesy and good business practice compel the Constabulary to explain through formal debriefs to unsuccessful bidders why they were not selected for major / high value projects. Through this process Suppliers learn how they need to improve to serve Constabulary needs in the future. The key is to explain objectively without divulging any technical, commercially sensitive or competitive information.

7.13 Contracts Register

After award all appropriate Contract details must be recorded in the contracts register by the Contracts Manager to enable users to effectively search the database and find information in future.

8 Exceptional Situations

1. For requirements of an exceptional nature, advice and guidance must be obtained from the Head of Procurement and Supplies or the nominated Contract Officer.
2. Exceptional Situations are those created by external actions and events over which the Constabulary has no control but has an obligation to respond.

Procurement Principle

For the majority of situations the tender process will be utilised and exceptional situations will be taken in to consideration as appropriate to the requirement.

Specifications should normally be generic and output based rather than developed in such a way as to focus on a propriety product or single consultancy offering.

8.1 Operational Emergency

1. In cases of Operational Emergency, requirements should be obtained from existing Contracts as a priority.
2. In the event of an existing Contract being unavailable, the operational commander can:
 - a. Contact the nominated procurement team member for action.
 - b. In the situation when a) is not available, contact an available Supplier direct to provide assistance, and obtain Best Value support.

3. A full audit trail and decision process is required for requirements obtained during an operational emergency.

8.2 Proprietary Products

1. In the exceptional circumstances when a proprietary product is specified, the Contract Officer must record the reasons in the Contract file, stating why a restricted competitive option has been selected.
2. One or more Suppliers of the product should be identified.
3. The tender process and/or direct negotiation is utilised to obtain the Best Value offer from each Supplier prior to a decision to award.
4. Actions must be recorded in the Contract file stating reasons in an auditable form.
5. The requirement may be considered as a proprietary product when it is for repairs or works to an existing proprietary product.

8.3 Consultancy

Consultancy is defined as a professional service that offers independent advice and assistance with management and technology issues. Consultants are charged with a specific task and deliverables, being accountable to the business line for output, but not reporting directly to it.

Typically these issues may concern policy, organisation, procedures and methods. A consultancy assignment may include identifying and investigating problems and/or opportunities, recommending appropriate action and helping to implement those recommendations.

1. Characteristics:

- Concerned with the provision of knowledge and advice;
- Output will typically be a report containing analysis, commentary and/or recommendations;
- Often most relevant in the early stages of a project e.g. at feasibility and design stages, but can provide an overseeing role throughout a project;

Are established as Consultants, as distinct from being employees and have access to the necessary knowledge base, resources and administrative support.

2. When obtaining consultancy support, the specification must detail the outputs expected from the project, linked to a timetable.
3. The principal objective of the Authority is to secure consultancy support of high quality that will ensure Best Value for money rather than the lowest cost tender.
4. As part of the approval process for consultancy the user should complete and obtain approval from the budget holder of a justification report or for complex requirements a business case to ensure that external consultants are required and that the need cannot be met by internal resources. A copy of the document is retained in the Contract file.

5. Objective criteria should be used to assess tenders where available.
6. Previous experience or in the case of renewal or extension of Contract, current delivery of customer satisfaction levels should be taken in to account.
7. Contract Officers engaged in the employment of consultancy support must pay particular attention to specifying and assessing the time limited nature of the contract, the agreed deliverables, reporting lines, fee calculations and personnel dedicated to the project, and their continuance in support.

9 Subjects of General Application

9.1 Terms and Conditions of Contract

1. All Contracts or purchase orders will use Standard Terms and Conditions of Contract as appropriate for the specific commodity group.
2. Specially written Contracts should only be required where the work is of a non-standard nature.
3. The Contractor may be required to provide a bond or guarantee from a parent company in a specific form.
4. The Contract Officer must consult with the Head of Legal Services on Contracts over £250,000 as to whether a bond or guarantee is required.
5. All significant software development Contracts must include an escrow arrangement.

Procurement Principles

Purchase orders / Contracts are placed on the Standard Terms and Conditions of Contract of which a variety are maintained by the Constabulary Contracts Manager to cover the majority of supply situations.

Letters of intent should only be used in special circumstances and on the rare occasions these are required they may only be issued to a Supplier after agreement and authorisation by the Head of Procurement & Supplies.

Requirements for specially written Contracts and/or Contracts for any one piece of work should be referred to the Head of Procurement & Supplies.

9.2 Terms of Payment

Suppliers will be paid on time and according to Contract.

Procurement Principle

Sometimes Suppliers ask for 'stage payments'. This practice should be structured within the relevant Contract and rigorously managed. When they are made they should be limited to the amounts to cover work already performed. This keeps the risk as low as possible if a Supplier's business fails.

Legitimate payments should not be delayed, or terms of payment altered, without referring back to the Contract Officer.

If Suppliers ask to be paid in a foreign currency, consideration must be given to the effects of fluctuating exchange rates. The exact cost should be fixed at the time of order placement. All such requests must be referred to the Head of Finance for advice and guidance.

9.3 Safeguarding Information

1. Information that is highly sensitive or has commercial value will be securely controlled, using the Government Protective Marking Scheme (GPMS).
2. All documentation for a Contract will be kept together securely in an easily accessible format.
3. Information and records must be retained in a format that complies with the Freedom of Information Act (2000) and Data Protection Act (1998) and their subsequent Amendments.
4. In compliance with the Freedom of Information Act information will be provided where it does not damage commercial interest, breach confidentiality arrangements or threaten the public interest.

Procurement Principle

Information that is shared with Suppliers is carefully vetted. Where appropriate, Suppliers will be asked to sign a confidentiality agreement.

9.4 Endorsements

Procurement Principle

All requests to quote Hertfordshire Constabulary's name or to take photographs for promotional purposes are to be referred to the Partnership Funding Manager.

9.5 Diversity Scheme

Procurement Principle

All stages of the procurement cycle; from the initial specification through to monitoring the service provider after the award of the contract, is committed to the force's Diversity Scheme.

This approach is supported through the following measures:

1. All contracts include a no discrimination clause, covering all aspects of equality.
2. That in relation to contracts requiring the Full Tender Process and above the pre-qualification questionnaire should include standard questions covering diversity policies, make-up of current workforce, any cases found against contractors regarding equality legislation and changes subsequently made.
3. The Constabulary seeks to encourage local employers to compete for contracts through promoting its role as a local purchasing organisation, and periodically reviewing the workforce make-up of suppliers particularly relating to the award of small and medium size contracts. Whilst expecting all contractors to comply with the Constabulary's requirements, the Constabulary is conscious that compliance with all aspects of the regulatory process can disadvantage small and medium size local employers and will interpret responses in a way that is proportionate and recognises this issue.

9.6 Environmental Considerations

Procurement Principle

Wherever possible, the Constabulary will endeavour to minimise the impact that any procurement decision has upon the environment. Furthermore, it will actively encourage and work with its Suppliers to improve environmental performance where it is not detrimental to the interests of either party to do so and will seek to conserve energy, water, wood, paper and other resources, reduce waste and phase out the use of ozone depleting substances and minimise the release of greenhouse gases, volatile organic compounds and other substances damaging to health and the environment.

9.7 Re-allocation or Disposal of Redundant Items or Equipment

1. The same Competitive Process (*Section 8*) will be employed at disposal if the goods have a commercial value.
2. The highest /Best Value Offer would be deemed acceptable.

Procurement Principle

When goods are received and paid for, they remain under the Internal Client's control until they are no longer needed. The Internal Client then obtains the authority to declare the goods redundant and ready for reallocation or disposal in consultation with Procurement. If there is no use for redundant equipment, then it is written off, disposed of and appropriate documentation amended accordingly by the Internal Client.

9.8 *Probity Register*

Any employee that accepts hospitality or entertainment must record the details in the register retained by Human Resources Department.

9.9 *Collaboration With Other Forces*

- 9.9.1 The Home Office have encouraged Authorities to engage in Collaboration on to promote efficiency and develop service provision. With this in mind it is incumbent on t his Force to consider collaborative arrangements with other Forces for the purchase of goods and services.
- 9.9.2 With regard to procurement processes at the Formal Tender level and above officers and staff should, at the outset of the procurement cycle, consider the scope to procure the service through the collaboration route. This may range from a one-off purchase where another Force has a call-off arrangement in place; to a major procurement where other Forces have the same, or similar requirement, and would be willing to co-operate with the tender process and establish an open contract.
- 9.9.3 Future use of collaborative arrangements must be able to demonstrate the delivery of best value to the Force and, where appropriate, comply with the competition legislation and European Directives.

10 **Ethical Procurement**

The Constabulary's values dictate a consistent and fair approach towards Suppliers by all employees and Contractors operating on the Constabulary's behalf. In general terms, all purchasers of goods and/or services should be independent and behave impartially and with integrity.

At all times, the Constabulary must be, and must be seen to be, competent and ethical regardless of the size of the Supplier and their past or current relationship with the Constabulary.

These guidelines are to protect the Constabulary and the individual employee. The distinction between the courtesies of a working relationship and the acceptance of benefit for which reciprocal favours will be expected can be narrow. If an employee is in doubt as to the propriety of accepting any gift, benefit or advantage, they must immediately consult their line manager or senior executive.

1. **Confidentiality:** Confidential information should only be sought where necessary and when obtained, should not be disclosed to third parties, particularly to other Suppliers. Confidentiality agreements must be used and signed where appropriate.
2. **Conflict of interest:** If a Supplier representative is known socially or is related, or if a financial interest is held in the Supplier, then this should be declared to an individual's line manager and that individual should not be involved professionally with the Supplier unless senior management's approval in writing has been obtained. Involvement that may influence sourcing decisions is not permitted.

3. **Fairness:** Equal opportunity should be extended to all Suppliers competing for business (i.e. they should all be provided with the same information and given equal time to respond to requests/tenders, and tenders should not be invited only to make up the number, or as a strategy to bring down the price of the chosen Supplier).
4. **Gifts:** No gifts (other than advertising/ promotional material of modest value such as calculators or diaries) or other benefits should be accepted by an employee or close family from people or organisations with whom the employee has business dealings or Contracts on behalf of the Constabulary.
5. **Hospitality and entertainment:** Offers to an employee or close family of hospitality or entertainment of a frequency, type or scale that the Constabulary would not wish to reciprocate should not be accepted. Rigid definitions are not feasible but employees are looked to exercise common sense and judgement and, if they are in any doubt, decline an offer or refer to management.
6. **Seminar/Product launches:** These are permissible where strictly relevant to an individual's responsibilities and where the Constabulary pays all travel and accommodation costs.

11 Definitions

The following terms are used throughout the procurement documentation

1. **Authority, The** ~ refers to the full Hertfordshire Police Authority.
2. **Best Value** ~ a combination of criteria that includes competitive price, quality, reliability, timeliness and life costs. This is not always portrayed by the lowest priced offer.
3. **Bid** ~ an offer made by a prospective Supplier in the form of a tender, quotation or as part of the negotiation process.
4. **Buyer** ~ the buyer is any individual employed by Hertfordshire Constabulary who, through the use of professional procurement techniques, is authorised to make the commitment for the supply of goods or services to fulfil the internal client's need.
5. **Chief Officer of Contract** ~ for the purposes of these Regulations is the Chief Constable, or the delegated representative.
6. **Commitment** ~ is the act of confirming a Contract with third party Suppliers and should be made by a Contract or purchase order.
7. **Conditions of Purchase/Contract** ~ the specific conditions under which the Constabulary will enter into a Contract or purchase order with a Supplier.
8. **Confirmation Order** ~ an order which has been placed verbally, by facsimile transmission, or electronically communicated and subsequently confirmed by a formal purchase order marked 'confirmation order'.
9. **Contract** ~ a legal agreement between the Authority and external Suppliers for the supply of goods and services. For the purpose of these Regulations this does not include Contracts of employment for staff.

10. **Contract Officer** ~ means a person appointed to fulfil the duties for a specific Contract who cannot be the Chief Officer for that same Contract.
11. **Contractor** ~ an organisation that Contracts with the Constabulary to supply goods and/or services to demand.
12. **E-Auction** ~ a dynamic procurement tool utilised after the tender process to enable Contractors to compete on line. Normally this approach is used for high value requirements through collaborative procurement.
13. **E-Procurement** ~ utilisation of an electronic 'procure-to-pay' process normally through the finance system to place orders directly with Suppliers, receive invoices and pay electronically. Alternatively this process can be achieved through on-line ordering systems.
14. **E-Tendering** ~ utilisation of an electronic tendering process that enables the full process from advert to assessment to be completed via computers, significantly reducing timescales for both the buyer and Supplier.
15. **Ethical Guidelines** ~ the code of behaviour and conduct that governs the correct and professional manner in which to conduct business with third party Suppliers.
16. **Framework Agreement(s)** ~ an agreement between one or more contracting authorities (OGC, Police Forces, Consortiums) with one or more Contractors to supply a range of works, goods or services.
17. **Internal Client** ~ the person, department or business unit who holds the financial budget, and has the authority to raise requests for goods and services.
18. **Internal Supply Markets** ~ these are 'in house' markets operating within the Police Authority financial framework requiring budget transfers, rather than cash payments, and operating to agreed service levels.
19. **Legislation** ~ includes subordinate legislation.
20. **Letters of Intent & Heads of Agreement** ~ a legally binding communication instructing the Supplier to proceed with the supply of goods or services pending completion of Contract documentation.
21. **Outsourcing** ~ an outsourcing project is one which delivers a function or service through, or in conjunction with, a third party external to the Constabulary.
22. **Procurement** ~ the person or department who has the authority to Contract with third party organisations for the supply of goods and services.
23. **Procurement Cards** ~ a charge card used by authorised cardholders to make direct purchases from Suppliers. The cardholder can only make purchases within their personal usage expenditure limit and within the terms of a supply Contract. This approach simplifies the procurement process for low value low risk items.
24. **Procurement Plan** ~ the procurement plan is the record of the procurement strategy development for a particular purchase and forms the basis of future purchase planning for that requirement and an audit trail.
25. **Procurement Teams** ~ there are effectively three types of procurement teams:

- Headquarters Procurement team, who deal with strategy, high value/high risk and EU procurement, and represent the Constabulary at Regional and National Procurement levels
 - Area Procurement team: trained personnel, located within the Operational Areas who deal with local requirements within the scheme of delegated procurement authorities
 - Department procurement team: trained personnel, located within the Internal Client departments, who deal with local requirements within the scheme of delegated procurement authorities
26. **Proprietary Product** ~ a product that has unique characteristics produced by one manufacturer. A proprietary product specification could exclude competitors from competing on equal terms. In consultancy the services of a named person or firm would be considered as a proprietary product.
 27. **Purchase Order** ~ a serial numbered document raised by the Buyer on a specific Supplier for the supply of goods or services. This document is a formal legal agreement with specific conditions for the supply of goods.
 28. **Purchase Order Amendment** ~ a document communicating a change to the specified requirement, price or terms and conditions of the original Purchase Order. Like the original Purchase Order this document is a formal legal agreement with specific conditions for the supply of goods.
 29. **Purchase Requisition** ~ the written request to obtain the supply of goods or services made by the Internal Client, authorised by the budget holder and passed to the relevant procurement team.
 30. **Quotation** ~ a statement of price, delivery and specification against the specific enquiry provided by a specific Supplier.
 31. **Scheme of Delegations** ~ The Chief Constable's Scheme of Financial Delegations is the framework in place that devolves the financial responsibilities for service delivery and management to the appropriate level in a way which clearly identifies accountabilities. It includes the thresholds up to which Area Commanders and Departmental Heads can make expenditure commitments.
 32. **Services** ~ including the provision of Cleaning, Consultancy, Maintenance, Agency Staff and similar non-tangible requirements.
 33. **Specification** ~ a clear statement of requirement for goods and or services, normally detailed as a generic specification to enable competition and the delivery of best value.
 34. **Supplier** ~ an organisation that Contracts with the Constabulary to supply goods and services to demand.
 35. **Tender** ~ a formal offer from a Supplier to supply specified goods or services at a stated cost or rate.
 36. **Tenderer** ~ a Supplier offering to buy or sell a product. This term applies prior to the formation of Contract.

37. **Total Contract Value** ~ the total value of a requirement calculated as the value of a 'single' purchase and or the value of the total Contract period or four years, whichever is the lesser value.