



# Procurement policy and procedures

*RTIG Library Reference: **RTIGA005-1.0***

1 September 2010

## Document price:

Foundation Members:	Free
Full Members:	Free
Associate Members:	Free
Non-members:	Free

© Copyright – RTIG Ltd

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or any means, electronic, mechanical, photocopying or otherwise without the prior permission of RTIG Ltd

No part of this document or of its contents shall be used by or disclosed to any other party without the express written consent of RTIG Ltd

## **1 Context**

- 1.1 RTIG is a community body on behalf of the passenger transport industry, with a focus on the UK. Its aims are to develop and spread good practice in the use of technology. To achieve this, it undertakes a wide range of activities, many of which involve an element of professional, contracted support. These are delivered via a commercial vehicle, RTIG Ltd, which is a non-profit company wholly owned by Merseytravel.
- 1.2 RTIG gains income through four principal sources: membership subscriptions, government grant, member sponsorship for specific tasks, and income associated with conferences and other events. It is imperative that it demonstrates to each of these stakeholder groups that it is operating to maximise value for money.
- 1.3 There are specific conditions on procurement that apply to RTIG Ltd as a publicly owned body, and others that arise as a result of its Government grant. This document summarises the policy and procedures that RTIG has established to meet these conditions.

## **2 Grant conditions**

- 2.1 The following conditions are imposed on RTIG under its Government grant.

*RTIG shall secure the best value for money in all purchases of goods and services made for the purposes of the Project. RTIG shall obtain quotes for the provision of all goods and services with a cost of £500 or more, and where the cost is £5,000 or more, it shall, if practicable, obtain at least 3 written tenders. If RTIG follows a single tender procedure, for example, where the value of a contract is very low or where there is only one supplier capable of providing the goods or services concerned, it shall keep a record of the reasons why that procedure was thought to be appropriate.*

*If applicable, RTIG shall take all reasonable steps to ensure that no member of the Partnership incurs eligible expenditure without having complied with the requirements of the EC Procurement Directives. In relation to the supply of goods and services, these requirements are implemented by the Public Supply Contracts Regulations 1995 (S.I.1995/201) and the Public Services Contracts Regulations 1993 (S.I.1993/3228), and are subject to thresholds specified by reference to the value of the transaction. Although the Regulations apply primarily to public sector bodies, they may also apply to the procurement of goods and services by a private person where more than 50 per cent of the consideration is contributed by a public sector body.*

## **3 Procurement policy**

- 3.1 RTIG will procure goods and services on the basis of best value for its members. This requires a consideration of:
- The acquisition and operational cost associated with the goods/services.
  - The effectiveness (including timeliness, thoroughness and breadth of application) with which the goods/services are provided.

- The experience of members in receiving RTIG support based on the goods/services.
- 3.2 The entity controlling RTIG procurement is the Support Company RTIG Ltd; decisions are taken by the Directors of that company, mindful of the quality policy at 3.1 and the contractual constraints at 2.1. In taking its procurement decisions, RTIG Ltd will take into account (and for major issues seek) the views of the following as appropriate:
- The elected RTIG Management Committee.
  - DfT as grant authority.
  - Members at large.
  - Co-sponsors and part-funders of any specific project or expenditure.
- 3.3 Services procured by RTIG Ltd will, where appropriate, be monitored by the Directors for cascaded compliance with this policy. In particular contracted management services will:
- be required under contract to confirm their intention to comply with this policy;
  - be required to indemnify RTIG Ltd against breaches of this policy for which they are responsible;
  - be required to submit evidence on their compliance to this policy.

## **4 Procurement procedures**

- 4.1 RTIG has determined that, in fulfilment of 3.1, it needs to have available paid professional support. This will enable it to provide the impartial, responsible and timely service required by both subscriber members and (as part of the grant Project) Government.
- 4.2 Historically the majority of such support has been provided via a management contract with a consultant, selected by RTIG Ltd using OJEU procedures, with the advice and support of the Management Committee. This contract has been on an annual basis, limitedly renewable. Going forward, RTIG expects to repeat this model in broad terms, and has posted a notice (2010/S 55-082113 dated 19 March 2010) to initiate this process; in line with this new policy, and given the likely scale of the contract, the principles at clause 3.2 will be adopted for this procurement.
- 4.3 There will be considerable demand for flexibility on any contractor engaged under this mechanism ("the management contractor"), including the ability to:
- procure goods and services under subcontract on behalf of RTIG;
  - change schedules and priorities for the completion of RTIG tasks.
- 4.4 In order to maintain scrutiny on this, RTIG will impose a requirement for regular reporting on progress and expenditure, and will retain the authority to approve or veto changes. In line with 3.2 and 3.3, this authority will be exercised by the Directors of RTIG Ltd taking advice from the Management Committee and DfT. Decisions, and the basis for them, will be recorded.

4.5 Supporting this, RTIG will prepare and maintain a Business Plan which includes a breakdown of expenditure by task. Tasks will be identified at a level suitable for strategic management, and will typically have a value between £5k and £30k. For each such Task at least one written quote will be obtained, and a decision recorded which identifies one of the following paths to procurement:

- **Path A:** The task is such that it is likely to be cost effective and reasonable to operate a competitive tendering process for it, and this process will be implemented directly by RTIG Ltd.
- **Path B:** The task is such that it is likely to be cost effective and reasonable to operate a competitive tendering process for it, but sufficiently linked to the remainder of the business programme that operating it directly by RTIG Ltd will generate costs or risks; therefore the process will be implemented by the management contractor and operated as a subcontract.
- **Path C:** The task is so specialised or commodified that competitive tendering is likely to be nugatory or ineffectual, with one or more natural providers (**not including** the management contractor) being evident. In this case there will be a streamlined process of selection and scrutiny, supported by the management contractor, to agree a provider; the service may be delivered either direct to RTIG Ltd or under subcontract to the management contractor.
- **Path D:** The task is so specialised or commodified that competitive tendering is likely to be nugatory or ineffectual, with one or more natural providers (**including** the management contractor) being evident. In this case there will be a streamlined process of selection and scrutiny, led by RTIG Ltd Directors and from which the management contractor will be excluded, to agree a provider; the service may be delivered either direct to RTIG Ltd or under subcontract to (or, if it is so agreed, by) the management contractor.
- **Path E:** The task is essential to the management function of RTIG and a third party provider is likely to be nugatory or ineffectual. For such tasks RTIG Ltd Directors will seek agreement in line with clause 3.2 that the Task is part of the natural scope of the management contractor.

4.6 Examples of the different approaches from the recent past include the following:

- **Path A:** This approach has not been used.
- **Path B:** Examples include the redevelopment of the RTIG website.
- **Path C:** Examples include the provision of conference venue facilities.
- **Path D:** Examples of tasks subcontracted to a third party include media relations and the editorship of the monthly Newsletter; examples of tasks conducted by the management contractor directly include the Annual Survey and the management of quarterly workshops.
- **Path E:** Examples include management of working groups, preparation of the RTIG Business Plan, and the conduct of the AGM.