

NORTHERN TRAINS LIMITED PROCUREMENT POLICY

Introduction

This policy describes how procurement is managed in Northern Trains Limited (NTL). It sets out the principles to ensure that procurement activity is compliant with internal and external regulatory and legislative controls including the Utilities Contracts Regulations 2016.

NTL will treat suppliers equally and without discrimination and shall act in a transparent and proportionate manner. NTL will award contracts and other supply arrangements based on the most economically advantageous tender or other proposal.

The NTL Procurement Function

Procurement at NTL is responsible for the management of procurement activity, and it is led by the Head of Procurement who reports to the Finance Director.

The senior members of the Procurement Team are expected to have significant procurement experience and to either have or be working towards Membership of the Chartered Institute of Purchasing and Supply (MCIPS).

There is a readily available Procurement Manual and supporting information to assist and guide their procurement activities.

NTL operates under the DfT OLR Holdings (DOHL) parent company organisation with our client Rail North Partnership, as part of this client relationship we are party to a Services Agreement that sets out principles and obligations by which we operate.

Procurement will notify the RNP of any Key Contract or Extended Term contract that we either enter or amend. This is to ensure continuity of service of the operational railway.

Delegated Authorities

NTL has detailed delegated authorities which are approved by the NTL Board. Compliance with these delegated authorities is mandatory and this assists in managing risk.

These delegated authorities specifically detail who can approve and sign contracts. They also detail where NTL needs additional approvals from DfT OLR Holdings Limited (DOHL).

NTL has comprehensive procedures and controls to manage the ordering of goods and services, and these have been strengthened by the introduction of a new Procurement-to-Pay system in 2022.

Managing Risk

Procurement maintains and regularly reviews a risk register. In addition, procurement proactively liaises with other business functions to embed risk management and mitigation within the

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procurement procedures, and this includes health and safety risk; cyber and data risks; project delivery risk.

Procurement also leads on Modern Slavery and National Living Wage compliance within the supply chain.

Social Value and Responsible Procurement

As a large operator across the whole of the North of England we are keen to develop and deliver value to the communities that we serve and work in. Procurement is aware that its activities can and should develop social value in its broadest sense and this includes environmental, sustainability and developing local supply chains. We will work with our supply chains and across the business functions to develop greater sustainable sourcing and supply chain management processes and principles, targeting areas such as carbon reduction plans and sustainable procurement practices whilst ensuring we are operating in line with Government policy guidance.

Supply Chain Code of Conduct

NTL has a clear set of values that set out the key behaviours that all employees should work within and make sure that everyone is 'doing the right thing'.

Procurement supports NTL in ensuring it works within these guidelines and with reputable and ethical suppliers. Through supplier assessment and as detailed in the Supply Chain Code of Conduct. The Supply Chain Code of Conducts specifically addresses

- Anti-fraud and bribery
- Applicable competition laws
- Anti-corruption
- Environmental and H&S principles
- Financial & Employment controls

Legal (including documentation)

Procurement proactively engages with the NTL legal function and, with approval from the NTL legal function, will, where necessary, also engage external legal support.

Procurement, with support from the legal function, will maintain and use a standardised set of contractual and tender documents. Variation from these documents must be agreed with the legal function.

Contract Database and Records

Procurement develops and maintains appropriate contract records including a database which lists all contracts including their expiry and or other termination provisions and data and reporting as required within the NTL Service Agreement

We operate an electronic tendering system and purchase to pay system with integrated catalogues and invoicing to support minimum financial controls and data.

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External Relationships

Procurement proactively liaises and develops relationships with various external stakeholders including other DOHL companies, Network Rail and the contract and procurement teams at Rail North Partnership and the Department for Transport. We work with the local teams to develop synergies and share best practice where we can.

We also work with the DFT commercial function and Crown Commercial Services teams as required and where it is deemed appropriate, we can utilise CCS frameworks and services, this procurement approach should be determined as part of the tender and sourcing process on a case-by-case basis.

Audit of the Procurement Function

Procurement will complete self-assessments and will be periodically reviewed by the NTL audit function and as otherwise required by the NTL Board.

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Glossary:

Extended Term Contract: a contract as defined by the Services Agreement that Northern requires for the performance of or compliance with its obligations under the Service Agreement, including to deliver any Business Plan Commitment.

Extended Term Designatable Contract: a contract as defined by the Services Agreement that Northern requires for the performance of or compliance with its obligations under the Service Agreement, including to deliver any Business Plan Commitment that will require approval per the Service Agreement.

Key Contract: A contract critical to the running of the Northern Operation as defined by the Service Agreement. A list of Key Contracts can be obtained from the Procurement Department

Services Agreement: The agreement under which Northern operates and provides Rail services, between Northern Trains limited, the Department for Transport and DOHL. Managed by our client Rail North Partnership.

Utility Contract Regulations 2016: Statutory instrument in UK law applicable to procurement by Utilities in the UK, sets out the law of how procurement is carried out by the Utilities.

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