

## **TRANSPORT for LONDON**

### **EXTRACTS FROM STANDING ORDER NO 2: SCHEME OF DELEGATION**

#### **APPENDIX 2**

#### **PROCUREMENT AND DISPOSAL TRANSACTIONS**

##### **INTRODUCTION**

- 1 A definition of Transaction, as referred to in this Appendix, is set out in Attachment 1. A Transaction does not include the process of obtaining tenders (formal or informal), proposals or quotations for supplies, services and works provided that such tenders, proposals and quotations shall be obtained in accordance with applicable Procurement Instructions and/or Procedures.<sup>1</sup>
- 2 Prior to negotiating or otherwise undertaking a Transaction appropriate authorisation of expenditure must be obtained in accordance with Appendix 1.
- 3 The written approval of the Group Treasury Manager must be obtained before any Transaction which will or may constitute a Credit Arrangement<sup>2</sup> is entered into.
- 4 The Mayor's Opinion must be obtained before any Transaction involving the disposal by the TfL Group of any property<sup>3</sup> which is not required for the purposes of the discharge by TfL of any of its functions is completed.

##### **RESPONSIBILITIES AND AUTHORITIES**

- 5 Prior to being entered into, and subject to paragraph 6 below, Transactions (including variations to Transactions) must be approved at the following levels of authority: -

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<sup>1</sup> The Board of the LRTPF Trustee Company Limited must have an unfettered right to make investment decisions in accordance with its Trust Deed and therefore the provisions of this Appendix 2 do not apply to the LRTPF Trustee Company Limited.

<sup>2</sup> For further information as to what constitutes a Credit Arrangement see the guidance notes published by the Group Treasury Manager.

<sup>3</sup> Property is not limited to land and/or buildings but includes assets and materials.

<b>Value</b>	<b>Level</b>
<b>TfL Group</b>	
(a) Unlimited	The Board.
(b) Up to and including £100,000,000	The Commissioner or in his/her absence the Managing Director, Finance & Planning. If in the view of the Commissioner, a Transaction has exceptional or unusual features warranting the attention of the Board or is of a high risk nature it must be approved by the Board (regardless of the levels of authority delegated in this Standing Order) unless it has already been approved by the Board.
(c) Up to and including £25,000,000	Each Chief Officer
(d) Up to and including £5,000,000	The Head of Procurement in each TfL Business Unit and each Senior Officer subject to obtaining the written consent of the relevant Chief Officer to whom he/she ultimately reports.
(e) Up to and including £500,000	Each TfL officer below the level of Senior Officer subject to obtaining the written consent of the Chief Officer to whom he/she ultimately reports.
<b>Transport Trading Limited (TTL)</b>	
(f) Up to and including £5,000,000	TTL, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.
<b>London Underground Limited (LUL)</b>	
(g) Up to and including £5,000,000	LUL, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.
<b>London Bus Services Limited (LBSL)</b>	
(h) General Transactions: Up to and including £5,000,000	LBSL, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.
(i) Transactions for the provision of bus services: up to and including £100,000,000	LBSL, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.
<b>London River Services Limited (LRSL)</b>	
(j) Up to and including £5,000,000	LRSL, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.

**Victoria Coach Station Limited (VCSL)**

- (k) Up to and including £5,000,000 VCSL, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.

**London Buses Limited (LBL)**

- (l) Up to and including £5,000,000 LBL, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.

**Docklands Light Railway Limited (DLR)**

- (m) Up to and including £5,000,000 DLR, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.

Any person authorised to give a written consent pursuant to this Standing Order may restrict the level of the procurement authority of the person in respect of whom that consent is given.

Where LBSL or LUL is exercising delegated authority pursuant to Paragraph 23 or 26 of this Standing Order, the level of authority for the purposes of this Appendix, shall correspond to the level of authority of LBSL or LUL as applicable.

- 6 Where a call-off contract has been entered to facilitate the supply of low value consumables, each officer employed by TfL, may with the authority of the responsible Senior Officer, authorise the supply of consumables within the terms, conditions, defined scope and price structure of such a contract up to a limit of £1,000 in any single call-off.
- 7 Variations to a Transaction must be approved in accordance with applicable Procurement Instructions and/or Procedures..
- 8 A TfL officer with delegated authority to discharge any function on behalf of TfL may not transfer or sub-delegate that authority in any way whatsoever.
- 9 Transactions must not be broken down into lower value Transactions to avoid a requirement for authority at a particular level, UK Procurement Regulations or EC

Procurement Directives.

- 10 Where a Transaction is of an indefinite duration, the estimated value for the purposes of paragraph 5 above, is the value of the consideration TfL (or a subsidiary) expects to pay in the first four years. For specific guidance refer to applicable Procurement, Instructions and/or Procedures.
- 11 All sums expressed in this Standing Order are exclusive of Value Added Tax.

## **ESTABLISHING A TRANSACTION**

- 12 Transactions should (other than in nominal or other circumstances defined by Chief Officers and/or in Procurement Instructions and/or Procedures or EC Procurement Directives or UK Procurement Regulations) only be entered into following a competition conducted through a tender process or by competitive quotation.
- 13 Notwithstanding any other authority given by this Standing Order, where it is proposed that a Transaction over the value of £500,000 be awarded other than through a competitive process, the Managing Director, Finance and Planning must be informed before any approach is made to a supplier. Such a Transaction may be subject to review by the Managing Director, Finance and Planning (or such person as he/she may nominate from time to time) if he/she so requires. Where the Managing Director, Finance and Planning has been directly involved in the Transaction, the Commissioner must be informed and the Transaction may be reviewed by the Commissioner (or such person as he/she may nominate from time to time).
- 14 All Transactions must be expressed to be governed by English Law unless otherwise agreed by the Head of Legal Services. Transactions must also be subject to the jurisdiction of the English Courts unless an alternative dispute resolution procedure is required by English Law or otherwise agreed by the Head of Legal Services.

**DEFINITION OF TRANSACTION**

In this Standing Order, Transaction shall include the following activities: -

- (i) any activity either orally or in writing which commits, or may be taken to commit, TfL (or a subsidiary) to any contractual relationship, including the issue of letters of intent and variations to contracts;
- (ii) the settlement of any claim for additional payment not covered by an existing contract or arrangement;
- (iii) the imposition of remedies for breach of a contractual commitment e.g. calling of bonds and guarantees, exercising step-in or termination rights; or
- (iv) the sale or other disposal of surplus material and assets.