

Procurement Policy

1. Document Scope

The purpose of the Coast to Capital Procurement Policy is to structure purchasing processes and sourcing strategies to ensure that the services and goods acquired are the result of transparent, objective, time and cost-effective decision making and risk management.

The policy covers third party purchases, it excludes the expenses policy and pay policy which are covered in their respective policy documents.

2. Overview

Coast to Capital is committed to the highest standards of public accountability and transparency, as set out in the Assurance Framework, and applies this to its way of operating as a business including the approach to purchasing. It is key that purchase decisions include consideration of the following in the criteria for selection:

- provide value for money, considering quality in relation to cost
- are sustainable suppliers and consider this in their production or delivery
- consider local suppliers, in order to improve the social economic and environmental wellbeing of the Coast to Capital region
- recognise suppliers that are ethical in their operations
- act in line with the Coast to Capital diversity strategy
- are fairly considered through inviting competition, unless there are compelling reasons otherwise

3. Purchase Delegation of Authority

3.1 Procurement activity in line with budget

At the start of each financial year, Coast to Capital presents and agrees the budget with the Board. For spend that falls within the budget, decisions to procure goods or services is subject to the following process:

Procurement Process thresholds

Value for money must be upheld at all times irrespective of value of the proposed spend and competitive quotations obtained wherever possible.

- **£1.00-£5,000** Adhering to principles of overview above
- **£5,001 - £25,000** Review and document prices of 3+ suppliers
- **£25,001- £50,000** Full Tender Process
- **Over £50,001** Full Tender Process Request quotes to allow for an open review of the market pricing and offers

Approval Levels

- **£1.00 - £5,000** SMT Budget Holder Discretion
- **£5,001 - £25,000** SMT Budget holder approval with Head of Operations & Finance and Chief Executive review. Budget holder must satisfy themselves that value for money has been achieved.
- **£25,001 – £50,000** Budget Holder to make a recommendation to the Chief Executive & Head of Operations & Finance for their review and ultimate approval prior to commitment
- **£50,000+** Budget Holder to make recommendation to the Chief Executive, Head of Operations & Finance plus one Board Director for their review and ultimate approval prior to commitment

3.2 Procurement activity outside budget

The Chief Executive must be engaged in all Procurement activity sitting outside budget spend, apart from in de minimis circumstances.

There are two scenarios where procurement activity is required outside of the budget

1. Coast to Capital may be awarded funding, in addition to the budget agreed by the Board, which may require additional procurement activity.
2. There may be business requirements which could result in additional external spend. This will be in exceptional circumstances.

Threshold levels will remain the same.

Approval levels

- **Up to £25,000** Budget Holder to make a recommendation to the Chief Executive & Head of Operations & Finance for their review and ultimate approval prior to commitment
- **£25,000+** Budget Holder to make recommendation to the Chief Executive, Head of Operations & Finance and one Board Director for their review and ultimate approval prior to commitment

3.3 Consideration for all Procurement

Budget Holder to consider spend within a period of 12 months or contract term. If £25,000 or more will be spent over 12 months or less with one supplier, budget holders are to follow the relevant approval process for the level of spend.

Purchases require a business justification and deliver outcomes that meet with the objectives of the organisation. This is to be articulated by the budget holder in the request for approval.

Circumstances may arise where it is not possible to follow the above process, for example when procuring highly specialist services. Any deviation from this policy must be discussed and approved by the Chief Executive and Head of Operations & Finance before making any commitments to purchase. If approval is granted then

the rationale for the departure from the policy must be documented and retained in the Procurement folder on the shared area.

Tracking and reporting for all Procurement activity is detailed below and will be overseen by the Head of Operations & Finance.

4. Process

In line with the **Purchase Delegation of Authority**, Coast to Capital operates a process whereby companies are invited to quote for work in order to provide a fair and transparent selection process.

Prior to going out to requesting quotes:

1. Decide what level of information you require - RFQ (Request for Quotation) this is where you know what you want to purchase but asking the vendor how they will meet the requirements and the cost; or a RFP (Request for Proposal) is where you would like to procure a solution to a problem and would like to consider the options available together with a cost. The Head of Operations & Finance will provide support to identify which approach should be adopted.
2. The budget holder is to confirm that there is no existing commitment to another supplier to provide the service being sought, and confirm this when they seek approval to spend
3. Confirmation from the Head of Operations & Finance that the funds required are available

In the document (Annex A and B) you will clearly state what is required, the outcomes and timeframes for delivery and when the procurement will be completed. Should there be any delays in the process it is the responsibility of the Budget holder lead to notify all those who have responded.

Invitations for RFQ/Ps will be advertised on the Coast to Capital website, with a minimum of one week for responses. Coast to Capital will also share the opportunity on social media.

4.1 Panel

The panel for the review of the responses should comprise a minimum of 3 people, these can include either Coast to Capital team or Board Directors. The decision to include a Board Director will be based on the complexity and value of the procurement activity. A Board Director must be part of the panel for **contracts over £50,001**; or Board Director may be invited to be part of a panel due to **expert knowledge** that they can contribute to the selection process.

Each member of the panel involved in the paper sift will conduct a numerical exercise to score each of the vendors against a defined set of criteria, as set out in the RFQ/P. The individual scores will be consolidated into one sheet. Where there are large differences in scores the panel should discuss as a panel and a collegiate

view taken, updating scores as necessary and documenting the reason for the change in score. The panel will also agree the supplier proposals to progress to interview stage.

The interviews can be carried out via video call or face to face, depending on contact restrictions. The budget holder is responsible for ensuring the potential suppliers are aware of the format of the meeting in advance. A suggestion is the "interview" part of the meeting lasts 45 minutes which will allow the panel to discuss initial thoughts for 15 minutes:

1. Introductions
2. 10 minute presentation by potential vendor
3. Panel ask questions (pre agreed with the panel) with opportunity for panel to ask other questions as appropriate
4. Potential supplier to ask questions
5. Wrap up and advise of next steps

The Budget holder, or their delegate, is responsible to compiling feedback within 48 hours of the meetings to share recommendations with the panel. Once the recommendation is made, the budget holder is responsible for taking the proposal to the next level of sign off, as required.

4.1.1 Value for Money

It is important to ensure that the procurement decision is value for money. Before considering value for money, it is important to assess whether minimum acceptable standard across all criteria is met, then complete a list of suppliers to be ranked for both value for money as well as other criteria.

There are lots of considerations of how to assess this and may depend on the scenario. If you have similar prices, a weighted calculation may be appropriate, this is not recommended where prices are very different. Alternatively the decision could be made on ranking the prices in a scale and rated accordingly. Or proposals can be marked on how close to the budget the price is.

4.2 Board member engagement

It is the budget holder's responsibility to liaise with stakeholders. If the spend requires Board approval, the selected Board Director should be advised of the proposal, the timeframes as well as the background of procurement exercise. They should be kept informed throughout the process as an interested stakeholder. It is important to agree at the start how the relationship will be managed.

The budget holder should provide an outline the process to the approving / reviewing stakeholders, an example email for procurement activity involving a reviewing Board Member:

- Invitation to quote for xx work, with a maximum budget of £xx

- RFQ/P to be launched on xx of month, with a view to commence contract xx of month
- The stages will be
 - Initial sift of candidates, this panel will comprise, x, x and x (the Board Director may be part of the panel). This will be numerical based on the criteria provided in the proposal document. Taking place week commencing xx
 - The final three will be invited to interview by the panel, comprising x, x and x. this will take place the week commencing xx
 - You will be sent the final recommendation (if not on the panel) on xx and politely request that you respond in 2 working days to enable you to set expectations with the vendor.
- Please find attached the RFQ/P that we plan to load for your reference. (The Budget holder to determine whether feedback from the Board Director is required prior to launch)

Note that this is an example only

4.3 No Open Market Process

In **exceptional circumstances**, such as there is one supplier in the region and regional expertise is key, a process to gather pricing may not be required. Time limitation is not a justification for not following the procurement process. The same levels of approval will be applied as stated in the **Purchase Delegation of Authority**. A business justification detailing why the procurement process has not been followed will be required and the decision recorded, this will require approval from the Head of Operations & Finance and the Chief Executive. Documented approval referencing not following the procurement process will be sought from the approver as set out in the **Purchase Delegation of Authority**. These approvals will be saved in the Procurement folder.

5. Approval

For work over £25,001, once a preferred supplier has been identified, the Budget holder will write a summary to the Head of Operations & Finance and Chief Executive to request approval. This is to include:

- Overview of the project
- Recommended supplier following interview or quote search
- Reason for the recommendation
- Panel scores (if a panel)
- Copy of the proposal from the recommended supplier (if suppliers are invited to quote process is undertaken)

The Chief Executive will send to the Board Director for their review, if required. Once approval is received for the procurement activity, the Coast to Capital lead will advise the suppliers whether they have been successful, or otherwise. The

responses to the unsuccessful suppliers are to be in a timely manner. A summary of why they have not been successful is to be included as appropriate.

6. Internal process

It is essential that the actions taken during the procurement process and decisions are recorded. This will allow for tracking spend and review of when a contract is to be renegotiated. This information will also be required for future audits, on behalf of the Audit and Risk Committee.

The documents relating to the contract including the quote and proposal documents, recommendation and approvals are to be saved in a central folder by the Budget holder who is seeking approval.

The format would be:

- Quote / proposal documents for all those who bid
- Recommendation paper/email
- Approval emails from the authorisers
- All subsequent correspondence and forms, including those regarding Overspend/Underspend

This is to be updated by the Budget Holder with the approved spend and a forecast for spend over one or more financial years, this is to be on a cash basis only.

Each month end the Head of Operations & Finance will monitor the spend against budget. If there is more than one type of spend with the same supplier in a month, it is responsibility of the Budget holder to advise how the costs should be allocated to each contract.

7. Overspend

If there is a risk of overspend or additional spend commitments of 10% or more, to the original approved spend, the Budget holder will present a paper to the original approvers as well as confirming budget availability. If this takes spend into a new spend level, the process for that level of spend is to be followed.

8. Retrospective Approval Process

Where it is identified that more than £25,001 has been spent with one vendor over the contract term, or it is evident that spend will be above £25,001, an overview of the service and spend will be sent to the required approver in line with the Delegation of Authority.

This is to be in **exceptional circumstances** and should be avoided. Where this occurs, the Budget holder will be required to set out a business justification for the over-spend, together with a case for approval. If further spend is expected, the

Procurement Policy is to be followed with reference to spend to date in internal communications.

9. Compliance

Non-compliance with this policy may result disciplinary action.

- **Annex A: Document RFQ**
- **Annex B: Document RFP**

Date Approved: September 2022

Approved by: Board

Next review date: September 2022