



# RTPI

Royal Town Planning Institute

## PROCUREMENT AT THE RTPI – POLICIES AND PROCEDURES

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24 <sup>th</sup> March 2022	V2 RP 20220216	Change from 'guidelines' to 'procedures and inclusion of specific rules for Trustees.
13 <sup>th</sup> March 2023	V3 RP 20230313	Summary of key points added, new definitions, clarification of maximum contract terms, extension of exceptions and 'spotlight' on contract filing requirements.
12 <sup>th</sup> June 2023	V4 RP 20230313	Addition of Climate Action Section (10)

***Please read this document when starting any procurement activity on behalf of the Institute.***

***Further resources are available in the Procurement Hub on the SharePoint Intranet.***

***The procedures in this document must be followed in order to comply with legal, regulatory and governance rules.***

***For further support on procurement processes and decisions please speak to your manager or a member of the Senior Executive Team.***

## SUMMARY OF KEY PROCUREMENT POLICIES AND PROCEDURES

- Procurement at the RTPI must follow the procedures set out in this document. *Section One and Two*
- There are financial limits to the authority that different officers have in connection with approval and agreement of procurement activity. *Section Two*
- Procurement values are based on the total cost over the lifetime of a contract. *Section Five*
- Procurements with a value of more than £5,000 need to follow one of three procurement routes, and procurements with a value of more than £25,00 need to involve a tendering exercise. *Section Six*
- All contracts should be subject to a procurement exercise before their fifth anniversary. *Section Nine*
- SET are required to approve procurement arrangements that extend beyond five years. *Section Nine*
- All contracts with a value of more than £5,000 should be submitted to the Chief Operating Officer for an assessment of whether legal advice is required. *Section Nine*
- All contracts with a value exceeding £2,500 require filing in the RTPI Contracts Register. *Section Nine*
- All Contracts with a value of £10,000 or more have to be approved by SET. *Section Nine*

## 1. INTRODUCTION

1.1 The procurement of goods and services is a key business function for the institute. Procurement can have a far-reaching impact on the effectiveness of the services we deliver to members and the financial health of the institute. Procurement decisions carry the risk of significant detriment in the case of non-compliance with statutory regulation or poor value long-term agreements. Making the right procurement decisions supports the responsibility officers have to secure value for money and good, long term sustainable financial management.

1.2 Procurement activity is also subject to legal and regulatory controls as well as governance rules. The institute therefore is open to the risk of prosecution, sanction and reputational harm resulting from non-compliance with these procedures.

1.3 The aim of the RTPI's procurement procedures is to meet the highest standards of procurement best practice to minimise risks and obtain the best value for money for the institute. This involves acquiring goods and services at the right, price, time, and quality to meet business needs. It also requires a commitment to creating mutual relationships with suppliers in line with the protection and enhancement of the RTPI brand and the reputation of the Institute and planning profession.

## 2. SCOPE

2.1 These procurement procedures are mandatory and apply to all RTPI budget holders on all the aspects of procurement and supplier management required to deliver the institute's business objectives. They cover the procurement of all goods and services on behalf of the Institute.

2.2 The procedures duplicate the responsibilities budget holders have under the Institute's 'Scheme of Financial Delegation' agreed by Trustees and other RTPI policies and meet the RTPI's governance, regulatory and legal obligations.

2.3 Budget holders must familiarise themselves with the procedures and use them before making any procurement decisions. If in doubt budget holders should seek advice or clarification from a line manager or member of the Senior Executive Team.

2.4 Managers have a responsibility to ensure new direct reports, who may make procurement decisions, and those promoted to this responsibility, know their responsibilities under these procedures as part of their induction. Managers should also conduct refresher training to ensure compliance with the procedures.

### 3. RELATED DOCUMENTS AND FURTHER REFERENCE

3.1 The following documents form part of these procurement procedures:

- Example Specification Document
- Example Supplier Assessment Scoring Record
- Example Non-Disclosure Agreement
- Contract Award Form
- RTPI Scheme of Delegation
- Bribery Act 2020 Quick Start Guide – Ministry of Justice

These documents can be found in the Procurement Hub on the SharePoint Intranet

3.2 The following policies are related to these procedures and should be read alongside it:

- RTPI Gifts and Hospitality Policy
- RTPI Conflicts of Interest Policy

These policies can be found in the Policies and Forms folder on the SharePoint Intranet

### 4. PROCUREMENT LIMITS AND RESPONSIBILITIES

4.1 Limits of financial delegation are set by the Trustee Board. Budget holders are required to always comply with these limits of delegated authority.

The limits of delegated authority for approval of contracts, changes to contracts or extension of contract terms are:

<b>Up to £5,000</b>	<b>Up to £10,000</b>	<b>Up to £50,000</b>	<b>Up to £250,000</b>	<b>Over £250,000</b>
<b>Officer / Manager</b>	<b>Head of Service</b>	<b>Director</b>	<b>Chief Executive</b>	<b>Board of Trustees</b>

The limits for three types of procurement routes outlined in section 6 below and as follows:

<b>Route One</b>	<b>Route Two</b>	<b>Route Three</b>
<b>Expected Value - £5,000- £10,000</b>	<b>Expected Value £10,001 - £25,000</b>	<b>Expected Value &gt;£25,000</b>
<b>Two Written quotes suppliers</b>	<b>Three written quotes suppliers</b>	<b>Competitive Tender</b>

## 5. CALCULATING THE VALUE OF A PROCUREMENT

5.1 The total value associated with the procurement of a product or service depends on the nature of the supply. If it is a 'one off' purchase the calculation is simply the total value of that single supply. For example:

<b>Single Supply</b>		
Consultancy services for business continuity and disaster recovery planning	Total cost of consultancy for project £3,500	<b>Total procurement value £3,500</b>

Alternatively, the cost might be spread over a longer period or 'life cycle'. For example:

<b>Total Life Cycle Supply</b>		
Statutory audit services	Three-year supply contract with a contracted cost of £3,500 each year	<b>Total procurement value £10,500</b>

In assessing the appropriate type of procurement exercise the total procurement value used should always be the total value over the contract period.

5.2 A single supplier may be used for multiple purchases. For example, a travel agent may be used to book travel over the course of a year. Individual purchases may be low but the total purchases in one year may be significant. For procurement purposes the expected or actual value of all the purchases over one year should be used to calculate the total value of procurement.

## 6. PROCUREMENT ROUTES

6.1 Procurement activity varies considerably in scale and therefore risk to the institute. For this reason, the type of procurement is divided into three types with different routes required for each as follows:

### 6.2 Route One Procurement

<b>For all procurements with a 'total procurement value' of between £5,000 and £10,000</b>
<b>Requirement - Written quotes from at least two suppliers</b>

This approach starts with an assessment of the market for a particular product or service to determine the scope of potential suppliers and to choose a minimum of two to provide written quotations. Market intelligence from other similar organisations can be a source of recommendations. An incumbent supplier or one previously used in the past can be included in a request for quotations. Quotations by e-mail are acceptable.

The assessment of a written offer needs to be made against the specification including terms and conditions that the supplier may be proposing. Although the cost is an important factor, other

considerations may be used to determine which of the supplier's quotations offers the best value for money. These may include timeline for delivery, differences in quality specification, payment terms, service levels, competence, and qualifications as well as recommendations. If the lowest cost supplier is not used a note should be made of the rationale behind this decision to guide colleagues in future.

Once a choice of supplier has been made, they can be appointed, and formal contracting started.

### 6.3 Route Two Procurement

**For all procurements with a 'total procurement value' of between £10,001 and £25,000**

**Requirement - Written quotes from at least three suppliers**

This approach starts with an assessment of the market for a particular product or service to determine the scope of potential suppliers and to choose a minimum of three to provide written quotations. Market intelligence from other similar organisations can be a source of recommendations. An incumbent supplier or one previously used in the past can be included in a request for quotations. Quotations by e-mail are acceptable.

The assessment of a written offer needs to be made against the specification including terms and conditions that the supplier may be proposing. Although the cost is an important factor, other considerations may be used to determine which of the supplier's quotations offers the best value for money. These may include timeline for delivery, differences in quality specification, payment terms, service levels, competence, and qualifications as well as recommendations. If the lowest cost supplier is not used a note should be made of the rationale behind this decision to guide colleagues in future.

Once a choice of supplier has been made, they can be appointed, and formal contracting started.

### 6.4 Route Three Procurement

**For all procurements with a 'total procurement value' of more than £25,001**

**Requirement - Competitor tender**

This is a more complex multi-step procurement process. Much more time needs to be planned to accommodate this process.

The steps in a competitive tender procurement are:

#### **Market assessment and compilation of supplier longlist**

An assessment of the market for a particular product or service should be conducted to determine the potential suppliers and to compile a longlist. Market intelligence from other similar organisations can be a source of recommendations. An incumbent supplier or one previously used in the past can be included in a list of potential suppliers. For guidance on sourcing suppliers see section 7.

### **Supplier approach for expressions of interest**

To avoid expending resources on suppliers who may not have the resources, capability, or interest in the procurement a summary of the specification can be provided to call for expressions of interest and eliminate uninterested suppliers. Feedback from this stage, the lack of interested suppliers for example, may lead to changes in the specification.

### **Non-disclosure agreement**

Assuming an adequate longlist, and where confidential information in a specification will be shared with suppliers it would be normal to ask suppliers to commit to confidentiality by signing a Non-Disclosure Agreement relating to the procurement route.

### **Supplier pre-qualification**

With high value, long cycle procurements ensuring the supplier is able demonstrate competence and meet all the commitments of a future supply contract is vital. In simple exercises, this could involve asking for references from similar projects. In more comprehensive qualification exercises, the suppliers would be required to complete a Pre-Qualification Questionnaire (PQQ). The PQQ would include the provision of financial statements to prove long-term financial strength, proof of legal and regulatory compliance, confirmation of approach to quality and case studies, testimonials, or references from other similar procurements.

### **Supplier shortlist invitation to Tender (ITT)**

An ITT can be sent out to all interested and qualified suppliers. The ITT confirms the procedures and process for the selection of a supplier partner and includes the full specification. It will include the times for delivery of tenders, assessments, and decisions as well as assessment and disqualification criteria. For guidance on how to put together a specification see section 8.

### **Supplier tender assessment**

The assessment of supplier tenders can be based wholly on the written submissions, but it would be normal to invite some or all the suppliers for a presentation or interview as part of the assessment process. The transparency given to suppliers on the outcome of assessment would normally be stated in the ITT. In any case, it is important to document fully all assessment in case of challenge and in line with a duty of fairness.

Detailed criteria scoring should always form part of the assessment including for interviews or presentations. The scoring should be based on the key outputs from a specification but also include an assessment of more intangible criteria like service reliability, customer service and relationship management. (*See example Supplier Assessment Scoring Record*) Scoring can be weighted to particularly important criteria like price and information gathered through the PQQ can be included. Minimum point's criteria can be set to illuminate suppliers.

A panel of stakeholders would usually conduct the assessment of suppliers. Not all the panel might be involved in the entire process. A smaller group might be more appropriate for a supplier presentation or interview. External expertise can be included for part or all the assessment. Including specific

functional experience that does not relate to the use of the product or service could be useful. It might for example be useful to have finance experience included in a supplier assessment.

### **Supplier decision**

Once a choice of supplier has been made, a *Contract Award Form* should be completed and submitted to SET for final approval. The supplier can be informed they are 'preferred supplier' subject to agreement of a contract. Contracting may include further or final negotiation on the terms and conditions. The process for contracts in section 9 should be followed.

## **7. TENDERING – SOURCING A SUPPLIER**

7.1 The availability of suppliers for different products and services will vary. In some cases, sourcing a supplier may be challenging and an alternative approach may be needed as described in 9.5 below. Where there are numerous alternative suppliers a long list approach might be taken to pre-select several suppliers to take forward to a full procurement exercise. Some of the criteria for long list assessment may include:

- Experience of delivering similar products and services to a not-for-profit organisation with a similar scale as the institute.
- Experience of working with a professional body
- Size of the contract / order relative to the size of the supplier as a measure of how important the institute will be to them.
- Responsiveness in replying to initial approaches.
- Provision of information in relation to initial requests.
- Fit with the culture, style, and approach of the institute.

7.2 Other professional bodies or not-for-profit organisations may be able to provide suggestions, recommendations, or reservations about suppliers. Direct experience is a good starting point for supplier assessments.

7.3 In some cases members of the institute can be suppliers of services to the institute providing competence and expertise not available anywhere else. Where this is the case members should be reminded of the institute's conflict of interest policy and the need to declare interests in certain circumstances. In the case of using a member or member organisation these procurement guidelines should still be followed in full.

7.4 Members who volunteer as Trustees on the institute's main governing body, the Board of Trustees, are specifically excluded from being paid by the institute to provide products and services. This exclusion relates to the Charity Act (2011) and is further prohibited in the institute's royal charter. Trustees will be made aware of this when they stand for election or are co-opted for these roles. Regardless before contracting with a member check the institute's website to ensure that they are not a current Trustee.

## 8. TENDERING - CREATING A SPECIFICATION

8.1 The specification is a comprehensive description of what and how a supplier will be expected to deliver a product or service. It acts as a guide for a supplier as well as a measure to assess delivery performance and contract compliance. (See *Example Specification Document* for more guidance.)

8.2 Procurement starts with a clear understanding of the product or service required. This is articulated in a specification document. The detail in a specification could range from a few lines in the case of a standard one-off low value purchase to a comprehensive multiple page document for complex, high value procurements. The time and resources required to produce the specification will depend on the value, complexity and risk associated with the procurement.

8.3 As a guide, a specification should include:

- The background, rationale, or context of the procurement requirement to support an understanding of the requirement for the product or service.
- A comprehensive description of the product or service being procured based on wide consultation with all relevant internal stakeholders and including audits of existing products, information from previous procurements, supplier benchmarking, third party assessments, lessons learned exercises, legal and regulatory obligations, and budget limitations.
- Supplier Key Performance Indicators (KPI's) or Service Level Agreements (SLA's) stating unambiguously what, when and how the product or service will be delivered.
- The procurement decision process and timescale to support the supplier in prioritising resources.

## 9. DEALING WITH CONTRACTS

9.1 There is sometimes confusion over the definition of a contract. In simple terms, a contract is a relationship between two parties that has sufficient formality and certain characteristics, such that it is recognised as being legally binding. It differs from some other documents that are sometimes used in procurement processes:

Document	Normal Use
<b>Memorandum of Understanding</b> – this is a formal document describing the broad outlines of an agreement that two or more parties have reached through negotiation. It is not a legally binding document but signals the intention of all parties to move to a formal contract.	Limited in procurement but may occur as a precursor to a procurement agreement or commercial contract.
<b>Non-Disclosure Agreement</b> – this is a legally binding contract between at least two parties that outlines the confidential information, material, or knowledge that the parties wish to share with one another for certain purposes but also wish to restrict the access to by non-related parties.	Confidentiality arrangements are usually agreed and specified in formal contracts but the procurement process before a contract is agreed, often involves the disclosure of confidential information. This is particularly true for competitive tender exercises. A NDA should be agreed wherever this is likely to happen in a procurement exercise.



<p><b>Specification</b> – this is a legal document agreed between two or more parties describing the contract between them in relation to specific arrangements. The specification will describe the details of the product or service being purchased and all the terms and conditions associated to the contractual relationship. This will include for example how it will be delivered, how performance will be measured, how long arrangements will last and at what price.</p>	<p>This is a vital document in the procurement process forming a part of the contracting process and final contract. They may form the basis of agreement of the procurement and contracting arrangements and appear as schedules to the subsequent legally binding contracts.</p>
<p><b>Terms and Conditions</b> – these are specific rights and responsibilities for the parties to a procurement agreement or contract. They may be part of a contract or separate non-negotiable legal commitments.</p>	<p>In some cases, for example venue hire, terms and conditions will be provided for signature. They may also be incorporated into a contract. In both cases, they will be legally binding on both parties.</p>

9.2 Following agreement for the supply of products and services, a formal contract will be required to protect the RTPI in the case on non-compliance with the supply arrangements. All contracts should be in the name of the RTPI as it is the only legal entity able to enter into contracts.

9.3 The contract may be provided by the supplier organisation for review by the RTPI. Alternatively, there are simple model contracts that can be provided to suppliers. In the case of a complex high value procurement, the RTPI would request a bespoke contract from our legal advisors.

9.4 The contract period in cases of life cycle supply arrangements would normally be for a minimum of three years. This is in line with creating mutual supplier relationships and limiting the costs of repeated procurement and contracting.

9.5 Contracts in excess of three years should not be agreed. Provisions and clauses for mutually agreed extensions in certain circumstances may be appropriate. The maximum extension period permitted for any contract is two years. Every contract should therefore be reviewed and subject to a procurement exercise before the fifth anniversary. Approval for contract extensions is required in line with the levels of delegated authority, with SET collectively approval replacing individual directors.

9.5 There may however be situations in which it is difficult to deliver procurement best practice objectives and comply with a specified type of procurement exercise. Examples include:

- **Sole Source Supply** - there is only one supplier in a market for a particular product or service.
- **Restricted Source** - it is only possible to use one supplier because of the compatibility with products already purchased or if stipulated under a current supply contract.
- **Agency Procurement** – the use of an agency with the ability to deliver competitive procurement options because of some unique knowledge or access to specific networks.
- **Venue Contracts** - where there is limited choice for a particular size or configuration in a required location.
- **Time Constraints** - where the need to act with agility or critical deadlines on a particular project cannot be met because of the time required for a procurement exercise.

- **Large long term supply arrangements** where it may be expensive or impractical to make short term changes, for example procurement of software.

In these cases, and any others where the appropriate type of exercise is not possible, approval to deviate from the procedures is required from SET. An approval request should be submitted to SET and the decision and rationale behind it will be recorded in SET minutes.

9.6 All contracts with a value of more than £5,000 should be submitted to the Chief Operating Officer for advice on whether external legal advice is required. All contracts with a value of more than £25,000 should be submitted to the Chief Operating Officer for legal advice to be sought.

9.7 Once signed by both parties' a copy of the contract should be made and filed. Contracts for more than £2,500\* are required to be recorded on the RTPI Contracts Register and a copy filed in the contracts folder. In addition, SET should be informed of all signed contracts with a value of more than £10,000 by submitting a Contract Award form and confirmation will be recorded in SET minutes.

\*Regional Venue contracts up to the value of £5,000 should be forwarded to the Head of Regions for filing and only contracts above this amount need to be recorded on the RTPI Contracts Register.

#### **Contract Filing**

The Contracts Register is in the 'Procurement and Contracts' folder in the SMT folder.

If you do not have access to this folder, ask your manager to file the contract for you.

To file a contract:

**Firstly**, save a copy of the contract in the 'Copies of Contracts' folder for the relevant year. This ensures that there is an accessible copy available for colleagues / auditors to reference.

**Secondly**, record the details of the contract on the 'Contracts Register'. This acts as a quick look-up for colleagues / auditors wanting to see or check contract details.

## **10. CLIMATE ACTION**

10.1 In 2020 the Institute's first ever Climate Action Plan was launched. This action plan has the objective of ensuring the activities of the Institute are net zero for greenhouse gas emissions by 2025. Scope One and Two emissions, those that result directly from the Institute's activity, have already been reduced to zero or close to it. Scope Three emissions are those that are not directly in the control of the Institute and include those coming from the goods and services the Institute purchase.

10.2 Action 2 of the externally focused actions in the Climate Action Plan specifically looks to manage and reduce emissions from suppliers.

*Action Two - Promote supplier implementation of climate action with respect to the following:*

- *Develop and provide a supplier self-assessment form to all procurement communication to enable suppliers to communicate their own climate action*
- *Include, within all requests for quotation, a description of the means by which the emissions of the concerned project should be limited e.g. limited face-to-face meetings including inception meetings and workshops etc.*
- *Include, in all requests for quotation, a call to consider additional means by which the emissions of the concerned project may be limited. This will allow suppliers to put forward their own supplementary ideas for such, in addition to the above.*
- *Procure, where possible, products which are locally sourced and/or made from recycled/repurposed material. Avoid purchase of single-use material where possible.*

10.3 In line with this the following Climate Action Policies should be adopted for procurement:

10.3.1 All procurement should consider the likely impact on the Institutes greenhouse gas emissions particularly when it is envisaged that the effect of a procurement or change of supplier may result in an increase to existing emissions.

10.3.2 All procurements involving a competitive tender should include a request for a 'Carbon Management Plan' from the supplier and a Climate Impact Assessment of the provision of the goods or services being procured.

10.3.3. All competitive tender exercises should a Climate Impact score as part of the supplier assessment. This scoring should represent at least 10% of the assessment scores.