

West Coast Partnership

Procurement Policy

December 2023



WEST COAST
PARTNERSHIP

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1. Introduction

- 1.1. The role of Procurement within West Coast Partnership (WCP) is to support the business with respect to Directorates spend with third-party companies, who supply both goods and services to WCP in delivery of our business objectives.
- 1.2. Third-party spend is one of the highest costs incurred by WCP. Effective management of this spend is fundamental to delivering on the requirements of WCP's National Rail Contract (NRC) including both Performance-Based Fee (PBF) and Business Plan Commitments (BPC's) areas. The NRC contains specific guidance with respect to 'Commercial Considerations' and working as a 'Good and Efficient Operator'; these requirements have been incorporated into this Policy.
- 1.3. Procurement as a key business activity, sits within the Directorate's Finance function. Procurement work closely with the Finance Business Partners (FBP's) who support each Directorate in the management of their budgets and in relation to the business requirements & associated third party spend.
- 1.4. Procurement have this role to ensure that as a business, WCP get the very 'Best Value for Money' possible for every £ that is spent (*see Section 3 for more details*), and that the goods and services supplied meet the needs that our business define, as well as ensuring compliance to all other policies and procedures that WCP operate within.
- 1.5. Procurement ensure that suppliers that WCP work with are the 'right' ones for us to do business with, in terms of their safety credentials & capabilities, and that these suppliers operate in a risk-minimised, legal, ethical, transparent, auditable & sustainable way; this also ensures that they are aligned with FirstGroup & WCP key Policies & Procedures, and explicitly with Avanti's Sustainable Procurement & Supply Chain Strategy.

2. Purpose & Scope

- 2.1. The Purpose of this Policy, aligned to the First Group Procurement Policy, is to ensure that:
 - 2.1.1. Best Value for Money is considered for every purchase that is made on behalf of WCP, which should include consideration of sustainability.
 - 2.1.2. All third party spend is approved, in line with the WCP Delegated Authority Schedule before any commitment to purchase is made.
 - 2.1.3. All procurement is undertaken legally and ethically; is aligned to the WCP's Vision and Values; is auditable and aligns to our Responsible Plan (WCP's Sustainable Development Strategy). In terms of seeking sourcing outcomes that achieve the most positive environmental, social and economic impacts over the entire life-cycle, these outcomes may include supplier relationship management and contract management strategies, dependent upon spend, risk and criticality.
 - 2.1.4. There is transparency of process and compliance to both First Group and WCP governance requirements.
 - 2.1.5. Risks from third parties are understood, documented within a risk register and accepted or mitigated before any commitment to purchase is made.
- 2.2. This Policy applies to all employees of WCP as well as contractors, temporary staff or agents working on behalf of WCP where they are involved in:
 - 2.2.1. Procurement or any part of the Procurement process whether as a requisitioner, authoriser, sponsor or specifier.
 - 2.2.2. Authorising expenditure or payments, in line with the 'LIVE Delegated Authorities AWC – MASTER' Excel file, maintained by Finance and updated periodically.
 - 2.2.3. Business interactions with Suppliers on behalf of WCP.
- 2.3. Adherence to the Procurement Policy is an individual employee responsibility. The effective implementation of the Policy is dependent upon the active involvement, commitment and adherence from each colleague involved in any Procurement activity. Colleagues should also consider whether any Conflict of Interest may arise from their involvement in any procurement tendering activity and should review / complete the FG standard form (contained within the FG Conflicts of Interest Policy document) prior to working on any procurement tender exercise.

- 2.4. Breach of the Policy, or failure to properly adopt the documented Procurement process, may constitute a disciplinary offence. WCP will not tolerate:
- 2.4.1. Breach of this policy by any WCP employee, or by suppliers.
 - 2.4.2. Financial loss or reputational damage resulting from Procurement or Supplier Management activity.
 - 2.4.3. Unethical treatment of suppliers and / or potential suppliers and their associated supply chains,
 - 2.4.4. Non-adherence to the Procurement Policy, which leaves WCP exposed to unacceptable levels of risk.
- 2.5. This Policy should be read in conjunction with the First Group UK (FG) Procurement Policy which sets the minimum standards and expectations for procurement activities within First Group; this Policy takes precedence over the FG Policy on any notable points of difference. Sections 3 ("Supplier Assurance & Approval – Onboarding") & 4 ("Legal, Ethical, Compliance, Transparency & Audit") of the FG Policy should be reviewed as these remain relevant but have not been duplicated in this Policy document.

3. Best Value for Money

- 3.1 WCP recognises the need to achieve 'Best Value for Money' in every procurement activity. "Best Value for Money" means that every effort should be made to:
- Ensure that a generic specification, scope, or requirements are defined at the start of any identified need to spend £ externally
 - Leverage our scale and expertise to deliver the best deal for the business
 - Minimise total lifetime costs by including factors such as ongoing maintenance costs; disposal costs; safety costs; sustainability considerations and any adverse impacts on the environment – together these are known as 'circular economy thinking'
 - Maximise total lifetime benefits by including factors such as environmental and social benefits and encouraging supplier diversity (e.g. support for Small and Medium sized Enterprises – SME's), aligned with fair operating practices
 - Adopt the best available Procurement practices to drive effective competition, utilising available tools such as e-sourcing and multiple quotes, and where appropriate & relevant, incorporating a sustainable approach. This includes considering all purchases against such factors as price, quality, availability, transportation and the terms and conditions that govern the supplier relationship, as well as ensuring fair and open competition in the relevant supplier market
 - Ensure that cost considerations examine the short-, medium- and long-term consequences of any sourcing decision made
- 3.2 To strive for best value, the relevant Procurement team / colleague(s) must be engaged for any single / individual procurement for goods, works or services with a lifetime value over £100,000 (or equivalent). Any procurement under this threshold must still be conducted in-line with the principles set out in this Policy.
- 3.3 In line with the NRC, WCP is required to operate within the rules and processes outlined in the UK government's Utilities Contract Regulations (2016), or any successor legislation as may be implemented from time to time. The details of the lifetime contract values beyond which these additional processes must be followed are detailed in Section 4 – Table 4.A.

4. Procurement Processes and Engagement

- 4.1. The table below provides a high-level view of the Procurement Policy and the associated processes that must be followed for any purchase that WCP makes. The process followed primarily depends upon the value of the spend expected throughout the lifetime of the contract, alongside whether the contract is designated as a 'Key Contract', 'Extended Term Contract', or an 'Affiliate Contract', as defined within WCP's NRC.
- 4.2. A basic process flow with associated steps, along with any specific tools / templates required to complete the process, are detailed in documents separate to this Policy.

Table 4.A – Procurement Policy 'on a page'

Spend Policy	Spend Value EXCL VAT (Full commitment term - LIFETIME)	Procurement (Legal) Engagement & Support for defined Requirements / Specification	Procurement Lead Time	Functional 'Lead'	NRC Considerations	Signing of Formal Documents	Other Process Considerations
NRC / UCR	>£4,446,997	Works - UCR (2016) Public Procurement tender process MUST be followed, which dictate longer, structured timelines (3-6 months elapsed, depending upon complexity)	UCR process - 9-12 months to be process compliant	Procurement-led	Any requirement MUST be reviewed against the 'Key' and 'Long Term' contracts definitions within the NRC; DFT Approval will be required for any contracts that meet these criteria	AWC MD & FD are the ONLY authorised signatories for ANY DOCUMENT (besides PO's & NDA's) that commits AWC to anything	- Possible need for New Supplier / Supplier Onboarding - Supplier Relationship / Contract Management may be required, depending on spend / criticality
	>£355,830	Goods / Services - UCR (2016) Public Procurement tender process MUST be followed, which dictate longer, structured timelines (3-6 elapsed months, depending upon complexity)					
FG	>£500k	FG Legal must be involved in the negotiation / approval of the Contract terms	Contact Procurement 6 months ahead of deadline for Requirements - pipeline of projects should be available via FBP review meetings	Procurement-led	These thresholds all align to the NRC concepts of 'Commercial Considerations' and 'Good & Efficient Operator'		
	>£250k	- As below, but in addition:- - Procurement Strategy Paper is MANDATED for discussion / review and further completion with PM / PBP - Contract MUST be signed - preferably on FG Legal Terms					
AWC - 'Best Value for Money'	>£100k - <£250k	- As below, but in addition:- - PM will provide guidance / advice on Sourcing approach, which may involve producing a Procurement Strategy Paper for discussion / review, primarily related to risk, long-term strategy, and BPC - Procurement support in obtaining quotes, supported by a formal tender if required	Allow 4-8 weeks, dependent upon how formal the tender methodology used is	Business-led			
	>£50k - <£100k	- As below, but in addition:- - Seek a minimum of 3 quotes (using a formal tender methodology if required) or provide Single Source justification - Use Contract Approval Form (CAF) for Approval - Contract / Works Order likely to need be signed - Purchase Order will be reviewed by Procurement					
	>£5k - <£50k	- Verify Budget with FBP - Seek multiple quotes if possible (use an off-line tender process; or from existing Preferred or Approved suppliers on SAP / Neptune) - Use Authority to Purchase form (ATP) for Approval - Contract may need to be signed; Procurement Manager will assist - Place a Purchase Order, aligned to Delegated Authority					
	<£5k	- Seek multiple quotes, if possible or economic - Order via a Purchase Order, aligned to Delegated Authority - Procurement engagement not required					

5. Procurement Governance

5.1 WCP's Procurement Managers will be involved (to varying degrees) in any procurement activity with a value >£5k. At the lifetime spend value thresholds detailed in Table 4.A and the associated process documents, the Procurement Managers will also ensure adherence to / with the FG documented processes in relation to Category Management; Tendering; Supplier Assurance & Onboarding; Contract Approval (including the Contract Approval Form - CAF); and tracking and recording any associated Savings & Cost Avoidance.

5.2 To assist with this, the following documents / forms are provided for use by the business, to provide the required level of information about the requirements and anticipated resulting contract(s):

- Procurement Strategy Paper
- Authority to Purchase (AtP)
- Contract Approval Form (CAF)

These also makes sure that all purchases are made in line with agreed Delegated Authorities and Approvals, as set out by the Finance function. Please see table 5.A below for a summary of the differing types of approval required, depending upon the type of Agreement.

Table 5.A – Summary of Approvals required for different Agreement types

Contract / Agreement Type	CAF / AtP Required	DA Approval	DFT Approval	Signatory	Notes
Supplier Contracts and Variations – all values	✓	✓	✓	MD / FD only (value dependent)	*DfT Approval required for all Key Contracts, Affiliate Agreements and/or Extended Term (Designatable) Contracts
Non - Disclosure Agreements	x	x	x	Procurement team; FD or MD	Procurement hold Template(s)
Funding Agreement – 3 rd party funding to AWC	x	✓	x	MD / FD only (value dependent)	Budget Holder should propose agreement to MD / FD
Funding Agreement – AWC to a 3 rd Party e.g. Community Rail partnerships	✓*	✓	x	MD / FD only (value dependent)	* 'Stripped down' CAF specifically for this purpose
Property Leases / Licences with Tenants	x	✓	✓	MD / FD only (value dependent)	only if beyond end of NRC and as a Key Contract

Property Leases / Licences with Network Rail	x	✓	✓	MD / FD only (value dependent)	only if beyond end of NRC and as a Key Contract
Property Leases / Licences with Other TOCs	x	✓	✓	MD / FD only (value dependent)	only if beyond end of NRC and as a Key Contract
Access Agreements	x	✓	✓	MD / FD only (value dependent)	only if beyond end of NRC and as a Key Contract
Rolling Stock / Leases including Variations	✓	✓	✓	MD / FD only (value dependent)	Standard Process for Key Contracts
Affiliate / Intragroup Agreements	✓ **	✓	✓	MD / FD only (value dependent)	'Affiliate' relates to any contracting entity within the First Group of companies for any goods / services and is a direct agreement; ** use i-CAF; same process as any Contract
Group Agreements (where is a beneficiary)	x	✓	✓	Use Delegated Authority table(s)	If AWC benefits from group leverage within a Group agreement, this can be covered by a PO only and does not require a separate contract or CAF.

6. Mandated, Preferred & Approved Suppliers

- 6.1 Within designated supplier spend category areas / Material Groups (as designated on WCP's ERP systems), WCP or FG have undertaken competitive sourcing activities and have subsequently contracted with certain suppliers for providing nominated sets of goods and / or services. In these areas, these suppliers must / should be used as directed by WCP, in order to align with the stipulated 'best value for money' approach within this Policy.
- 6.2 A list of Mandated and Preferred suppliers is maintained by Procurement and made available through the relevant communications channel(s), such that colleagues can ensure they are buying / ordering from these suppliers at contracted prices and aligned to agreed contract terms. WCP clearly understand the capabilities of these suppliers and they should be actively able to take on more work as required. These will be our 'first choice' supplier within a defined category area.
- 6.3 Approved suppliers have been appropriately vetted and loaded on to our Finance / Procurement and supplier accreditation systems, so Purchase Orders can be placed and goods / services ordered as needed from these suppliers. A formal contract may exist, but typically WCP will transact with these suppliers via Purchase Order terms.

7. Contracting

- 7.1 Within WCP, the MD & FD are the ONLY authorised signatories for ANY DOCUMENT (besides NDA's) that commits WCP to anything. Therefore, under no circumstances should any employee sign any formal documents that commit spend with third parties.
- 7.2 As aligned with the First Group policy, a formal written Contract must be signed for any requirement where the lifetime contract value is in excess of £250,000.
- 7.3 The First Group Legal team must also be engaged in the negotiation of the Contract for any procurement with a lifetime value over £500,000 (or equivalent) and / or where there are particular legal or strategic risks to the procurement (e.g. significant volumes of personal data are being processed).
- 7.4 Involvement from the First Group Legal team will also typically be the case where the supplier will not contract on FG standard Terms & Conditions, or where Legal's list of additional 'rider' clauses will not be accepted as being added to supplier terms without any variation.

8. Related Policies

- 8.1. WCP and FirstGroup operate various policies which relate directly to the Procurement activity and by which all employees are bound. It is each employees' responsibility to ensure that they understand and follow the relevant policies in relation to Procurement.

The related Policies / documents are detailed below:

- 8.1.1. Procurement Policy (FG)
- 8.1.2. Supplier Code of Conduct (FG)
- 8.1.3. Modern Slavery Statement (FG)
- 8.1.4. Group Anti-Bribery Policy (FG)
- 8.1.5. Group CSR Policy containing Code of Business Ethics (FG)
- 8.1.6. Group Gifts and Hospitality Policy (FG)
- 8.1.7. Group UK Data Protection Policy (FG)
- 8.1.8. Group Whistleblowing Policy (FG)
- 8.1.9. Group Anti-Fraud Policy (FG)
- 8.1.10. Health and Safety Policy (FG)
- 8.1.11. Environmental Policy Statement (FG)
- 8.1.12. Sustainable Procurement & Supply Chain Strategy (AWC)
- 8.1.13. Group Asset Management Policy (FG)
- 8.1.14. Group Conflicts of Interest Policy (FG)
- 8.1.15. Drugs and Alcohol Policy (WCP)
- 8.1.16. FG Travel & Expenses Policy (FG)
- 8.1.17. Expenses Policy (WCP)
- 8.1.18. AWC-PAMS-AMP Asset Management Policy - April 2023 (AWC)
- 8.1.19. Contractors Handbook (AWC)
- 8.1.20. Conflicts of Interest & Confidentiality Form – Internal (FG)

9. Acronyms

AtP	Authority to Purchase
AWC	Avanti West Coast
BPC	Business Plan Commitment
CAF	Contract Approval Form
DfT	Department for Transport
ERP	Enterprise Resource Planning
FBP	Finance Business Partner
FD	Finance Director
FG	FirstGroup UK
FRH	First Rail Holdings
NRC	National Rail Contract
MD	Managing Director
NDA	Non-Disclosure Agreement
PBP	Procurement Business Partner
PM	Procurement Manager
SME's	Small & Medium-sized Enterprises
UCR	Utilities Contract Regulations
VAT	Value Added Tax
WCP	West Coast Partnership
WCPD	West Coast Partnership Development