

Procurement and tendering policy

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1 Introduction

This policy is for Quotation, Purchasing, Tendering and Contracting Requirements and will be reviewed by the Finance Committee on a 3-yearly cycle.

For any purchase, one person alone shall not perform all the following duties:

- ordering the supplies, goods and services,
- receiving or verifying the receipt of supplies, goods and services and
- certifying the corresponding invoices for payment.

It should be noted that European Union law requires certain procedures to be followed, including advertisement in the Official Journal of the European Union (OJEU), where the value of contracts awarded by public bodies exceeds a specified threshold, which is £173,494 for services and supplies as at 31 January 2012 (N.B. The EU thresholds are published on the Cabinet Office website www.cabinetoffice.gov.uk).

When the Trust uses agents, who have already pre-tendered for larger purchases, i.e., the DFE/local authority approved frameworks it is not necessary to undertake the full procurement process, however this should be fully documented.

When placing orders schools should assess in advance, where relevant, the health and safety competence of contractors.

1.1 Purchases Over £25,000

Purchases with an estimated value of £25,000 or more must be awarded by one of the following methods:

- open competitive tendering by an advertisement in at least one local newspaper and an appropriate trade journal
- selective tendering from at least three recognised sources known to be suppliers of the goods and services in question

1.2 Purchases Between £5,000 and £25,000

Purchases with an estimated value of £5,000 up to £25,000 can be awarded by one of the above methods (for purchases over £25,000) OR by inviting at least one quotation. In circumstances where this is impractical the reasons for not following these procedures must be reported to the Trust Board and recorded in the minutes of the meeting.

1.3 Purchases Less Than £5,000

For purchases of less than £5,000, the Trust Board shall make the most suitable arrangements for ordering works, goods and services or for the disposal of equipment and goods but shall obtain alternative offers or quotations wherever possible.

2 Authorisation of expenditure

All orders and purchases, virements, debt/asset write offs/disposals, acquisitions and leases with an estimated value of £50,000 or more shall be subject to a decision of the full Trust Board and recorded in the minutes of the meeting. All contracts or payments of £100,000 or more to be subject to the approval of the Finance & Personnel Committee. Purchases of goods and services above £20,000 shall be subject to approval by Trustees and formally recorded in the minutes.

The Trust Board shall be informed of all instances in which goods or services are purchased or disposed of which are not the most financially advantageous option available. This will be recorded in the minutes of the meeting.

3 Procedures

All purchases with a value greater than £50,000 must be put out to formal tender. The following procedures must be followed in such circumstances:

A specification will be prepared, authorised by the chair of the relevant committee and Principal and sent to at least three suppliers. It is anticipated that for any major building works of a value greater than £5,000 the services of an architects would be engaged to deal with the handling of specifications and suitability to tender.

Where appropriate, the suppliers invited to tender should be drawn from an approved list or from those agreed with the architect. Otherwise, invitations to submit tenders will be advertised in local newspapers and trade journals if appropriate. The invitations to tender will include:

- an introduction/background to the project
- the scope and objectives of the project
- any technical requirements
- implementation details for the project
- the terms and conditions of the tender; and
- the form and date of response to the academy, or in the case of building works, to the architect or quantity surveyor.

All replies, if to the school, should be addressed to the Director of Finance in a plain sealed envelope marked 'Tender' to reach him/her by a specified date. All replies must be kept sealed until that date and passed to the chair of the relevant committee.

All tenders will be opened at the same time and details of the contractor, quotation and any other details recorded at the time of opening,

No contractor will be allowed to amend the tender after the time fixed for receipt.

The Director of Finance will open a separate correspondence file for each tender which will contain copies of all correspondence or other relevant information.

For purchases up to £50,000, provided the expenditure is included in the budget, the decision as to which tender to accept will be taken by the principal, in consultation with the Director of Finance and the Chair of Finance Committee.

For purchases exceeding £50,000, provided the expenditure has been budgeted for, a decision will be recommended by the Finance Committee. The decision will need to be ratified by the Full Trust Board.

Where expenditure is not included in the budget or anticipated expenditure exceeds the budget allocation, the decision as to which tender to accept will be taken by the Finance Committee, in line with their terms of reference and then ratified by the Full Trust Board; and

The reasons for accepting a particular tender must be documented, especially if it is decided to accept other than the lowest tender. All decisions must be reported to the Full Trust Board.

4 Acceptance of tender

The following points will be considered when deciding which tender to accept:

- The overall price and the individual items or services which make up that price.
- Whether there are any 'hidden' costs; that is additional costs which the trust will have to incur to obtain a satisfactory product.
- Whether there is scope for negotiation, while being fair to all tenderers.
- The qualifications and experience of the supplier, including membership of professional associations.
- Compliance with the technical requirements laid down by the school.
- Whether it is possible to obtain certificates of quantity.
- The supplier's own quality control procedure; presales demonstrations, after sales service and, for building works, a six month defects period and insurance guarantees.
- The financial status of the supplier.
- References from other establishments.
- Understanding & compliance with Health & safety, CDM regulations and Child Protection issues related to working on a school site.

In the case of building works, where the tendering process is being carried out by the architect or quantity surveyor, they will be responsible for checking the documents of the lowest tender before making a recommendation to the academy.

Once a tender is accepted an order should be issued immediately to the supplier in the normal way.

The successful contractor should be informed that the school is a non-smoking site

The Schools' Funding Agreement should be considered when applying this policy

Procurement in schools and trusts

A guide for governing boards

September 2022



The expert organisation for
school governors, trustees
and governance professionals

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National Governance Association

The National Governance Association (NGA) is the membership organisation for governors, trustees and governance professionals of state schools in England.

We are an independent, not-for-profit charity that aims to improve the educational standards and wellbeing of young people by increasing the effectiveness of governing boards and promoting high standards. We are expert leaders in school and trust governance, providing information, advice and guidance, professional development and e-learning.

We represent the views of governors, trustees and governance professionals at a national level and work closely with, and lobby, UK government and educational bodies.

Introduction

Procurement is the acquisition of goods, services or works which are necessary to support the operation of schools. It is conducted by school leaders and business professionals and is bound by legislation and regulation for the appropriate use of public funds. Effective procurement ensures goods and services are the right quality, quantity and price, delivered at the right time.

Governing boards have strategic oversight of procurement that includes approving certain purchases, ensuring that processes are followed and those conducting procurement tasks have the right skills and knowledge. This demonstrates the board's third core function: **overseeing the financial performance of the organisation and making sure its money is well spent.**

This guide is intended to help boards ensure that every purchase secures good value for money and follows a fair, open and transparent process. All governors and trustees should be aware of and take an interest in procurement; however, this guide will be of particular interest to finance and resources committee members.

Why procurement matters

Effective procurement helps schools and trusts to achieve value for money and drive up pupil outcomes. It links to wider financial oversight through:

Strategic decision making

Ensuring purchasing decisions align with the board's strategy for the school or trust.

Planning for financial sustainability

Ensuring procurement practice optimises the use of available resources and thus reduces spend over time.

Financial probity

Ensuring compliance with basic procurement procedures and public standards of accountability.

Managing risk

To avoid issues such as non-compliance, contractual disputes and penalties.

Effective procurement does not always mean purchasing goods and services at the lowest price; the process should also consider quality, technical and functional requirements as well as the needs of pupils and the wider community. For example, the nutritional content of pupils' meals when procuring a catering service.

Use professional advice

Governors and trustees should seek the advice of those with commercial capability and an understanding of the procurement process, such as:

- business professionals
- operational leads
- those employed by the school or trust with specialist procurement roles

Get help buying for schools

Through their oversight of procurement, boards should encourage their school or trust to use 'Get help buying for schools' – a free service delivered by the Department for Education (DfE).

This impartial service provides general [guidance on procurement](#) and [specific advice on buying certain goods and services](#). Their team of experts will help your school or trust to:

- use DfE approved frameworks which cover a range of goods and services
- enter better value commercial deals and save money
- build commercial capability to deliver future procurement

1. How procurement works in schools and trusts

Good procurement practice requires schools to work through various stages depending on the value and complexity of the purchase. This helps to ensure probity and minimises the risk of costly mistakes. The stages are not necessarily sequential and include:

needs analysis	business case and options appraisal
obtaining market knowledge	specification (the description of what is needed)
purchase options	comparing quotes
ordering	payment
receipt	measuring the effectiveness of the purchase

Procurement rules and procedures set by the school, trust or local authority as appropriate are integral to the process and the board's oversight of it. Procedures should align with [public procurement policy](#) and procurement law and set out:

- what needs to happen at each stage of procurement
- who is responsible for what at each stage, including the separation of duties between staff responsible for making purchasing decisions and making payments
- threshold values and requirements, including when it is necessary to obtain written quotations and tenders

1.1 Reviewing procurement procedures

We recommend that boards review procurement rules and procedures annually, and establish:

- how they align with finance policies and the scheme of delegation (in a multi academy trust)
- how they support effective procurement practice
- where they were sourced from and whether they have been adapted
- how relevant staff are made aware and trained to follow them
- how they are reviewed, kept up to date and remain compliant

2. The governing board's role in procurement

In practice, the board's role is focused on:

Approving purchases over the amount delegated to their executive leader before the purchase is made. The amount delegated will vary – as a guide, the headteacher of a small to medium-sized primary school might be able to spend £10,000 to £15,000 without requiring governing board approval.

Ensuring requirements for a competitive tendering process are followed when the amount exceeds a [public sector procurement threshold](#).

The board will likely delegate these responsibilities to a finance and resources committee. In a multi academy trust (MAT), academy committees (local governing bodies) may be responsible for procurement decisions below a limit set by the trust board in accordance with the trust's [scheme of delegation](#).

Significant purchases are managed more formally and therefore require greater scrutiny. This primarily involves the board or committee examining the business case and appraising options.

2.1 What to look for in a business case

A good business case should set out and prompt questions on the following:

- why procurement is necessary and a priority
- how it supports the organisation's strategic priorities
- alignment with the values of the school or trust
- measuring impact/outcomes and the cost benefit of the procurement
- other procurement options, such as joint purchasing, loaning items or sharing resources
- relevant stakeholders and how they will be involved in the procurement process
- any risks associated with the procurement and how they are going to be managed
- who in the school/trust has the knowledge and skills to conduct the procurement effectively
- the need for professional support such as the Get help buying for schools service or legal advice when reviewing terms and conditions for high value and complex purchases

2.2 Scrutinising the business case

The principles of best value, known as the four Cs, provide a useful point of reference.

- **Challenge** whether the school/trust needs the goods or services they want to procure.
- **Compare** with how a similar school/trust procures goods or services.
- **Consult**: what do relevant stakeholders want?
- **Compete**: has the marketplace been explored?

Exploring sustainable options

Governing boards are increasingly [making environmental sustainability an organisational priority](#) by identifying it as a key element of their school or trust strategy.

Requiring an environmental impact assessment to be included in a business case promotes purchasing decisions that both save money and reduce the carbon footprint. There may be a direct relationship between the decisions made and outcomes such as:

- energy efficient heating and lighting
- sustainable waste management systems
- a reduction or phasing out of single-use plastic
- reducing emissions caused by the supply chain

Ask if sustainable procurement options are our first choice, then explore:

- the environmental impact of specification, supply and delivery
- how specification, supply and delivery might be adapted to reduce environmental impact
- alignment with organisational priorities and the [climate change strategy](#) for schools

2.3 Managing related party transactions

Related party transactions (RPTs) are those that can be controlled or influenced by one of the parties involved in the transaction. For example, when key staff or those governing, their close family members or business partners are associated with a purchase.

While schools and trusts are permitted to carry out RPTs, it is generally best to avoid them. Regardless, they must be managed appropriately within open and transparent procedures. Local authority maintained schools must declare and record any RPT through their annual [Schools Financial Value Standard](#) response. Academy trusts are required to [declare and seek approval](#) from the Education and Skills Funding Agency for certain RPTs.

3. How to influence effective procurement

Aside from scrutinising significant purchases, there is much governing boards can do to influence knowledge and understanding of procurement and support their schools and trusts to deliver their objectives.

3.1 Promoting procurement skills and understanding

Boards should receive assurance that everyone involved in procurement understands their role, responsibilities and level of delegated authority. The board should consider staff capacity and capability to undertake effective procurement when identifying strategic goals for building skills and expertise. Relevant CPD might include accredited training courses, coaching and peer support networks. [Read our guide](#) to CPD for school staff for further details.

Investing in the organisation's capability to manage non-staff spend can drive financial efficiency and revenue generation.

The investment needed will vary – for example:

Standalone schools may create a business professional role at senior leadership level, with significant responsibility for procurement (which exceeds the financial investment in the role).

MATs may invest in the trust's central team, creating a head of procurement role to deliver efficiencies and implement policies across the trust, as well as supervising day-to-day commercial activity. [See our guide](#) to reviewing central leadership team structures in a MAT.

We recommend that boards explore options with their executive leader, including whether additional procurement expertise can be used to support other schools and generate income.

3.2 Highlighting available advice and resources

In addition to [Get help buying for schools](#), boards should both highlight and encourage their school or trust to make best use of a range of resources, such as:

- [advice on buying procedures and procurement law](#)
- [guides to purchasing different goods and services](#)
- [purchasing frameworks to find quality checked suppliers](#)
- [guidance on leasing equipment](#)
- [tools for financial benchmarking](#)

3.3 Focusing on contract management

Effective contract management ensures that an organisation receives the agreed level of service. The approach will vary depending on the nature of the contract – we recommend that boards gain insight into the way contracts are managed in their school or trust. In particular, the communication with the supplier to monitor performance and resolve any issues.

It is good practice for schools and trusts to maintain a contract register and for the board to routinely review this in order to challenge future plans for contract review. This should focus on the objective of the contract, whether it is meeting the needs of the school/trust, value for money and ensuring compliance.

3.4 Encouraging collaboration

Collaboration supports effective procurement in terms of achieving advantages of scale and learning what works well and represents good value. You may wish to explore the following with your school or trust:

- potential opportunities such as sharing teaching resources or bulk-buying equipment
- the cost-benefits
- potential challenges and risk management
- who leads this work and the support they need in terms of training and specialist knowledge

Ask your school business professional or chief finance officer (CFO) about how they engage with collaborative purchasing arrangements in their region and with their [professional networks](#).

Further reading

- GOV.UK [school resource management collection](#): information, tools, training, and guidance to help schools and trusts save money on day-to-day costs
- GOV.UK [procurement policy notes](#): best practice guidance for public sector procurement.
- [NGA resources](#) to support financial oversight

Thank you for reading this guide. If you have any feedback you'd like to share, please email kcfeedback@nga.org.uk.

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