

Procurement Policy

This policy (and the procedure outlined within) applies across all partner schools in the Stephen Sutton Multi-Academy Trust (SSMAT). It is available on the SSMAT website and is accessible from our schools' websites.

POLICY APPROVAL and REVIEW

Review date: **Oct. '20**

Approval needed by: **Finance, Audit and Risk Committee**

Adopted: **May '19**

Next review date: **Apr. '22**

1. Introduction / Overview

- 1.1 This policy (and its procedures) explains the principle of probity and how this is demonstrated in purchasing decisions that are made in the Trust. It also outlines the process through which purchases are made and the controls that are in place to ensure good practice. Finally, it defines the delegated authority levels in place throughout the Trust and the procedures to be followed for purchases above specified values.

2. Probity

- 2.1 Probity is essentially defined as honesty and fairness, but in the context of this policy, it relates to the avoidance of decision making that discriminates unfairly between potential suppliers of goods or services.
- 2.2 When making decisions regarding the procurement of goods or services, the personal business interests of any colleague, governor or director of the school / Trust, who is involved in the decision-making process or purchasing activity, must be declared. A written record is made of any such declarations, and this is reported back to governors / directors.
- 2.3 Colleagues are permitted to accept gifts and hospitality of a minor nature. For the purposes of this policy, these are defined as:
- Gifts or promotional items from suppliers with an estimated value of up to £50
 - A working lunch of modest standards to allow the parties concerned to continue to discuss business already started.

These types of gifts and hospitality do not need to be recorded by the school.

- 2.4 Gifts with an estimated value exceeding £50 should be referred to the Executive Headteacher and may only be accepted with the Executive Headteacher's permission. The Headteacher may request that such gifts are politely declined or used for the benefit of the school (e.g. in fundraising events, for raffle prizes, etc.).
- 2.5 Furthermore a record must be made of all gifts of an estimated value of £10 or more – this list will be checked periodically and is subject to audit procedures.
- 2.6 School staff, including office staff, the Headteacher, Trust Core Team, governors and directors / members must never accept:
- cash or monetary gifts;
 - gifts or hospitality offered to their husband, wife, partner, family member or friend;
 - gifts or hospitality from a potential supplier or tenderer in the immediate period before tenders are invited, or during the tender process; or

- lavish or extravagant gifts or hospitality, even if they relate to activities that take place out of working hours.

3. Capital Expenditure

3.1 Capital expenditure is money spent on acquiring or maintaining fixed assets, such as land, buildings, and equipment. For the purposes of this policy, it is also:

- significant in value (above £1,000); and
- of benefit to the school / Trust for a period that is greater than one accounting year.

3.2 The process through which capital expenditure can be made on behalf of the academy is set out in the Scheme of Delegation.

3.3 During the construction phase of a project, all capital expenditure requires authorisation, in accordance with the DfE Scheme of Delegation for Capital Projects (Section 10). For any monies expended using grant funds from the DfE, the procurement rules of the DfE must be followed.

4. Purchase Ordering

4.1 As far as possible, all expenditure, both capital and revenue, is incurred using a purchase order. However, there are times when this is not appropriate, e.g. for:

- items of a trivial nature and small value (e.g. postage stamps);
- personal expenses incurred on school business (e.g. mileage claims for car journeys);
- items of a statutory, or mandatory, nature (e.g. rates bills, payments to HMRC or court deductions);
- payroll related expenditure;
- on-line purchasing; and
- emergency work.

4.2 Purchase orders show the following details:

- the name of the supplier;
- the name of the contact (for the supplier), to whom queries can be addressed, as required;

- the Unique Purchase Order Number;
- a description of the goods or services being purchased;
- (wherever possible) the agreed price;
- the name and registered address of the school and the place of delivery; and
- the school's terms and conditions of business.

This information will help to ensure that the correct goods are being purchased, at the correct price and being delivered to the correct place.

- 4.3 Purchase orders are authorised by an appropriate member of staff, in line with the authorisation limits laid down in the Scheme of Delegation. They are issued by the school's Finance Office, where a copy is stored securely.
- 4.4 Suppliers are asked to send invoices marked for the attention of the Finance Office, where the invoice is registered. Any change of account details issued by a supplier is checked with the supplier (through direct contact) to ensure that it is valid. Changes in account details must not be entered without this direct check with the supplier.
- 4.5 Suppliers are asked to record on their invoice the unique purchase order number for the goods or services. This enables invoices to be matched efficiently to properly authorised purchase orders and facilitates prompt payment. This matching process is also a key financial control over the school's expenditure. Failure to comply may result in invoices being returned to the supplier unprocessed and unpaid, resulting in a potential disruption to future services from that supplier.
- 4.6 When goods are received, the person responsible for requesting the goods (or their nominee) checks the quality and quantity of what has been delivered, by checking the goods against the invoice. Where there is any problem with the quality of the goods or the goods received are different to what was ordered, the Finance Office is notified immediately and the supplier is contacted without delay.
- 4.7 When an invoice has been checked and agreed to the order, it is passed to the budget holder for authorisation to pay. This authorisation should be given as soon as possible, and within fourteen days of receipt of the documentation. Once authorised, the invoice is processed for payment by the Finance Office staff and both the purchase ledger and the cash book are updated accordingly.
- 4.8 Where there is a discrepancy, then the invoice is held, awaiting an explanation of the differences. Once the difference is identified, the budget holder authorises the changes, in order for the invoice to be paid.

4.9 Valid and undisputed invoices are paid within 30 days, or within the time scale requested. Where there is a dispute, the budget holder, or Finance Office staff, contacts the supplier as soon as possible and, in any event, within 30 days of receiving the invoice.

5. Expenses, Petty Cash and Debit Card

5.1 Sometimes it is not practical to raise a purchase order for expenditure, e.g. for:

- mileage expenses (for car journeys undertaken in relation to school / Trust business);
- subsistence (whilst away from the school);
- car parking charges;
- ‘distress purchases’, such as urgent stationery and cleaning materials requirements;
- public transport fares (whilst on school business);
- overnight accommodation (where pre-booking is not possible via a purchase order);
- small equipment purchases;
- petrol (for a school minibus); or
- refreshments (related to school business).

If in doubt, advice should be sought from the Finance team.

5.2 Where (as above) it is not possible to raise a purchase order, colleagues fill out an Expenses Claim Form, use an authorised academy charge card or an authorised amount of petty cash. Colleagues must act in accordance with the Trust’s Expenses Policy.

Post Holder Position	*CH Monthly Spending Limit e.g. 1000
Executive Headteacher	£5,000
Trust Business Manager	£5,000
Business Manager	£10,000
Head of School	£2,500
Finance Assistant	£7,000
Minibus Driver	£500

6. Delegated Authority Levels

- 6.1 Different authority levels apply to different amounts of expenditure. These are set out in the Trust's Scheme of Delegation.

7. Principles of Procurement

- 7.1 General legal principles require that contracts are advertised, in order to ensure that there is transparency, which in turns strengthens probity and non-discrimination. Budget holders are responsible for ensuring that expenditure is lawful.
- 7.2 Where there is an existing contract in place and where the associated expenditure is relatively low, a school may procure an item (by means of a lawfully procured framework agreement) through a purchasing consortium.
- 7.3 Where the conditions above do not apply, the budget holder considers, with the Finance Office staff, the best (lawful and efficient) approach to secure best value through the procurement of those goods or services.
- 7.4 In general, the contract for the service must (in these circumstances) be advertised. The degree of advertisement may vary, in proportionate to the value of the contract. Contracts above a certain value threshold must be advertised EU-wide on the Supplement to the Official Journal of the European Union (OJEU), as mandated by the Public Contracts Regulations (PCR) 2018.
- 7.5 The financial OJEU thresholds that show which tenders should be advertised in the OJEU are fixed every two years and are currently:

Contract	Value
Supplies	£189,330
Works	£4,733,252
Services (other than Works)	£189,330
Services ('light touch')	£663,540

The OJEU Thresholds are net of VAT and are for the total value of the contract. The contract may not be subdivided, with the effect of preventing it from falling within the scope of PCR 2018. Where, e.g., items of routine expenditure may recur over additional years (such as requirements for additional services), the aggregate value of the contract must be taken into account in calculating the contract value.

- 7.6 Where the contract value is below the OJEU Threshold, the contract opportunity must still be advertised. A sufficiently accessible advertisement is placed in order to open the contract opportunity to competition.
- 7.7 The contract is advertised:

- on the Internet - either on the school's own website, using the 'Contracts Finder' website or on a procurement portal website, specifically created for contract advertisements; and/or
- in journal(s) or newspaper(s) with national or regional coverage or in specialist publications; and/or
- in local newspapers or on noticeboards [This might be adequate in special cases, such as very small contracts, for which there is only a local market]; and/or
- on OJEU / Tenders Electronic Daily (TED) (on a non- mandatory basis).

There are very limited exceptions from this obligation to advertise. The Trust Business Manager should be consulted, whenever there is any doubt. As required, legal advice will be sought.

8. Routine Purchasing (Non-Capital Expenditure)

- 8.1 Budget holders are generally notified of their budget allocation as soon as a budget has been agreed for the coming academic year. Where this is not possible prior to the commencement of the academic year, then authority to spend rests with the Headteacher. Budget holders are responsible for managing their budget, ensuring that there is no overspend.
- 8.2 Most items of routine purchasing are available through framework agreements or purchasing consortia, including:
- Central Buying Consortium (CBC);
 - Crescent Purchasing Consortium (CPC);
 - Crown Commercial Service (CCS);
 - Eastern Shires Purchasing Organisation (ESPO);
 - North East Procurement Organisation (NEPO); and
 - Yorkshire Purchasing Organisation (YPO).

9. Order and contracts under £50,000 in total value

- 9.1 For items of value £5,000, and below, it is necessary to demonstrate that 'value for money' has been achieved, by comparing prices across several suppliers, e.g. through internet

searches or through obtaining written quotations. Documentary evidence should be retained.

- 9.2 Schools can decide how to obtain goods, works or services with a contract value below £50,000 using the authority levels outlined in the Scheme of Delegation.
- 9.3 At least three quotations will be sought or tenders invited (depending on the market). The quotations or tenders will be obtained either verbally, written or through a web search and evidence will be kept. Contractors and suppliers will be chosen using best value and value for money principles.

10. Orders Over £50,000 in Value

- 10.1 All goods or services that are ordered that have a value greater than £50,000, or orders that relate to a series of contracts that exceed £50,000 in total, are subject to formal tendering procedures.
- 10.2 All orders with a value of £50,000 (as described above) require the approval of the Trust Board. In matters of extreme urgency, where to delay may not be in the best interests of the school, the Executive Headteacher will advise on next steps, contacting the Chair of the Trust Board, as appropriate. In such circumstances, the Chair of the Trust Board is in a position to take a Chair's action, reporting the action taken to directors at the next Trust Board meeting.

11. Tenders

- 11.1 There are three forms of tender procedure: open, restricted and negotiated.

11.2 Open Tender

In an open tender process, all potential suppliers are invited to tender. The school's Finance Officer discusses and agrees with the Trust Business Manager how best to advertise for suppliers (e.g. through the general press, trade journals etc. and/or through direct contact with potential suppliers. Where the estimated contract value is above the OJEU Threshold, the opportunity must be advertised in the OJEU. In order to avoid discrimination, it is not permissible to advertise locally prior to the advertisement in the OJEU. In such circumstances, a specialist consultant is generally commissioned to carry out the process. The invitation to tender remains open for a minimum of 30 days and states the date and time by which the completed tender document should be received by the school.

11.3 Restricted Tender

Restricted tender is the process whereby appropriate suppliers are specifically invited to tender. This type of tendering procedure may be used when:

- there is a clear need to consider the balance between the contract value and the associated administrative costs; and/or
- a large number of suppliers would come forward; and/or
- the nature of the goods is such that only specific suppliers are expected to be able to supply the school's requirements; and/or
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Under this procedure, the school issues a pre-qualification questionnaire (PQQ) to potential suppliers, in order to determine suitable tenderers. At least five suppliers must be invited to tender, provided that they meet the selection criteria. In some circumstances, the school may choose to use a specialist consultant to carry out the process. As with open tenders, the invitation to tender should, in general, remain open for a minimum of 30 days.

11.4 Negotiated Tender

Under a negotiated tender, the terms of the contract may be negotiated with one or more chosen suppliers. This is an appropriate for of tendering when:

- the other methods have been unsuccessful; or
- only one supplier is available, e.g. for technical reasons or the protection of exclusive rights; or
- there is a need to act with extreme urgency, due to unforeseeable events; or
- additional deliveries by an existing supplier are justified for objective reasons, i.e. where a change in supplier would result in incompatibility or disproportionate technical difficulties (subject to a maximum three year period).

11.5 Preparation of Tender

When preparing a tender, full consideration is given to:

- how the goods or services to be procured might improve the economic, social and environmental well-being of the relevant area;
- the object of the contract;
- the overall requirements;

- The technical skills required;
- the after-sales service requirements;
- the form of contract.

The school should detail the applicable scoring criteria and the weightings that reflect their relative importance.

11.6 Invitation to Tender

An invitation to tender includes the following:

- introduction or background to the project;
- scope and objectives of the project;
- technical requirements;
- factors relating to the implementation of the project;
- terms and conditions of the tender;
- scoring criteria and weightings; and
- the form of response required.

Where a restricted tender procedure is used, the school issues an invitation to express interest with a pre-qualification questionnaire (PQQ). The PQQ requests information regarding: the formal status of the provider / company; whether, or not, it meets certain mandatory criteria regarding its compliance with legislation; and information regarding its financial capacity and technical or professional ability. The invitation to tender should also include the detailed scoring criteria.

On receiving the tenders, the Finance Officer and the Headteacher, or a delegated member of the senior team, assess the tenders in accordance with the scoring and weighting criteria.

11.7 Aspects to Consider in Assessing Tenders

FINANCIAL:

Like should be compared with like, so that if there is a judgement that a lower cost means a reduced service or lower quality of goods, then this is taken into

consideration when reaching a decision. Care is also taken to ensure that the tender price is the total price and that there are no hidden or extra costs. Furthermore, consideration should also be given to the scope for negotiation on price, once the tender response has been received.

SUITABILITY OF TENDERER:

Note is taken of: the qualifications of the contractor; the relevant experience of the contractor; and the description of the technical service-related facilities. Quality control procedures and conformity with industry standards are also considered (including through scrutiny of the PQQ, as relevant). References are also taken from previous customers and, as appropriate, knowledge is garnered of the degree of client satisfaction with previous service level agreements (SLAs).

OTHER ASPECTS:

In addition to the contractors' perceived ability to meet the basic requirements of the project, their cost estimates and their track record, a range of other factors are considered: including:

- aesthetic considerations;
- accessibility issues;
- social and environmental factors

11.8 More Information to Inform a Decision

The following actions may be useful in informing the assessment of tender applications:

- requesting a pre-sales demonstration, to get a better look at the supplier and the goods or services being offered;
- checking the availability and quality of the after-sales service;
- (through checking audited accounts and/or taking up credit references) obtaining details of suppliers' financial status [Suppliers in financial difficulty may have problems completing contracts and in the provision of after-sales service]; and/or
- seeking assurances from the suppliers themselves, as to the level of current orders they are working to fulfil.

11.9 Tender Acceptance and Opening Procedures

Tenders are clearly marked (as tenders), with time and date stamped on receipt. They are stored in a secure location prior to opening. Tenders received after the submission deadline are only accepted in exceptional circumstances.

Where a consultant is carrying out the tender process on behalf of a school, they may have alternative procedures, e.g. online applications and evaluations. These are agreed at the beginning of the process and access to the online process is given to the school.

All tenders submitted are opened at the same time, with at least two people present for the opening. The people concerned must be of appropriate seniority (see Scheme of Delegation) and there must be no potential conflict of interests with any of the suppliers involved.

A record is made of the names of the firms submitting tenders and the amounts tendered. This record must be signed by both people present at the tender opening. A copy of the record, highlighting the chosen tender, is kept with the signed purchase order (once raised) for the goods or services in question.

11.10 Tender Evaluation and Decision

The criteria for evaluation will have been agreed upon and published with the invitation to tender. Full records are kept of the criteria used for evaluation. A report is prepared for the Governing Body, Executive Headteacher or Trust Board (Audit and Risk Committee), as appropriate (consistent with the Scheme of Delegation). For reasons of practicality:

- Where the decision-making remit lies with the Governing Body, a governor may be involved in the evaluation of the tenders and take a decision on behalf of the Board.
- Where the remit lies with the Executive Headteacher, the Trust Business Manager may, in their absence, take a decision on their behalf.
- Where the Trust's Audit and Risk Committee is responsible for the decision, a nominated member of the Committee may take the decision.

Where required, by the conditions attached to a specific grant from the DfE, the Department's approval must be obtained prior to the acceptance of the tender. The accepted tender should be one that is economically most advantageous to the school.

Following the decision, all parties are informed of the outcome. There is a 'stand still' period of at least 10 days, during which further communication with the successful bidder is prohibited. The unsuccessful bidders are provided with an issue notice comprising the following information:

- criteria for the award;
- the reason for the decision (including the characteristics and relative advantages of the successful tender);
- the scores for the recipient and successful provider
- the name of the successful tenderer; and
- the date that the 'stand still' period ends.

11.11 Award of Contract

Prior to the delivery of goods, or commencement of the service, the successful tenderer must sign a formal contract.

For contracts above the OJEU Threshold, the school (generally through the services of the consultant who has been commissioned to manage the tender process) publishes a contract award notice to the OJEU and draws up a written report on the procurement process.

12. Further Information

More information is available at: <https://www.gov.uk/guidance/buying-for-schools>

Stuart Jones / Sharon Thorp; May '20