

PROCUREMENT POLICY AND PROCEDURE

SECTION A: POLICY

1. Principles

The overriding principles of procurement of goods and services for the school are:

- Adherence to legislative and statutory obligations
- Commitment to getting value for money
- Commitment to seeking ethical and sustainable solutions

2. Value for Money

Value for Money (VfM) is defined as getting the best return on any expenditure of money, time, effort or other resources. VfM can be improved by use of the 'three Es':

- **Economy** - careful use of resources to save expense, time or effort.
- **Efficiency** - delivering the same level of service for less cost, time or effort.
- **Effectiveness** - delivering a better service or getting a better return for the same amount of expense, time or effort.

3. Legislative and Statutory Requirements

The following requirements must be adhered to when making procurement decisions.

Local Authority Financial Regulations

Value of goods or services up to £1000: 2 verbal quotes or catalogue information required

Value of goods or services £1000-£3000: 3 verbal quotes required

Value of goods or services over £3000: 3 written quotes required

Public Contracts Regulations 2006

For high value projects (current thresholds are £3,927,260 for works and £156,442 for goods and services), tenders must be advertised throughout the EU in the Official Journal of the European Union following a prescribed method.

Managing Public Money

The school is also obliged to follow the principles set out by HM Treasury for managing public money:

Standards expected of all public service

- honesty
- fairness
- impartiality
- integrity
- openness
- transparency
- accountability
- objectivity
- accuracy
- reliability

Carried out

- in the spirit of, as well as to the letter of, the law
- in the public interest
- to high ethical standards
- achieving value for money

4. A Value for Money Approach

Good planning and management of the procurement process helps to maximise value for money by identifying a wide range of opportunities for economies, efficiencies and effectiveness. Examples include:

- Avoiding unnecessary purchases
Examining whether a) purchases are really necessary to achieve a certain objective; or b) whether the objective itself is truly beneficial to the success of the school
- Finding in house solutions
Reviewing the existing capacity and expertise within the school before outsourcing work
- Delaying purchases where this reduces costs
Avoiding higher call out charges of work can wait
Waiting until a larger order can be placed
Moving to a periodic order rather than repeated ad hoc orders
- Harnessing procurement expertise internally, or from local or professional contacts
Using specific expertise (for example ICT) to get the best deals
- Identifying bulk purchase opportunities internally or with partner organisations
Pooling orders where others are making the same purchase
- Utilising procurement clubs and organisations
Consistently using a variety of procurement organisations, such as YPO and NPG and online tools like EdQuote and BuyWire.
- Avoiding repeat tendering exercises
Using an accessible record of previous tender exercises to avoid unnecessary repetition.
- Making full use of existing contract arrangements
Reviewing the terms of contracts and service level agreements to make sure the school is receiving the full benefit of what they are paying for.
- Reviewing the effectiveness of contracts
Before ordering 'off contract' work, reviewing whether this is only necessary because of a deficiency in existing contracts.
Feeding back regularly on the effectiveness of contracts, so that improvements can be negotiated or failing contracts can be re-tendered.

- Developing effective partnerships with contractors / suppliers
When formal or informal contracts are in place, developing partnerships with mutual benefits for the school and the contractor / supplier, for example simplified invoicing and payment arrangements, negotiated pricing levels against the understanding of repeat business.

5. Ethical and Sustainable Solutions

The school is committed in principle to finding ethical and sustainable solutions to operational demands. This does not need to be seen as an opposing force to VfM, as a good solution will often satisfy both demands. For example, initiatives that reduce consumption of energy, water or consumables will often save money too over time. The use of more sustainable materials may be more expensive initially but may be more effective and last longer. Similarly, a smaller local contractor may be more flexible, more attuned to local needs and/or more likely to enter into a longer term partnership with school, which may offset small differences in pricing. There may also be non-financial benefits, such as opportunities for apprenticeships.

Success in this respect is therefore achieved through: effective research and planning; thinking creatively; and taking a long term view.

SECTION B: PROCEDURE

1.0 Planning

- 1.1 Before committing to a procurement decision, ask yourself the key questions that will help you achieve VfM. A checklist of questions is attached at Appendix 1.

2.0 Process

- 2.1 Based on the estimated value of the goods / services, follow the appropriate approach in line with Financial Regulations as set out above.

2.2 Value of up to £1000

Obtain at least 2 verbal quotes, or use information from a recognised catalogue / online catalogue, such as YPO. Record this information on a Quote Form (Annex 1).

2.3 Value of £1000 to £3000

Obtain at least 3 verbal quotes and record them on a Quote Form. You can obtain written or email quotes, or a mixture, if you prefer, as long as they are all recorded in sufficient detail.

2.4 Value of over £3000

Obtain at least 3 written quotes.

2.5 Waivers

If it is not possible to obtain the requisite number of quotes or there is compelling reason not to, a waiver must be sought before the Purchase Order is raised. For values up to £3000, this must come from the Headteacher; for values above £3000 this must be from the Local Authority. Acceptable scenarios might include:

- Where very specific goods / services are required and only one or two suppliers exist
- Where the only reasonable alternative suppliers insist on charging to provide a quote
- Where a recent tender has been completed for similar goods / services

2.6 Fair Comparison

As far as possible, bidders should quote against the same product or service. Where differences are unavoidable, this should be taken into account in the decision making process (see below).

2.7 Detail

The level of detail you request within the quote will be dependent on both the value and the nature of the goods / services. In general, you should ask for:

- Specific information about make / model / specification of goods / parts

- A breakdown between parts, labour and other costs (e.g. transport). If variable, an hourly or daily rate should be given for labour.
- Significant individual parts should be priced separately to make comparison easier and more meaningful. (e.g. boiler, flue, pipe work and joints / fittings).
- Additional services, such as warranties, training or servicing agreements should be priced separately, and specified as optional or not as part of the package.
- Any 'freebies' should be specified in writing on the quote not just mentioned verbally to avoid interpretation as malpractice.

2.8 Decision Making

Once you have obtained the necessary quotes, you need to make a decision on which to use that is fair and transparent. For straightforward, identical tenders this can be done on a price only basis. By rights, you should inform suppliers in advance that this is how you will make your decision. An example might be to supply a specific piece of IT equipment.

For more complex tenders, you should use the MEAT approach (Most Economically Advantageous Tender). In practice, this means choosing the tender that offers the best mix of price, quality and service. Again, it is good practice to inform suppliers in advance that you will be using this approach.

To reach a decision using MEAT, you should consider:

- The overall price
- Any actual differences in the goods / services offered (for example, one supplier may offer a lifetime warranty or ongoing helpdesk support)
- Any differences in quality of goods, parts or services
- The quality of the tender and the professionalism of the supplier

You may also wish to consider:

- The extent to which the supplier shares the school's core values, including sustainability
- The capacity of the supplier to meet the school's future needs in this area / form a long term partnership
- Whether the supplier is locally based, a Small or Medium-sized Enterprise or a Black & Minority Ethnic organisation, that provides additional benefits to the wider community.

2.9 Submitting the Purchase Order

Your decision should be clearly recorded on a Procurement Decision Form (Annex 2) and attached to an official Purchase Order Form (Annex 3), along with copies of any written quotes and/or Quote Forms as applicable and a completed checklist.

2.10 High Value Tenders

All potential high value tenders (generally with a value of above £5000) and capital projects should be referred to the Business Manager at the earliest stage. An appropriate project plan and/or tender process will then be arranged.

APPENDIX 1: CHECKLIST OF QUESTIONS FOR PROCUREMENT DECISIONS

What are you trying to achieve?	
How does it benefit the school?	
What is the most appropriate way of achieving it?	
Can all or part be done in house?	
How urgent is it? Is there an advantage to waiting?	
Is there any internal expertise in procuring similar goods / services?	
Are there any local contacts with expertise?	
Is there any opportunity to bulk buy internally?	
Is there any opportunity to bulk buy with other local organisations?	
Is it possible to move from ad hoc purchases to a periodic agreement?	
Have you used a procurement organisation or online procurement tool, either to check prices or for the full quotation process?	
Check: has a recent tender for this service been carried out by somebody else?	
Check: is this work covered by an existing contract?	

ANNEX 1: QUOTE FORM

QUOTE FORM

Product / Service:		
Supplier	Price	Notes

Completed by	
Date	

ANNEX 2: PROCUREMENT DECISION FORM

PROCUREMENT DECISION FORM

Form completed by:		Designation:	
Signature:		Date:	

Description of Goods / Services	
Value (circle):	<£1000 (2 verbal quotes / catalogue info required) £1000-£3000 (3 verbal quotes required) >£3000 (3 written quotes required)

Name of Chosen Supplier	Price Quoted	Notes

Basis of decision (circle)	Price Only Most Economically Advantageous Tender
Reason for decision (if MEAT)	