

Schools Procurement

Matthew Kelly – Head of Procurement & Commissioning

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Agenda

- Context
- Procurement principles
- Council and contract standing orders
- Thresholds for quotes, tenders, approvals etc
- Why – the commercial basis
- The procurement process
- Ways to Buy – Frameworks v Self managed tender
- Record keeping & Contract Register
- Manage your suppliers
- Audit findings and ways in which they can be addressed
- Q&A



Context

Financial Challenges for schools

- Significant budgetary pressures

Audit finding

- 80% of standing order tested across all 6 schools did not demonstrate steps undertaken to ensure best value
- 48% of purchases were not ratified by Headteachers
- 19 high value contracts valued at over £20k across 6 schools found that no formal contracts were in place despite 15/19 appearing on the schools approved contract list
- 66% of schools did not have a contract in place for schools HR
- 73% of cases for high value contracts did not demonstrate steps had been taken to ensure best value

National context

- Public money with clear set of rules that we should all abide by
- Expectation that we seek value for money on all our external spend



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Procurement Principles (External)

The over-riding procurement policy requirement is that all public procurement must be based on **value for money**, defined as “the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought”. **This should be achieved through competition**, unless there are compelling reasons to the contrary.

Public sector procurement is subject to a legal framework which encourages free and open competition and value for money:

- The Public Contract Regulations (PCR 2015) as amended has three main principles:
 - Non Discrimination
 - Open and Fairness
 - Transparency

Other Governing legal framework including Late Payment of Debt, Equality Act, Social Value etc

Post Brexit Changes



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Council & Contract Standing Orders

Procurement & Contract Standing Orders set out the governance arrangement for Procurement within the Council. Amongst other things they set out the obligations with regards to:

- Compliance
- Ethics and Probity
- Tender thresholds
- Receipt of tenders
- Acceptance of tenders
- Execution of contracts
- Contract extensions and variations

Language relates primarily to Council activity but SO 10.3 is very clear:

Local authority maintained schools are required to abide by the Council's Standing Orders with respect to purchasing, tendering and contracting. Governing Bodies are also empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts, and in most cases they do so on behalf of the Local Authority as maintainer of the school.



Thresholds for quotes, tenders and approvals

Value Range	Process to Follow	Description	Approval
Up to £3,000	Best Value	Officers to demonstrate best value has been achieved	Headteacher
£3,001 - £10,000	Quotes	Three Written Quotes	Headteacher
£10,001 - £50,000	Quotes	Minimum of 5 written quotes	Governing Body
£50,001 - £100,000	Tenders	Minimum of 5 written quotes	Governing Body
£100,000 and above	Tender	Minimum of 5 tenders	Governing Body and Local Authority
£181,302 and above	OJEU Notice	European Tender (Good and Services)	Governing Body and Local Authority



Why – the commercial basis

- Poor procurement decisions and a failure to comply with procurement legislation could result in legal challenges from suppliers, contracts being cancelled and financial penalties which can be costly, time-consuming and impact on your school's reputation.
- A good contract will have solid terms and conditions, a well defined specification including performance management framework and a clear pricing schedule. If the supplier doesn't live up to the standards you have articulated in the contract you have better chance to enforce.
- A competitive tender process allows you to have confidence you have best value for money or as is more often the case nowadays, opportunity to mitigate any cost increases.
- Improved risk management – Good procurement practice is more likely to ensure risk area such as H&S, insurance, safeguarding etc are addressed as part of the tender process

The Procurement Process

- The full procurement process. (as defined by the Chartered Institute of Procurement and Supply)
- Includes every stage from working out what you need to supplier relationship and asset management
- Not every stage would be used for every procurement exercise.
- Over next few slides we will look to see how some of main steps interact with the Schools Process Map and tender processes.



The Procurement Process – Understanding the need

- The first stage of the procurement process is to understand and define the business needs.
- By involving cross functional stakeholders in this process and utilising their expertise you can develop a high level specification.
- Estimate **whole life cost**.
(Contracts/Services should have a planned end date in order to accurately calculate cost)



The Procurement Process – Develop Documents

Typically includes:

- Specification
- RFQ (Request for Quote)/ITT (Invitation to Tender)
- Terms & Conditions
- Weightings (Technical & Commercial elements)
- TUPE Information
- Site Plans, Technical drawings etc.



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The Procurement Process – Develop Documents

SPECIFICATION

No matter what procurement process you use, always write a specification describing what you want to buy. It helps to make decisions later and tells suppliers exactly what you need.

Before you write it:

- talk to people who will use the thing you plan to buy – to make sure you get what they need
- talk to people who will approve the purchase
- talk to suppliers – to get an idea of prices and what's available
- think about whether you need expert help with writing your specification or the whole buying process

Your specification should include:

- a precise description of what you need
- an explanation of what it should do, if needed
- the amount you need
- what quality it should be
- when you need it

Think about what is essential, what would be nice to have and what you will need in 1 or 2 years time.

Check you have included everything you need. If you miss something out it may cost more once you have a supplier, as there will no longer be other people competing to supply it cheaper.

Outcome based specifications

You should use outcome based specifications as much as possible. An output (or outcome) based specification focuses on the desired outputs of a service in business terms, rather than a detailed technical specification of how the service is to be provided. This allows providers scope to propose innovative solutions.

Once a requirement has been identified it is natural to try to imagine the solution. The problem with this is that you are limited by what is currently known or available to you. By specifying outcomes rather than a solution you allow room for innovation to create new and better options.

The Procurement Process – Develop Documents



How the customer explained it



How the project leader understood it



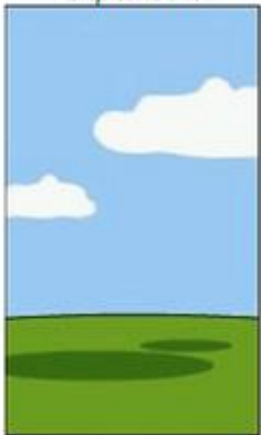
How the engineer designed it



How the programmer wrote it



How the sales executive described it



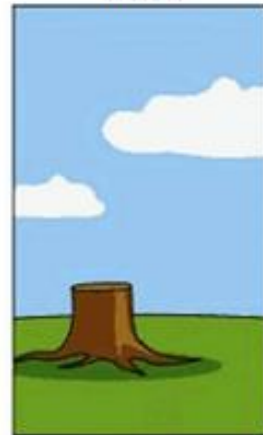
How the project was documented



What operations installed



How the customer was billed



How the helpdesk supported it



What the customer really needed

The Procurement Process - Going Out To Tender

Process may include:

- Post Tender – Contracts finder
- Conduct any site visits
- Answer Clarifications
- Receive Bids
- Evaluate Bids
- Ask Clarifications
- Approval
- Award
- Implementation



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Ways to Buy – Framework v Self Managed tender

Framework

Pro's

- Multitude of framework providers
- Compliant with governance arrangements
- Direct award allows fast route to contract placement
- Pre agreed specifications
- Managed or self managed

Con's

- Often comes with a cost
- Can lack flexibility

Self Managed

Pro's

- Greater flexibility
- No costs for using a framework
- Engagement with a broader set of suppliers

Con's

- Requires good level of knowledge on running tender



Record keeping & Contract Register

Record keeping

- Process undertaken
- Signed contracts
- Approval process
- Correspondence between yourself and supplier
- Variations

Auditability
Contract Management

Contract Register

Supplier Name	Start date of Contract	Expiry Date of contract	Contract Length <i>(including any extensions)</i>	Contract Value	Approval route and date	Location of Contract
Groundtel	01/09/2019	01/09/2022	3 year (+ 2 year extension option)	£19,000 per annum	FGB (July 2019)	Contract File in Office



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Contract Management

"Contract management is the process that enables both parties in a contract to meet their obligations in order to better deliver the objectives required from the contract."

Effective, robust and positive contract management:

- Ensures that goods and services are delivered to the agreed standards and level of performance
- Creates an appropriate platform and forum to discuss concerns and / or future plans
- That value in the contract is maintained over its life
- Continued compliance with legal obligations (insurance, safeguarding, H&S etc)



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Audit Findings – Key Themes

- Evidencing value for money
- Signed contracts

Two further observations:

- Supplier with significant foothold in the borough eg. Ground Tel
- Suppliers where SLA's in place eg. Schools HR



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Q&A

- Governance
- Process
- Audit Findings

Further reading

[The Public Contracts Regulations 2015
\(legislation.gov.uk\)](https://www.legislation.gov.uk)

[Public procurement policy - GOV.UK
\(www.gov.uk\)](https://www.gov.uk)

[Buying procedures and procurement law for
schools - Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk)



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