

Competitive Tendering and Procurement Policy



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Contents

1. Aims.....	4
2. Legislation and guidance	4
3. Roles and responsibilities	4
3.1 Trustees	4
3.2 Finance committee	4
3.3 Chief financial officer	5
4. Purchase thresholds	5
4.1 Low to high-value purchase thresholds.....	5
4.2 EU procurement threshold.....	5
5. Framework agreements	5
6. Preferred Suppliers	6
7. Low-value purchases	6
8. Medium-value purchases (not preferred supplier route)	6
9. Tendering procedure: high-value purchases	8
10. Monitoring arrangements	9
11. Collaboration and Trust-wide tendering.....	9
12. Links with other policies	10
Appendix A – Procurement Reference Tables	11
Appendix B: Forms of Tenders.....	12

1. Aims

This policy aims to ensure that:

- The academy trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academies Financial Handbook
- The trust's funds are used in a way that commands broad public support
- Value for money (economy, efficiency and effectiveness) is achieved
- Trustees fulfil their duties and responsibilities as charitable trustees and company directors

2. Legislation and guidance

The [Academies Financial Handbook](#) states that academy trusts are required to have a competitive tendering policy, and ensure that European Union (EU) procurement thresholds are observed.

This policy is based on the Academies Financial Handbook and [Department for Education \(DfE\) guidance on procurement](#).

This policy also complies with our funding agreement and articles of association.

3. Roles and responsibilities

3.1 Trustees

Trustees will ensure that:

- Spending decisions represent value for money
- The trust's funds are used in a way that commands broad public support
- Relevant professional advice (such as an external auditor) is used, where appropriate
- Goods or services provided by individuals or organisations connected to the trust are provided at no more than cost
- Nobody connected to the trust, directly or indirectly, uses their connection to the trust for personal gain
- Where any trustee has a pecuniary interest in a procurement decision, they exclude themselves from the process and records (e.g. meeting minutes) show that they had no influence on the decision

3.2 Finance committee

Trustees delegate competitive tendering responsibilities to the respective local academy finance committee where the value of the tender falls within their delegated authority.

The Trust Audit Committee is responsible for reviewing the trust's tendering processes, and for reporting to trustees on tenders.

3.3 Chief financial officer

The chief financial officer (CFO) is responsible for:

- Ensuring appropriate financial governance and risk management arrangements are in place
- Preparing and monitoring budgets
- Providing information to the audit committee and academy trustees, as appropriate
- Working with the Director of operations to oversee and support competitive tendering

4. Purchase thresholds

4.1 Low to high-value purchase thresholds

Purchase levels are divided into the following:

- Low-value purchase: £0 - £5,000
- Medium-value purchase: £5,000 - £40,000
- High-value purchase: over £40,000, but below the EU threshold (the Trust DOO should be consulted before schools make any high value purchases)
- High-value purchase: Over OJEU threshold (see below)

The values are for single items or groups of items, **which must not be disaggregated artificially**.

4.2 EU procurement threshold

If it is estimated that the cost of a contract is above the EU threshold for procurement spending, the trust will follow EU procurement directives and seek legal advice. The current EU threshold for all goods and most services is £181,302.

The threshold for works contracts (e.g. building work) is £4,551,413

A 'light touch regime', with a higher threshold of £615,278, applies for some services that are specifically for education provision. We will seek legal advice to determine if any procurement run by the trust qualifies.

5. Framework agreements

Where possible and beneficial, we will use a framework agreement to contract suppliers. These are arrangements that a contracting authority, such as a public sector buying organisation, makes with suppliers. The benefits of frameworks are that they have already been through a competitive tender process and they have favourable terms and conditions. In addition, the framework provider may offer advice and support.

Depending on the framework we choose, we will either pick the best value supplier from a list, direct award or run a mini-competition between listed suppliers. In either case, we will follow the DfE guidance on procurement (see section 2 of this policy) to ensure good practice. The reasons for the choice of framework, and for the choice of supplier, will be clearly recorded.

Framework agreements can be used in line with the school's levels of financial delegation, taking advice from the Director of Operations where appropriate.

6. Preferred Suppliers

The Trust will maintain a list of preferred suppliers for work up to and including the medium-value threshold. To be included on the preferred supplier list, the supplier must have successfully quoted for medium-value goods/service and provided them to an acceptable standard within the past 24 months. It is at the discretion of the CFO whether to award a supplier a place on the preferred supplier list.

The following principles should be applied when considering inclusion of suppliers on the preferred supplier lists

- We should seek to ensure that local suppliers are included with preference for businesses operating in our area.
- We should have preference for businesses that can demonstrate shared values and social objectives.
- We should consider past performance and satisfaction from previous trading relationships in the business.

Where such lists are not maintained or appropriate, the standard procurement routes will apply.

When choosing to procure directly from a supplier on a preferred list, the decision will be made by a panel comprised of the Headteacher, CFO and CEO and the decision to award must be unanimous. When procuring at Trust level, a Board member may be included on the panel in place of a headteacher.

The preferred supplier list will be reviewed every 12 months. Suppliers will be initially awarded a place on the supplier list for a period of 36 months. At the end of the term, the supplier can be re-awarded a place on the list either by benchmarking the cost & quality of their work over the period when compared to other suppliers, or by taking part in a further competitive process.

7. Low-value purchases

Where the procurement total value is less than £5,000 exclusive of VAT (and no aggregation of spend with other Academies is relevant), competitive quotes are not needed but a written quotation must be obtained from the supplier(s) before a purchase order can be issued. Where not using a preferred supplier, for orders over £1,000, a suitable benchmark should be used as a comparison to ensure value for money, e.g.:

- Web price from another supplier
- Second quotation
- A similar purchase within the past 6 months

8. Medium-value purchases (not preferred supplier route)

When making medium-value purchases without a framework agreement, the trust will use the process outlined below.

- a. Create a specification** – a specification document will set out what suppliers need to understand what we are looking to buy, including the quality, quantity and delivery date
- b. Compare suppliers** – a comparison of different suppliers, including their reputation, will help the trust develop a shortlist of at least 3 suppliers we want to approach for a written quote
- c. Assess quotes** – an award criteria will be developed to assess suppliers' quotes. Criteria may include:

- How well the supplier meets our specification
- The whole-life cost of the contract, which may include:
 - The sale price of the goods, works or services
 - VAT
 - Delivery charges
 - Maintenance costs
 - Running costs
 - The cost of removing and disposing of an item or service once we no longer need it
- Whether there will be price increases or decreases over the life of the contract
- Value for money

Each aspect of the criteria will be scored on a scale of 1 to 5, with 5 being the highest score. A record of how the quotes are evaluated will be kept.

The School Business/Finance Manager will evaluate quotes with support from the CFO / DOO.

When we contact suppliers, we will send them:

- The specification
 - Deadlines for quotes and when decisions will be made
 - Instructions for how to ask clarification questions about the specification
- d. Place an order** – when the best value quote is identified, we will send the supplier a purchase order, which includes details of the:
- Goods, works or services we are purchasing
 - Price
 - Delivery address
 - Delivery deadline and any other important dates
 - Payment schedule

The Chief Financial Officer and the Accounting Officer of the Academy Trust have the authority to overrule the three quote rule if three quotes can't be identified due to the nature of the requirement (for example using the Times Educational Supplement to advertise teacher posts, or for a proprietary piece of software) or already committed services (for example UIS providing access, CCTV and intruder alarms, therefore using another provider to add to these services would require a full building change in these areas). Where this exemption is used, the reasons will be recorded and reported to the board on a termly basis.

9. Tendering procedure: high-value purchases

The trust will make high-value purchases without a framework only in rare circumstances and only with professional support. When this does happen, we will use the process below in conjunction with the guidance in Appendix B.

- a. **Create a specification** (see section 6)
- b. **Assess the market** – we will prepare for the tendering process by developing our knowledge of the market. We will find out how many suppliers are available and the best way to advertise our contract to a range of suppliers
- c. **Check the school's position in relation to EU procurement thresholds** (see section 4)
- d. **Develop a service level agreement (SLA)** – an SLA sets out the standards of service expected from a supplier. Some suppliers may have their own SLAs, which the trust will consider using on a case-by-case basis
- e. **Develop a contract** – a contract will include terms and conditions, a contract management plan and an exit strategy
- f. **Reduce the number of bids** – to reduce the number of bids the trust needs to evaluate, we will either use an expression of interest process to gauge interest in the contract or a pre-qualification questionnaire
- g. **Establish how we will assess quotes** – we will set out criteria that will allow us to evaluate which of the suppliers' bids best meets the requirements in our specification, and is the most economically advantageous tender that best combines cost and quality
- h. **Create a timeline for the tender process** – this will include the dates of the clarification period, the deadline for submitting tenders and the date we expect to award the contract
- i. **Prepare an invitation to tender** – this will include:
 - A covering letter with a timeline for the process
 - Instructions on how suppliers can ask clarification questions and submit their tender
 - The specification
 - A pricing schedule
 - Any SLA requirements
 - The contract's terms and conditions
 - Contract management requirements (see 'develop a contract' above)
 - Award criteria, including the scoring system and any weightings
 - If appropriate, an invitation for suppliers to give a practical demonstration of their goods, works or services

j. Advertise the contract – the contract will be advertised where suppliers are likely to look, such as:

- The Official Journal of the European Union (OJEU) – this is a requirement if the contract is over the EU procurement threshold
- The government's Contracts Finder service
- Local or national newspapers
- Education publications or websites
- Trade magazines
- School / Trust website / social media

Consideration should be given to the cost of certain advertisement methods and weighed against the anticipated benefit of attracting more suppliers.

k. Run the tender process and provide clarifications

l. Open tender responses – All tenders should be opened at the same time. At least two people should be present for the opening of tenders, normally the school business manager or headteacher, plus either the CFO or DOO.

m. Evaluate tender responses – at least 2 people will independently score and evaluate each bid, and then compare notes after completing their evaluations; records of decision making and moderation decisions will be kept

n. Notify suppliers and award the contract

o. Observe any mandatory standstill period

p. Finalise the contract (and advertise the award, if the contract was advertised in Contracts Finder or the OJEU)

q. Abandoning the tender process – on very rare occasions we may need to halt the tender process. Should this occur, we will notify suppliers who are preparing their bids as soon as possible

10. Monitoring arrangements

The Chief Financial Officer is responsible for the implementation of this policy.

This policy will be reviewed and approved by the board of trustees every 12 months and when EU procurement thresholds change.

11. Collaboration and Trust-wide tendering

An on-going programme of reviewing services across schools in the Trust is to be established in order to improve efficiencies and value for money. Where appropriate, for both new and established SLAs, suppliers will be asked to tender.

Where goods or services can be obtained of acceptable quality and competitive price on a Trust-wide basis the decision to award the tender will reside at Trust level, but School Governing Bodies will be kept informed at all times.

In the case of Trust-wide contracts, the Trust's Chief Financial Officer or Director of Operations will lead the process. The CEO will have oversight of the process and make any recommendations to the Trust Board.

Before entering into any competitive process, schools should consult the trust's Director of Operations to ensure any opportunities for collaborative procurement are recognised.

12. Links with other policies

This competitive tendering policy is linked to the following policies:

- Accounting policies
- Investment policy
- Academies financial handbook

Appendix A – Procurement Reference Tables

A.1 – Procurement Threshold Table

Threshold Band	Procurement Route	Value	Delegation Route
£0 - £1000	One written quote or Framework	Low	Budget Holder > SLT
£1000 - £5000	One written quote plus benchmark, or Framework	Low	Budget Holder > SLT > Headteacher
£5,000 - £40,000	Three written quotations or framework	Medium	Budget Holder > SBM > Headteacher
£40,000 - £60,000	Tender or Framework	High	Budget Holder > SBM > Headteacher > LGB & CEO
£60,000 - £90,000	Tender or Framework	High	Budget Holder > SBM > Headteacher > LGB > CFO & CEO > Board (notified)
£90,000+	OJEU Tender or Framework	High	Budget Holder > SBM > Headteacher > LGB > CFO & CEO > Board

A.2 – EU Procurement Thresholds (as of 25/02/19)

Supplies	Services	Light Touch Regime	Works
£181,302	£181,302	£615,278	£4,551,413

A.3 – Tender procedures and periods

Procedures	Normal Minimum Time
Open	35 days
Negotiated	30 days
Restricted	30 days initial tenders

*Note that standstill periods may apply depending on procurement route and value.

Appendix B: Forms of Tenders

There are three forms of tender procedure: open, restricted and negotiated, and the circumstances in which each procedure should be used are described below.

1. Forms of Tender

- 1.1. Open Tender: This is where all potential suppliers are invited to tender. School management must discuss and agree with the Trust Finance Committee how best to advertise for suppliers, e.g. general press, trade journals or to identify all possible suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and propriety of public funds.
- 1.2. Restricted Tender: This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
 - 1.2.1. There is a need to maintain a balance between the contract value and administrative costs
 - 1.2.2. A large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the school/Trust's requirements
 - 1.2.3. The costs of publicity and advertising are likely to outweigh the potential benefits of open tendering
- 1.3. Negotiated tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:
 - 1.3.1. The above methods have resulted in either no or unacceptable tenders
 - 1.3.2. Only one or very few suppliers are available
 - 1.3.3. Extreme urgency exists
 - 1.3.4. Additional deliveries by the existing supplier are justified

2. Preparation for tender

In order to help with the transparency of the procurement and tendering process the academy / Trust will have a register of business interests for Governors, Trustees and any other person that may be involved in the procurement and tendering process. The school/Trust need to be aware that the EU introduced a requirement for public bodies to follow a prescribed tendering procedure for contracts of a certain value which should be checked prior to the tendering process.

- 2.1. Full consideration should be given to:
 - 2.1.1. Objective of project – should be in line with a school development plan and any budget constraints
 - 2.1.2. Overall requirements – as set out in the Specification or Statement of Requirements
 - 2.1.3. Technical skills required
 - 2.1.4. After sales service requirements
 - 2.1.5. Form of contract
- 2.2. It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision. Any current level of service should not be regarded as the standard needed

3. Invitation to Tender

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used by an invitation to tender may be issues in response to an initial enquiry. An invitation to tender should include the following:

- 3.1. Introduction / background to the project
- 3.2. Scope and objectives of the project

- 3.3. Technical requirements
- 3.4. Implementation of the project
- 3.5. Terms and conditions of the tender
- 3.6. Form of response

4. Aspects to consider

4.1. Financial

- 4.1.1. Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision
- 4.1.2. Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs
- 4.1.3. School / Trust should consider the possible flexibility of a short-term agreement with the consistency and possibility of a lower price for longer term agreements
- 4.1.4. If there is scope for negotiation, this must be considered

4.2. Technical / Suitability

- 4.2.1. Qualifications of the contractor
- 4.2.2. Relevant experience of the contractor
- 4.2.3. Descriptions of technical and service facilities
- 4.2.4. Certificates of quality / conformity with standards
- 4.2.5. Quality control procedures
- 4.2.6. Details of previous sales and references from past customers

4.3. Other considerations

- 4.3.1. Pre-sales demonstrations
- 4.3.2. After-sales service
- 4.3.3. Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after-sales service. It may be appropriate to have an accountant or similarly qualified person examine audited accounts etc.

5. Tender Acceptance Procedures

The invitation to tender should state the date and time by which the completed tender document should be received by the Academy / Trust. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents. The envelopes should be time and date stamped on receipt and stored in a secure place prior to tender opening. Tenders received after the submission deadline should not normally be accepted.

6. Tender opening procedures

- 6.1. All tenders submitted should be opened at the same time and the tender details should be recorded. Two persons should be present for the opening of tenders
- 6.2. A separate record should be established to record the names of the firms submitting tenders and the amount tendered. Both people present at the tender opening must sign this record.

7. Tender evaluation

- 7.1. The evaluation process will involve at least two people. Those involved shall disclose all interests, business and otherwise, that might influence their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.
- 7.2. Those involved in making the decision shall not accept gifts or hospitality from potential suppliers that could compromise or seem to compromise their independence.
- 7.3. Full records will be kept of all criteria used for evaluation and for contracts over £10,000 a report should be prepared for the Local Governing Body highlighting the relevant issues and recommending a decision. For contracts under £10,000 the decision and criteria should be reported to the Local Governing Body or relevant finance subcommittee.

7.4. Where required by the conditions attached to a specific grant from the DfE / EFA, the department / Agency's approval must be obtained before the acceptance of the tender.

7.5. The accepted tender should be the one that is economically most advantageous to the school / Trust. All parties shall then be informed of the decision.

7.6. In the event that a tender other than the lowest is accepted, those involved in making the decision shall document and report the reasons for not accepting the lowest bit to the governing body.

8. Insurance requirements

8.1. Generally, insurance requirements are stated within the tender documents. However, as a minimum most contracts will require the contractor to be covered by an Employers and Public Liabilities Insurance to the value of £5,000,000.

9. Retention of Records

9.1. All relevant documents relating to the tender process (including minutes of meetings and a written record of the reasons for the decision made) shall be retained by the school / Trust for audit purposes and to use in defence, if any complaint or allegation of improper practice is made

9.2. Document retention periods will be as follows:

9.2.1. Pre-qualification questionnaire: 6-months

9.2.2. Invitations to tender: 1 year

9.2.3. Evaluation criteria / decision making documentation: 1 year

9.2.4. Successful bid: 7 years from start of contract

Appendix C: Pre-tender proforma

Appendix D: DfE Guidance and model templates

DFE Buying for Schools

<https://www.gov.uk/guidance/buying-for-schools>

DFE Find a Framework tool

<https://www.gov.uk/guidance/find-a-dfe-approved-framework-for-your-school>

DFE Buying procedures and procurement law

<https://www.gov.uk/guidance/buying-procedures-and-procurement-law-for-schools>

Running your own high value tender process

<https://www.gov.uk/guidance/buying-for-schools/3d-run-your-own-procurement-high-value-and-eu-tenders>

Procurement training for schools

<https://www.gov.uk/government/publications/procurement-training-for-schools>

Buying for schools – templates and forms

<https://www.gov.uk/government/collections/buying-for-schools>

Example contracts and terms & conditions

<https://www.gov.uk/government/publications/school-procurement-example-contracts>