

All Saints Schools Trust



ASST Procurement Policy 2019

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Date of next review:	Dec 2020	<i>Signed:</i>	<i>Signed:</i>
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Background

The purpose of this policy and associated procedures is to ensure that the ASST (Trust) maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of the Trust's Funding Agreement with the Department for Education (DfE).

The policy covers all aspects of purchasing and the placement of contracts by the Trust and its academies. The Trust wants to achieve the best value for money from all its purchases. This means getting what is needed in the correct quality, quantity and time at the best price possible. A large proportion of the purchases will be paid for with public funds and therefore there is a need to maintain the integrity of these funds by following the general principles of:

Probity: it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the Trust or its academies;

Accountability: the Trust is publicly accountable for its expenditure and the conduct of its affairs;

Fairness: that all those dealt with by the academy are dealt with on a fair and equitable basis.

Value for Money:

- **Economy:** Minimising the costs of resources used
- **Efficiency:** Relationship between outputs and the resources used to produce them
- **Effectiveness:** Extent to which objectives have been achieved

This policy relates to the Trust, all of the Trust's academies. Adherence to the principles and procedures contained in this policy is mandatory for all staff.

This policy is designed to be consistent with:

- ESFA Financial Handbook
- Trust Articles of Association / Constitution
- Master and Supplemental Funding Agreements
- HM Treasury's "Regularity, Propriety and Value for Money".

This policy is an appendix to the main Trust Financial Regulations Policy.

Process	Value	Delegated Authority
Order Approval	up to £5,000	Executive HT / Headteacher
Order Approval	£5,001 to £10,000	Local Governing Body/CEO
Order Approval	Over £10,000 to £25,000	Finance & Audit Committee
Order Approval	£25,001 to £180,000	ASST Board
3 competitive quotations	£5,000 to £50,000	Finance & Audit Committee to oversee
Formal Tender Process required	Over £50,000	ASST Board to oversee process in conjunction with a specialist
OJEU Tendering Procedure	£181,302	
Authority to accept other than lowest quote		Local Governing Body
Authority to accept other than lowest tender		ASST Board

1 Routine Purchasing

In order to select the most appropriate procurement process, the whole-life value of the contract should be calculated. This should include initial purchase and implementation costs, and ongoing maintenance and support costs throughout the life of the contract.

Routine purchases with a whole-life cost up to the tender limit (see separate *ASST Authority Amounts*) can be requested by designated budget holders and are authorised as per the *Scheme of Delegation*, according to the value of the order being placed.

A quote or price must always be obtained before any order is placed. ASST Central Finance Team (CFT) have a list of regularly used suppliers. However, if the purchaser considers that better value for money can be obtained by ordering from a supplier not regularly used by the Trust then this must be discussed and agreed with the CFT.

For orders of a value higher than the three quote threshold, but below the tender, multiple quotes (normally at least three) must be obtained and a justification must be provided where the lowest priced quote is not selected. Exceptions to this rule may apply if there are fewer than three companies capable of providing the required goods or services.

All orders must be made in writing using an official school order requisition form. Paper orders must bear the signature of the member of staff requesting the order; they will be countersigned by their line manager as required and must be input onto PS Financials to ensure adequate budgetary provision exists before the order is processed. Online orders follow the approval workflow defined within the system, which is similar in principle to the paper approach.

Service contracts

Where possible the Trust will negotiate service contracts for the whole Trust, in order to achieve economies of scale and best value.

If an academy wishes to enter into any service contract, the Headteacher must obtain authorisation from the CFO/CFT to confirm that no alternative contract is in place elsewhere in the Trust.

All service contracts with a duration in excess of 1 year or a value in excess of a defined monetary threshold must be authorised by the CEO.

Written quotations should be obtained by the purchase originator or budget holder, and should be attached to the order paperwork and forwarded to CFT to be retained with the invoice.

New contracts likely to cost in excess of the tendering are subject to the competitive tendering process laid in section 2 below, and require Trust Board level authorisation.

Annual renewal of existing contracts which fall within the scope of previously approved multi-year quotes or tenders are not subject to the same limits and process. They may be paid directly under the authorisation gained previously. However, existing single-year contracts should not be renewed automatically with an existing supplier without giving due consideration to potential alternative provision and best value for money.

2 Competitive Tendering

EU Compliance (OJEU)

The purpose of the European Union Procurement Directives is to open up the public procurement market and to ensure the free movement of goods and services within the EU. The rules apply to purchases by public bodies (including schools / Academy Trusts) which are above set monetary thresholds (see separate *Record of Financial Responsibilities*). Where the Regulations apply, contracts must be advertised in the Official Journal of the EU (OJEU) and there are other detailed rules that must be followed. The rules are enforced through Member States' courts, and the European Court of Justice (ECJ).

Where a contract for supply of goods, services or works across the whole Trust and over multiple years (where multi-year contracts are taken out) will exceed the EU defined threshold limit the tender process must comply with the relevant EU directives, including advertising in the OJEU.

Use of Purchasing Consortia and Frameworks

Where possible, a framework agreement should be used for purchases with a whole-life value in excess of the tender limit specified. Frameworks are available through Crown Commercial Services, ESPO, Crescent Purchasing Consortium.

A framework agreement is an arrangement that a 'contracting authority' (e.g. a local authority or a public sector buying organisation) makes with suppliers of goods, works or services, and sets the terms under which a purchase can be made.

Each framework will have guidelines that you must follow to select a supplier and place an order, and it will require the Trust to either:

- make a direct selection, i.e. choose the best-value option for the requirements from a list of suppliers
- run a mini-competition, i.e. ask all suppliers on the framework to send a bid (or 'tender') for the requirements

Use of such organisations has the following benefits:

- **Price** – economies of scale provided by the consortium should result in competitive prices from suppliers
- **Speed** – by using an established framework, suppliers are familiar with tender documents and specs and are able to respond and submit their tender responses in reduced time.
- **Reduced administration** – The consortium will normally offer downloadable tender documents for things like specification, scoring, contracts etc. which provide an excellent starting point for further tailoring, significantly reducing the work of defining and initiating the tender process.
- **Proven suppliers** – all suppliers that are party to a given framework have already been assessed and scored on previous tender exercises and meet a minimum scoring threshold
- **EU tendering compliance** – many consortia can administer the tender in an EU compliant manner, providing assurance to the Trust Board that they are meeting their legal obligations in this regard where contracts exceed the EU threshold.

Forms of Tender

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

Open Tender: This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the CFT how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical. This is the preferred method of tendering, as it is most conducive to competition and the propriety of public funds.

Restricted Tender: This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:

- there is a need to maintain a balance between the contract value and administrative costs,
- 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 Trust's requirements,
- the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering.

Negotiated Tender: The terms of the contract may be negotiated with one or more chosen suppliers. This is appropriate in specific circumstances:

- the above methods have resulted in either no acceptable tender
- only one or very few suppliers are available
- extreme urgency exists
- additional deliveries by the existing supplier are justified.

The chosen tendering method must be agreed in advance with the CFT and Finance & Audit Committee.

Preparation for Tender

When preparing a specification for a tender process, full consideration will be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract.

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender issued by the Trust or its academies will include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- implementation of the project
- explanation of how the tenders will be evaluated
- terms and conditions.

Criteria for selection

The criteria should be defined in advance of placing the tender and potential suppliers should be made aware of the criteria that will be used. The scoring matrix should define the relative weighting of the different criteria that are being used. Relevant criteria are likely to fall into one of the following categories:

Financial

- 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
- care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs
- Is there scope for negotiation?

Technical/Suitability

- qualifications of the contractor
- relevant experience of the contractor
- descriptions of technical and service facilities
- certificates of quality/conformity with standards
- quality control procedures
- details of previous sales and references from past customers.

Other Considerations

- pre-sales demonstrations
- after sales service
- 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.

Tender submissions

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

All tenders submitted should be opened at the same time and the tender details should be recorded in the presence of at least one member of the Trust and the CFO, or the nominated owner of the tender process where the tender has been delegated to third party.

A separate record should be established showing:

- the nature of the goods or materials to be supplied or the works or services to be provided
- the name of each supplier or subcontractor quoting/tendering
- the date and time of receipt of each quotation/tender
- the date and time of opening of the quotations/tenders
- the amount of each quotation/tender
- evaluation criteria and results
- the names of all individuals present at the opening of the quotations/tenders.

Tender evaluation and decision making

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation and a report should be prepared for the Finance & Audit Committee highlighting the relevant issues and recommending a decision.

Each supplier should be scored against each of the defined criteria as objectively as possible based on their response (and any subsequent demonstrations that form part of the tender process). The scoring result sheets should be kept and stored with the tender records.

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

The accepted tender should be the one that scores most highly when assessed against the evaluation criteria. All parties should then be informed of the decision.