

Procurement strategy – September 2015 – updated January 2017

1. Background

Where we need to acquire goods, services or works that either cannot be provided in house or can be provided more cost-effectively than by engaging direct employees we procure those from external providers (which may be a contractor, third sector supplier or another public sector body). Procurement is the process that we use to acquire such goods, services and works from those external providers. Whilst responsibility for procurements with a contract value of less than £50,000 Secondary and £20,000 ¹Primary and Special reside in each school, the Trust recognises that to ensure compliance to Public Contracts Regulations 2015 the contract value for all procurements of a similar nature across the Trust may have to be taken into consideration. The word 'may' is used because the regulations in relation to aggregation allow a certain amount of pragmatism as follows:

6 (3) Where a contracting authority is comprised of separate operational units, account shall be taken of the total estimated value for all those units.

6 (4) But where a separate operational unit is independently responsible for its procurement, the values may be estimated at the level of unit in question.

At this point Trust-wide contracts exist for Energy, HR and payroll, finance system and education support through Leading Active Learning programme.

Hub-wide contracts are in place for Catering and Grounds Maintenance. Support has been given to Neale Wade and Chantry in the procurement of ICT Services.

The table below indicates savings made on procurements to-date.

Category	Number of schools	Start date	End date	Annual savings
Catering Suffolk South	3	1 st September 2015	31st August 2018	
Catering Suffolk North	2	1 st September 2015	31st August 2018	
Catering Cambridgeshire	3	Various	31st August 2018	
Childcare vouchers	1	1 st April 2016	Ongoing	
Energy – Gas & Electricity	17	1 st April 2016	31st August 2018	
Grounds Lowestoft	6	1 st October 2016	31st August 2017	

¹ Finance control manual section 6 - Procurement

Grounds Ipswich	4	1 st October 2016	31st August 2017	
Facilities Management - Chantry	1	1 st October 2016	31st August 2017	

During the next period (12 – 18 months) the overriding strategy is to build on the earlier work, to commence Trust-wide procurement activity where the category spend is close to EU thresholds (currently £164,176). Where Trust-wide contracts may not be practicable, hub-wide or cluster procurements to be considered. A mixed economy is the likely outcome.

This approach will help the Trust and its schools meet their responsibilities to secure procurement in line with regulations, good practice and the Trust’s own procurement regulations². Value for money is a key influencing factor in any procurement exercise, planned procurement is an enabler.

The DfE has published its Schools’ buying strategy which sets out the activities they intend to carry out in order to drive the targeted £1 Billion savings across the Education Sector by 2020. This translates into 10% of non-staff costs as a target. The Trust will align where practicable elements of this strategy with the DfE activities as they are delivered.

The DfE strategy is intended to impact on all schools, standalone through to Multi Academy Trusts with in house expertise.

What is procurement?

Procurement is different from buying. Buying is done on a day-to-day basis as required often from a contract put in place following a procurement process. Procurement is a strategic process that follows a clear pattern starting with identifying a need right through to reviewing the delivery of the contract and learning any lessons for future procurements.

Competitive procurement remains the cornerstone of the Trust’s procurement approach but there will be circumstances where a direct contract with a sole supplier may be appropriate.

2. Our Procurement Practices

Procurement practices are designed to enable the Trust and schools to procure what is needed to deliver the best services possible for the financial and other resources available. In particular, the Trust recognises that procurement must be carried out in accordance with the 2016 EFA Academies Finance Handbook which states:

“Academy trusts must ensure that:

- *spending has been for the purpose intended and there is probity in the use of public funds*
- *spending decisions represent value for money, and are justified as such*
- *internal delegation levels exist and are applied within the trust*
- *a competitive tendering policy is in place and applied, and Official Journal of the European Union (OJEU) procurement thresholds are observed*
- *relevant professional advice is obtained where appropriate, including that of their external auditor where necessary”*

² Finance Control Manual - Section 6 - Procurement

All procurements should meet Value for Money objectives, which are not necessarily just about achieving the lowest price, it's about getting the right balance between quality and cost and a widely accepted definition of VFM refers to three elements:

- *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*

With the outlook of contracting spending power and the need for greater cost efficiencies every purchasing decision should confirm that not only will it improve the quality of teaching and learning outcomes but that the product or service is **really** needed.

Advice should be sought from the Trust's Procurement manager for procurements over £5,000 Primary & Special Schools or £10,000 Secondary³. Before commencing any procurement in excess of £20,000 Primary & Special Schools or £50,000 Secondary Schools the School Business Manager should complete the Schools Procurement Approval form and submit to the Director of Finance and Operations for approval⁴. Generally, procurements over these values will be managed by the Trust Procurement Manager.

To save valuable resources of time and money, in the case of procurements with a value over EU level £164,176, existing frameworks will be sourced and evaluated in the first instance.

3. Procurement Pipeline December 2016 onwards

At the end of the Summer 2016 term all schools provided the Trust with their contract registers which provides an overall picture of spend by category.

The following projects are either underway or planned to commence in 2017.

Category	Number of schools	Est contract value	Start process	Contract decision	Resulting number of contractors	Go live	Contract length (Yrs)
Facilities Management/Planned Preventative Maintenance	17		14 th October 2016	28 th April 2017		1 st September 2017	
Catering	16		15 th June 2017	15 th January 2018		1 st August 2018	
Absence insurance	3		16 th January 2017	17 th February 2017		28 th February 2017	

³ Finance Control Manual – Section 6 - Procurement

⁴ Finance Control Manual – Section 6 - Procurement Appendix 15a

Absence insurance	7		4 th January 2018	30 th January 2018	28 th February 2018
Capital works management	17		1 st March 2017	31 st March 2017	30 th May 2017
ICT Management	1			5 th December 2016	28 th February 2017
Water – following de-regulation	17		30 th April 2017	30 th July 2017	1 st September 2017
Multi Function Devices – incl Photocopiers	3		1 st September 2017	10 th October 2017	10 th October 2017

Gradually contract expiry dates will be aligned to enable Trust-wide procurements for most common categories. Absence Insurance shown in the chart above is a good example of that. At the time of renewal in 2018 it ought to be possible (depending on claims in payment at the time), to enter into a 3 year contract, paid by monthly direct debit, for at least 7 schools, providing reduced cost as a result of economies of scale and certainty of pricing regardless of the number of claims.

The large and fragmented IT spend category has yet to be fully addressed (major ICT contracts at Neale Wade and Chantry aside). This category encompasses all types of software, broadband and telephony, hardware, licensing, school support etc. Before embarking on contract negotiations, centrally the Trust needs to agree an overarching IT Strategy upon which hub or local procurements are based. The requirements of schools in each sector, primary/secondary are the same therefore, locality issues around broadband apart, there should be no reason not to enter into Trust-wide deals, the strategy needs to define the standards for software / hardware solutions.

4. Targets – and how these will be achieved

Target	Delivery	Timescale	Person responsible
School awareness of DfE Strategy	<ul style="list-style-type: none"> Brief Head teachers and Finance Leads Identify DfE notional targets Align with ALT Strategy 	August 2017	Director of Finance & Operations Procurement Manager
Engage with DfE initiatives	<ul style="list-style-type: none"> Network Leaders Forums for School Business Managers Take full benefit of access to specialist procurement support where provided 	Starting Summer 2017	Director of Finance & Operations

	<ul style="list-style-type: none"> • Seek to include DfE / Crown Procurement & School Buying Hubs frameworks into ALT Approved Supplier publication 		Procurement Manager
Production of an 'Approved Supplier List' for schools.	<ul style="list-style-type: none"> • Draft document setting out current ALT frameworks and signpost other frameworks, preferred routes • Consult schools • Publish 	July 2017	Procurement Manager
Define how compliance against procurement policy will be monitored /audited	<ul style="list-style-type: none"> • Draft document setting out compliance and audit processes • Consult schools • Publish 	July 2017	Procurement Manager
Define contract management standards including process for contract monitoring	<ul style="list-style-type: none"> • Draft document setting out contract standards and processes • Consult schools • Publish 	July 2017	Procurement Manager
Production of annual report of cost savings attributable to procurement strategy	<ul style="list-style-type: none"> • Collate data from procurements • Draft report to SLT • Finalised report to Trust Board 	October 2017	Procurement Manager

5. Beyond 2017

Continue to align contract end dates so eventually all common categories are procured and contracted at trust level. An Approved Supplier List to be issued and reviewed on a regular basis signposting schools to the appropriate contractor agreements, which may have been procured via internal or external frameworks. Where possible and appropriate, price grids will be provided so schools simply issue purchase orders to contractors.

Ultimately it may not be necessary for school's to be involved in procurement even at spend levels of around £2,000. There is good knowledge and expertise in a number of schools so it would be wise to keep those staff involved in certain projects, possibly by seeking their assistance in hub programs.

6. Evaluation of Procurement Effectiveness

Compliance to procurement regulations – goal is 100% unless deviation approved by Director of Finance and Operations.

Compliance

- Trust procurements are fully compliant.
- Exceptions may be sought by providing a clear rationale to the Director of Finance and Operations by submitting a Request for Dispensation⁵ form for approval.

⁵ Finance Controls Manual – Section 6 Procurement Appendix 15b

- Schools procurements - £5k to £20k in Primary/Special and £10k to £50k Secondary – target is full compliance. Best value statements are to accompany all school purchase order requests and be forwarded to Procurement Manager. Periodic internal and external audits will provide an additional level of compliance ‘testing’.
- Procurements below £5k Primary/Special and £10k Secondary, internal and external audits will pick-up non-compliance.

Savings

- Tender evaluations evidence potential savings to be achieved over length of contract.
- Procurement Manager to collate – Trust and School procurements over £5k and produce annual report to Senior Leadership Team / Trust Board

Service – ALT negotiated contracts

- Better contract management
- Define contract management standards including
 - Define service standards
 - How monitored over the life of the contract – School / Trust
 - Actions in the event of contract delivery falling below agreed standards

Appendix A

Average spend per pupil data – based on 2016/17 Budgets

Schools will be provided with individual school data showing how their spend per pupil compares to the Trust average – by sector.

Nominal	Primary	Secondary	Special
2000 - Teachers - Salaries/Allowances			
2020 - Supply Teachers - Salaries/Allowances			
2200 - Teaching Assistants - Salaries			
2230 - After School Staff - Salaries			
2280 - Technicians - Salaries			
2300 - Premises Staff - Salaries			
2400 - Cleaning Staff - Salaries			
2500 - Exam Invigilators - Salaries			
2600 - Music Staff - Salaries			
2630 - Finance & Admin - Salaries			
2650 - Librarian - Salaries			
2670 - Sports Centre Staff - Salaries			
2700 - Catering - Salaries			
2720 - Cover Assistants - Salaries			
2800 - Agency Supply Cover - Teaching			
2820 - Midday Supervisor - Salaries			
2900 - Nursery Staff - Salaries			
3000 - Building Projects/Maintenance			
3005 - Repairs & Maintenance			
3010 - Grounds Maintenance			
3105 - Cleaning Contract			
3110 - Cleaning Materials			
3120 - Hygiene Services			
3125 - Refuse & Hygiene Disposal			
3200 - Water/Sewerage Charges			
3205 - Gas/Elec/Oil			
3300 - Fire Alarm & Extinguishers			
3305 - Security/CCTV/Alarm			
3320 - PAT Testing			
3330 - Health and Safety			
3331 - First Aid - Equipment and Materials			
4000 - Student Rewards			
4003 - Pupil Support			
4005 - Books			
4010 - Furniture/Equipment (Not IT)			
4015 - IT Consumables - Educational			
4020 - Curriculum Stationery			
4025 - Curriculum Photocopying			
4030 - Nursery/Pre-school Expenditure			
4035 - Educational Visits			
4036 - Educational Visits Subsidy			

4041 - Curriculum Expenses
4045 - Curriculum Consumables
4050 - Curriculum Transport
4125 - Minibus Costs - non curriculum
4135 - Professional Services -Educational (ext)
4140 - Subscriptions - Educational
4150 - Examination Fees
4155 - IT Equipment - Educational (non capital)
4175 - After School Activities
4180 - Swimming costs
4200 - Family Support
5000 - Catering Food/Drink
5005 - Catering Maintenance & Repairs
5015 - Catering Duty Meals
5017 - Catering Contract
5020 - Breakfast Club
5100 - Telephone Costs
5101 - Broadband
5105 - Mobile Phones
5110 - Advertising
5115 - Postage
5120 - Photocopying / Printing (copy charges)
5121 - Photocopying Rental
5125 - Subscriptions - Admin
5130 - Stationery - Admin
5135 - IT Support Services
5136 - BSF IT Maintenance
5140 - Professional Services - Non Educational
5141 - HR & Payroll Services
5145 - General Office Costs
5147 - Cash Collection - G4S Service Costs
5160 - Music Services Costs
5165 - Facilities Hire
5200 - Furniture/Equipment - Admin
5300 - IT Equipment - Non-Educational
5305 - IT Consumables - Non-Educational
5310 - IT Licensing (SIMS, PSF etc)
6000 - Staff CPD costs (training, development)
6010 - Recruitment Fees
6013 - Staff Welfare
6015 - Staff Travel
6020 - CRB Checks
6025 - Hospitality
6030 - Child Care Voucher Admin
6050 - Staff Absence Insurance