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**Southwark Diocesan
Board of Education
Multi-Academy Trust**
Developing Church of England Education

FINANCE POLICY HANDBOOK

PROCUREMENT POLICY

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1. BACKGROUND

This document sets out the core guidelines by which SDBE MAT (the Trust) spends money, and explains the Trust's approach to the purchase of goods, works and services for its schools (the Academies or Academy).

The Trust is obliged to comply with the Academies Financial Handbook, Funding Agreements with the Department for Education (DfE), any DfE guidance including the Academies Procurement Resources and the Public Contracts Regulations 2015 (the Regulations). Under our Funding Agreements and as a registered charity, the Trust's board of trustees have specific obligations to ensure value for money.

It is important to note that the Trust is the sole legal entity which can enter into contracts for itself and any Academies. The Academies themselves are not separate legal entities and any contracts awarded by individual Academies will be binding on the Trust. All spend is recorded by the Trust to comply with DfE audit requirements as set out in this document.

It is essential that the correct level of authority is sought and obtained before entering in to any contract as set out in this document. These guidelines apply to everybody in the Trust and Academies who is responsible for purchasing, whether as an employee or contractor.

Non-compliance with this document may lead to disciplinary procedures.

2. BASIC PRINCIPLES

This document applies to any contract for services, supplies or works which results in a payment being made by the Trust or an Academy.

The basic principle is that procurement should deliver value for money to the Trust.

The procurement process must be considered before any purchase is made. There are specific rules in the Academies Financial Handbook in relation to some types of leasing arrangements and novel/contentious transactions which require Secretary of State consent. Leases are outside of the scope of this document and you should seek guidance from the Head of Finance.

All bidders in a competition ("Bidders") should be treated in a way which ensures

equality of treatment, non-discrimination and transparency, for example:

all Bidders must be given the same information at the same time, and no Bidder should be treated more favourably than another; and

there must be clear and transparent timescales, requirements, specifications and deadlines to comply with any competition.

3. BUDGET EXPENDITURE AND TENDER APPROVAL

3.1. Who can buy?

Although budgets are delegated to individual Academies, not all employees of the Trust can buy for the Trust. The details of the individuals (and the maximum value of the contract(s)) they are authorised to enter in to for the Trust are set out at in the trust wide scheme of delegation. This list is updated from time to time by the Head of Finance.

For contracts with a duration of more than one year, and for all High Value and Upper Threshold Contracts (as set out below), prior approval must be sought from the Head of Finance and, where required, from the Board of the Trust.

Any reference to the Head of Finance includes any persons with delegated powers from the Head of Finance as set out in Appendix 1 of the Scheme of Delegation.

4. EXEMPTIONS TO THIS DOCUMENT

This document must be followed in all but exceptional circumstances.

Some types of arrangements fall outside of the procurement rules, such as employment contracts. This may also include some types of Special Education Needs provision, but academies should check with the Head of Finance in each case.

A single source justification letter should be submitted to the Trust if it is felt an exemption is required. This needs to be approved in line with the scheme of delegation.

Any exemptions should only be relied upon with express written consent from the Head of Finance and the Board of Directors or the Board of Trustees. You should



check with the Head of Finance if you are unsure about any procurement and before you place any orders/sign any contracts.

5. ACTIONS BEFORE PURCHASE

Whenever practical for spends above £10,000 check with the other academies and the SDBE MAT Central Team whether any other Academies or departments in the Trust need to make the same purchase. If so, your spend must be included within the same contract.

Consider how the purchase is going to be sourced. For example, can the Trust use an existing framework agreement (see section 6 below), or can another Academy provide the requirement?

As set out below, wherever possible and if suitable, existing framework agreements (particularly for Upper Threshold Contracts) should be used, in preference to a new procurement exercise.

As a minimum requirement, you must set out clearly what you want to buy. This means knowing in advance what you want the goods, works or services to do, together with the quantity, maximum cost and delivery / completion requirements.

6. USING EXISTING FRAMEWORK ARRANGEMENT

Wherever possible and in accordance with the Academies Financial Handbook and DfE policy, the Trust should avoid running its own procurement processes, and instead use an existing framework arrangement.

From time to time the Trust may also set up its own framework agreements which can be used by all Academies. Such frameworks will be notified to Academies from time to time.

6.1. WHERE CAN I FIND A FRAMEWORK?

Examples of existing frameworks include those set up by Eastern Shires Purchasing Organisation and Yorkshire Purchasing Organisation and cover a wide range of areas.

Check with the following organisations to see if there is an existing contract / framework agreement for the goods or service you want to buy:

- [Crown Commercial Service \(CCS\)](#)
- [The Crescent Purchasing Consortium \(CPC\)](#)
- [ESPO/YPO](#)

6.2. You may need to register with some of these organisations, but this is a simple process.

More information can be found on the DfE website:

<http://www.education.gov.uk/government/publications/deals-for-schools/deals-for-schools>

In each case, it is important that the Trust is entitled to call off from the arrangement. You should check in each case:

- the specification and the contract terms are suitable for your particular needs. The terms and conditions from frameworks are generally set in advance and cannot be changed beyond the mechanism set out in the framework; and
- you must follow the framework's guidance, particularly about how orders should be placed. This will either generally permit (1) direct awards of contracts to a supplier and/or (b) mini competitions between all suppliers with capacity to deliver the requirement on the framework.

7. USING EXISTING FRAMEWORK ARRANGEMENT

You may be considering extending an existing contract or using an existing Trust contract for your spend. You must contact the SDBE MAT Central Team to agree to any such extension or variation.

8. MAKING THE PURCHASE

Different rules apply depending on the value of the purchase you want to make. The Trust's current spend thresholds are set out below.

If your contract is of a value which exceeds the Upper Threshold, the Regulations will apply and you must follow the procedure set out in section 16 of this document.



Value of Spend	Which Rules Apply?	Tender Process Required
£0.00 - £1,000	Low Value (See section 12)	Best Value for Money
£1,001 to £5,000 (Goods & Services)	Low Value (See section 13)	Three quotes local
£1,001 to £10,000 (Works only)	Low Value (See section 13)	Three quotes local
Up to £50,000 (G/S/W)	Medium Value (See section 14)	Three written quotes
Over £50,000 (G/S/W)	High Value (See section 15)	Three written quotes & Business Case Approval from CEO/COO/CFO
Over £160,000 (G/S/W)	High Value (See section 15)	Approval from Board of Trustees
Over EU threshold (See Appendix 2)	Upper Threshold (See section 16)	OJEU tender process & Approval from Board of Trustees

9. VALUING YOUR CONTRACT

It is important that contracts are properly assessed for value. In particular, you must not deliberately divide one contract into smaller contracts with the effect of avoiding the procurement rules.

The contract value is based on the total value of the spend which is the subject of the procurement. All Academies' needs should be combined into one procurement if they are the same or similar.

If you do not know what your exact spend is going to be over the life of the contract, you must take an average annual spend and multiply by the estimated duration of the contract.

If a service contract is for four years or more, the value is estimated by multiplying the amount it is expected will be paid each month by 48.

The estimated duration of the contract must include any extensions or options to renew.

You must check with SDBE MAT Central Team if you are unsure about how to calculate contract value.

10. PROCUREMENT/CHARGE CARDS

Please see the Trust's Procurement/Charge Card Policy for more detail. Trust charge cards should only be used for low value, one off spends.

11. SUSTAINABILITY

The Trust is committed to ensuring sustainability in its contracts and will comply with the Academies Buying Resource to include relevant sustainability criteria in its contracts. You must check with the Head of Finance if you are unsure.

12. LOW VALUE TRANSACTIONS (£0.00-£1,000)

For all transactions of a similar type with a total value of less than £1,000 exclusive of VAT, competitive quotes are not needed. Academies should follow their own purchasing rules and comply with their own budget delegations and segregation of duties requirements.

Spend below £1,000 should use the best value for money approach. In particular, evidence to demonstrate value for money in the form of receipts must be obtained from the suppliers. Where a purchase order is required, approval should be sought before making the purchase.

Academies should follow SDBE MAT Procurement rules and comply with their own budget scheme of delegations and segregation of duties requirements.

13. LOW VALUE TRANSACTIONS (1,001-£5,000) FOR GOODS/SERVICES OR UP TO £10,000

For transactions between £1,001 and £5,000 for Goods and Services, or up to £10,000 for Works, at a local level you should compare prices and options from at least three suppliers by obtaining written quotes/emails.



14. MEDIUM VALUE TRANSACTIONS (GOODS/SERVICES FROM £5,001 OR WORKS FROM £10,001 UP TO £50,000)

For Medium Value Transactions, you must produce two short business cases (see appendix 2).

The first business case must be produced at the pre- tender stage, and the second must be concluded after the procurement has finished.

Each business case will be considered by the Business Manager/Headteacher and must include as a minimum:

- Specification of Requirements/Scope of Works;
- Benefits to the organisation and best value for money;
- Reason for the choice of preferred supplier; and
- The outcome of the evaluation process.

An advertisement must be placed to seek expressions of interest from interested Bidders. The decision about where to advertise must be taken on a case-by-case basis and should be proportionate and reasonable to the value of the contract. Lower value contracts may not require advertising. You should check with the SDBE MAT Central Team in each case.

Such advertising could include, for example, the Trust's or Academy's website or any E-tendering platform being utilised by the trust. Relevant trade journals and newspapers should also be considered.

Bidders must be allowed suitable time to respond to the advertisement. This should be clearly set out together with any submission requirements.

Bidders requesting more information must be sent a tender pack. This must contain the information about the requirement and needs, together with the information required from bidders. This will need to be bespoke in each case but could include, for example:

- details of pricing;
- details of method statements;
- details of product characteristics;
- the evaluation criteria which will be used to evaluate the tenders received, including disclosure of the criteria, sub criteria and weightings that will be applied to select the best Bidder(s). This is a complex area and you must check with SDBE

- MAT Central Team if you are unsure; and
- a draft set of terms and conditions.

Bidders must be allowed suitable time to respond to the advertisement. This should be clearly set out together with any submission requirements.

15. HIGH VALUE TRANSACTIONS (GOODS/SERVICES BETWEEN £50,001 & THE CURRENT OJEU THRESHOLD AND WORKS UP TO THE CURRENT OJEU THRESHOLD)

All High Value Transaction Tenders will be managed with assistance from SDBE MAT Central Team and the following process is for reference only.

Prior to undertaking any High Value transaction, you must produce a business case for the spend.

The business case will be considered by the Chief Operating Officer or delegated person and must include as minimum:

- Best value for money;
- Benefits to the Organisation (Financial/Non-Financial);
- Specification of the requirement;
- Market Testing; and
- Procurement Strategy - please seek advice or consult with SDBE MAT Central Team.

An advertisement must be placed to seek expressions of interest from interested Bidders. The decision about where to advertise must be taken on a case-by-case basis and should be proportionate and reasonable. Such advertising could include, for example, the Trust's or Academy's website or any E-tendering platform being utilised by the trust. Relevant trade journals and newspapers should also be considered.

Bidders must be allowed suitable time to respond to the advertisement. This must be clearly set out together with any submission requirements.

Bidders requesting more information must be sent a tender pack. This should contain the information about the requirement and needs, together with the information required from bidders. This will need to be bespoke in each case but could include, for example:

- details of pricing;
- details of method statements;
- details of product characteristics;



- the evaluation criteria which will be used to evaluate the tenders received, including disclosure of the criteria, sub criteria and weightings that will be applied to select the best Bidder(s). This is a complex area and you must check with SDBE MAT Central Team if you are unsure; and
- a draft set of terms and conditions.

16. UPPER THRESHOLD – ABOVE CURRENT OJEU THRESHOLDS

Upper Threshold procurements should not be undertaken by individual Academies and must be referred to Head Office.

Prior to undertaking any Upper Threshold transaction, you must produce a business case for the spend. The Head of Finance will review the business case and will notify the Academy on the decision to procure and the most appropriate way to make the purchase.

This document does not set out the detailed process in the Regulations which must be followed whenever the total value of the contract exceeds the Upper Threshold.

17. RULES ON OPENING TENDERS

Every quotation for a Low Value over £1,000, Medium Value, High Value or Upper Threshold procurement may be:

- provided in hard copy, on USB Drive or via email; and
- in the case of hard copies and USB Drives, must bear no external markings to identify the tenderer.

The Trust or Academy must keep tenders secure until the time specified for all tenders to be opened. If an E-tendering platform is utilised by the trust then this should be used, as this can ensure compliance.

18. AUDIT TRAIL

This section applies to all contracts, regardless of value or duration. The Trust's accounting officer must complete a DfE value for money statement each year.

A clear audit trail must be kept for all purchases. The level of detail required will increase with the value of the procurement. The written record must include:

- who was responsible for making the decision to procure, and details of their

decision-making process;

- full minutes of any meetings at which the procurement was discussed;
- who was responsible for evaluation of tenders, and details of the evaluation, if applicable;
- who was responsible for receiving and checking the goods or services and for authorising and making payment. Note that in all cases the person responsible for the decision to procure must not be the same person who authorises payment;
- details of the purchase itself, for example, what was purchased, from whom and for what price; and
- be available to SDBE MAT Central Team at all times for audit purposes.

In each case, the written record must include copies of all original documentation used during the procurement such as tender packs, quotes, contracts and invoices.

19. DEALING WITH CONFLICTS OF INTEREST

This section applies to all contracts, regardless of value or duration.

The Academies Financial Handbook puts strict obligations on the Trust to ensure that conflicts of interest in procurement are managed. Please also refer to the Conflicts of Interest Policy for further information.

Any interest which may affect the outcome of a procurement process must be declared. This includes all authorised staff members as set out in Appendix 1 of the Scheme of Delegation.

All trustees must complete the register of business interests and keep this updated at least once per year. You must speak to the Head of Finance if you are unsure.

There are rules in the Academies Financial Handbook in relation to payments to individuals/organisations which are "connected" to a member or trustee. In any such case the Head of Finance must be informed before such payments are made.

A record of all such declared conflicts of interest must be sent to the Head of Finance who will determine what if any action can be taken to seek to remedy any such conflict of interest.

No gifts or hospitality should be accepted by any service provider as an inducement to award a contract to that supplier. This may be an offence under the provisions of the Bribery Act 2010. This includes free IT equipment. You must inform the Head of Finance immediately on becoming aware of any such gifts or hospitality.



APPENDIX 1 - EU THRESHOLDS, PROCEDURES AND TIMESCALES AND SERVICES

20. FURTHER INFORMATION

You must always check with the Head of Finance if you are unsure about how this document may apply to you. This document will be reviewed annually by the Trust. Any changes will be communicated to all SDBE MAT and Academy staff.

21. NOTIFICATION AND REPORTING

The Head of Finance must be notified of all high value transaction procurements planned. The Audit & Risk Committee will receive an annual report on high value transaction procurements and contract awards across the trust for full oversight.

Tender thresholds in force from 1st January 2018:

Supplies	Services	Works
£181,302	£181,302	£4,551,413

Thresholds are net of VAT and are updated every two years.

Tender procedures and periods under the Regulations:

Procedures	Minimum response required	Tendering period	Total Tendering period
Open	NA	35 days	35 days
Restricted	37 days	40 days	77 days
Competitive dialogue	37 days	Not specified	37 days +
Negotiated	37 days	Not specified	37 days +

Examples of common Part B Services

Catering services, Legal services, Personnel placement and supply services, Investigation and security services, Education and vocational education services, Health and social services, Recreational, cultural and sporting services.

There are cases where these time periods can be reduced. Please seek advice from the Head of Finance in the first instance.

