



Bridgnorth Area Schools' Trust  
**Procurement and Tendering Policy**

**FREQUENCY OF REVIEW: Annually**

**COMMITTEE: Resources**

**APPROVED: 1 March 2017**

**DATE OF NEXT REVIEW: March 2018**

## **Aim**

1. The Board of Trustees acknowledges that the Bridgnorth Area Schools' Trust is in receipt of public funds and must carry out its Procurement and Tendering processes in a manner which is fair, transparent and ensures value for money.
2. The Board of Trustees recognises that when acquiring goods, works and services for the Trust and its Schools, transparency is particularly important. Trustees, staff and Governors are required to declare business interests and conflicts of interest during Committee meetings and the Board of Trustees maintains a Register of Business Interests for Trustees, staff and Governors.
3. Staff, Trustees and Governors are made aware of the Education Funding Agency (EFA) requirements concerning connected party transactions.

## **Overview**

The successful control of the ordering and purchasing is a complex task and by effective implementation of this policy we aim to:

- contribute towards the 'internal controls' by which BAST and its Schools ensures that its finances are properly managed;
- demonstrate that we actively strive towards obtaining and providing 'best value';
- describe how we place orders and pay for goods and services.

The policies for ordering and purchasing are also governed by the principles of internal financial control described in the Academies Financial Handbook produced by the EFA. There are various other guidance documents produced by the EFA regarding Better Purchasing and Efficiency in Schools which can also be consulted for advice (see EFA website for latest publications).

## **Obtaining and Providing 'Best Value'**

BAST and its schools must achieve Value for Money (VFM) on all purchases. This means obtaining goods and services at the correct quality, quantity and time at the best price possible. We aim to achieve best value by:

- Comparing ourselves with other Trusts and Academies and thoroughly monitoring expenditure and providing regular reports to the Governors Resources Committee.
- Challenging and asking whether the Trust's performance is high enough and why and how a service is being provided. We aim to be clear about our priorities in relation to the use of reserves, with curriculum led thinking and justification for actions.
- Consulting with Heads of Departments through the SIP process – where possible, looking for competition in securing the most economic and efficient resources, contracts and services for our pupils and parents through quotations and tenders.

Whilst 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 and its schools

**accountability** – the Trust and its schools are publicly accountable for its expenditure and the conduct of its affairs

**fairness** – that all those who the Trust and its schools deal with are dealt with on a fair and equitable basis

### **Obtaining the Best Price**

Price should never be the sole factor in deciding which goods or services to order e.g. lower maintenance costs and a longer life span for a product can mean that money is saved in the medium to long term. To establish whether a price is competitive, we use one or more of a variety of strategies before committing any expenditure;

- check trade journals, catalogues and magazines, the internet;
- seek several quotations or formal tenders;
- collate orders from several departments in order to procure discounts;
- ensure that offers of discounts are taken up if appropriate.

### **Obtaining Quotations**

A quotation is obtained when a supplier replies to a request for a price to supply specific goods or services. Telephone quotes are acceptable if these are evidenced and faxed/email confirmation of quotes has been received before a purchasing decision is made. Budget holders are responsible for the retention of all required documentation.

The Trust has established the following procedures for obtaining quotations:

**For orders up to £1,000**, no formal quotations are required but the person placing the order should be sure they have, as far as possible, obtained value for money. Budget holders can authorise purchases themselves up to this amount.

**For orders between £1,001 and £3,000, three quotes which should be noted on the purchase order requisition.** The person placing the order should compare prices with three suppliers (i.e. by a verbal quotation or comparison of catalogues). Evidence of this comparison should be kept and ideally recorded and attached to the purchase order requisition. The order will be authorised by the Budget holder.

**For orders over £3,000 and up to £25,000, there should be three quotations, which must be in writing and which must be retained and recorded on the form in Appendix 1.** These orders will be authorised by the Budget holder, Headteacher and the Director of Finance and Business. There may be cases where it is not possible or required to get three quotations and reasons for these exceptions need to be recorded on the form. For example,

orders within an overall agreed contract (e.g. SMBC SLAs, energy, catering costs) for which the contracts will be reviewed every three years to assess continued Value for Money (VFM). There are other orders with suppliers who have been through a benchmarking exercise for whom individual orders do not need to have three quotes (e.g. premises maintenance suppliers). Again, these benchmarking exercises will be run every three years to ensure continued VFM. Other orders are also exempt as there is often only one sole supplier or there is specialist provision e.g. supply costs and exam fees.

**For orders over £25,000 and up to £50,000**, the tender process should be followed and authorisation of the Governors' Resources Committee is required. If for any reason it is not possible to follow the above procedures, then this must be recorded and minuted in a Governors' Resources Committee meeting, with associated reasons.

**For orders over £50,001** the tender process should be followed with approval required from the Trust Board.

**For orders over £10,000**, if the lowest quotation is not accepted then this must be recorded and minuted in a Governors' Resources Committee meeting, with associated reasons. Governors may seek professional advice if appropriate to ensure that the correct form of contract is entered into.

**Above EU thresholds**, formal tendering procedures in accordance with EU Procurement Directives.

The values are for single items or groups of items, which must not be disaggregated artificially. The sterling equivalents of EU thresholds (net of VAT) are £164,176 from 1/1/16 – 31/12/2017 for supplies and Part A services and £4,104,394 from 1/1/16 for works. The sterling equivalents are changed on 1 January of each even-dated year.

Procurement should be through either an existing contract or framework agreement or via the Official Journal of the European Union (OJEU). The process can be managed either directly by the Trust or using a consultant or agency. For tenders expected to exceed EU thresholds, advertisements must also be placed in OJEU and must follow EU procurement requirements with particular regard to be given to the timescale for such tenders.

### **Purchase Ordering Procedure**

It has been necessary to draw up an ordering policy to ensure that each School within the Trust follows the same procedure.

It is the responsibility of the budget holder to manage the budget and to ensure that funds available are not overspent.

All purchases, where possible, must be made via a requisition which, if approved, will result in a purchase order.

Internal purchase order requisition must be completed by the originator and should have attached supplier quotations and comparison quotes with reason for choice of supplier.

1. Completed requisition to be sent to budget holder / line manager for approval.
2. Once approved by the line manager, final authorisation if required should be obtained from the Headteacher/ or Director of Finance and Business.
3. Once authorised, the order will be passed to the Finance Office Team who checks this with the approval limits and if required the Headteacher or Director of Finance and Business.
4. Once authorised, the Finance Office Team will convert the requisition to an official order with an order number produced by Civica and dispatch the order by email, fax or post to the supplier.

At this point, the amount of the order will automatically be entered onto the finance system as a commitment against the relevant budget.

**Individuals must not use official orders to purchase goods and services for private use.**

**Telephone ordering, faxing or emailing of orders** should be the exception and must only be done after your order has been raised on Civica, authorised by the budget holder and processed by the Finance Office Team. Please remember to mark your order "Confirmation Only" to avoid duplication.

The procedures laid down in the VAT scheme for academies must be followed and any queries on VAT to HMRC by the Finance Office.

### **Receipt of Goods**

On receipt of the order, the recipient will undertake a detailed check of the goods received against their order and any discrepancies or damage should be noted and advised to the Finance Office within two days of receipt of the goods.

### **Returning goods**

#### **Faulty goods**

Any faults/discrepancies should be reported to the Finance Office immediately who will note this on the Civica system. The budget holder (or representative) should then report it to the supplier and obtain instructions/official returns number/reference and arrange for any goods that need to be returned to be collected.

Goods must never be returned to a supplier without a supplier's returns number/reference otherwise the School is still responsible for the goods and therefore payment.

### **Inspection copies**

Accompanying paperwork will usually give the publisher's guidance on the procedure for returning the inspection material. The Finance Office must be notified if publications are returned, just in case an invoice is received for payment.

Any goods that are rejected due to sub-standard quality or not as ordered should be returned to the Finance Office so that collection can be arranged.

## **Invoices**

Invoices are stamped with the date when they are received in the Finance Office and are checked that the invoice is arithmetically correct and that VAT has been treated correctly.

Invoices are processed on Civica by the Finance Office Team and scanned. The invoice is then sent to the requisitioner/budget holder who should promptly check the detail and authorise for payment by signing the appropriate section headed "Authorised Signature" on the invoice. The invoice should then be returned to the Finance Office Team as a matter of priority to avoid late payment which could result in late payment charges.

## **Payments**

A list of proposed payments, by due date, will be produced by the Finance Office Team and paid within the current operating procedures and in line with bank mandate. The Trust, or any of its schools, will not make any payment on a copied invoice (without being certain that an original is not available) or on a supplier's statement. The finance system will not allow the same unique supplier invoice number to be entered more than once should other copies of invoices be received.

## **Tender Procedure**

A tender is required when a supplier is requested for a written price and/or terms to supply specific goods or services in response to the provision of a written, detailed description or specification of the goods or services required. Where the estimated value of a purchase exceeds £50,000, the Board of Trustees has decided that the formal tender procedure should be followed in line with the recommendations of the Academies Financial Handbook. See the separate Rules for Contracts for the procedure.

### ***Purchases of Value greater than £50,000 but below EU threshold***

1. All purchases with a value greater than £50,000 must be put out to formal tender. The following procedures must be followed in such circumstances:
2. A specification will be prepared by the Director of Finance and Business, authorised by the Chair of the relevant committee and Headteacher and sent to at least three suppliers (four suppliers if value of contract is above EU threshold). It is anticipated that for any major building works of a value greater than £5,000 the services of an architect would be engaged to deal with the handling of specifications and suitability to tender.
3. Where appropriate, the suppliers invited to tender should be drawn from an approved list or from those agreed with the architect. Otherwise, invitations to submit tenders will be advertised in local newspapers and trade journals if appropriate. The invitations to tender will include:

- (a) an introduction/background to the project;
  - (b) the scope and objectives of the project;
  - (c) any technical requirements;
  - (d) implementation details for the project;
  - (e) the terms and conditions of the tender; and
  - (f) the form and date of response to Director of Finance and Business, or in the case of building works, to the architect or quantity surveyor.
4. All replies, should be addressed to the Director of Finance and Business at the Trust's registered office in a plain sealed envelope marked 'Tender' to reach him/her by a specified date. All replies must be kept sealed and secure until opening. A separate record should be kept of the date and time of receipt.
  5. All tenders will be opened at the same time and details of the contractor, tender value and any other details recorded at the time of opening and should be opened by two people. Tender documents should be initialled and dated at time of opening; and the people opening the tenders must sign the tender receipt log.
  6. No contractor will be allowed to amend the tender after the time fixed for receipt.
  7. The Director of Finance and Business will open a separate correspondence file for each tender which will contain copies of all correspondence or other relevant information.
  8. For purchases up to £35,000, provided the expenditure is included in the budget, the decision as to which quotation to accept will be taken by the Headteacher, in consultation with the Director of Finance and Business and the Chair of the Resources Committee.
  9. For purchases exceeding £50,000, provided the expenditure has been budgeted for, a decision will be recommended by the Resources Committee. The decision will need to be ratified by the Board of Trustees.
  10. Where expenditure is not included in the budget or anticipated expenditure exceeds the budget allocation, the decision as to which tender to accept will be taken by the Resources Committee, in line with their terms of reference and then ratified by the Board of Trustees; and
  11. The reasons for accepting a particular tender must be documented, especially if it is decided to accept other than the lowest tender. All decisions must be reported to the Board of Trustees.

## **Acceptance of Tenders**

Evaluation of tenders should be undertaken by at least two members of staff.

The following points will be considered when deciding which tender to accept:

- a) The overall price and the individual items or services which make up that price.
- b) Whether there are any 'hidden' costs, that is additional costs which the Trust or one of its Schools will have to incur to obtain a satisfactory product.
- c) Whether there is scope for negotiation, while being fair to all tenderers.
- d) The qualifications and experience of the supplier, including membership of professional associations.
- e) Compliance with the technical requirements laid down by the Trust.
- f) Whether it is possible to obtain certificates of quantity.
- g) The supplier's own quality control procedure; pre sales demonstrations, after sales service and, for building works, a minimum six month defects period and insurance guarantees.
- h) The financial status of the supplier.
- i) References from other establishments.
- j) Understanding and compliance with Health & Safety at Work legislation, Construction, Design and Maintenance Regulations and Child Protection legislation related to working on a school site and any other relevant Trust policies.

In the case of building works, where the tendering process is being carried out by the architect or quantity surveyor, they will be responsible for checking the documents of the lowest tender before making a recommendation to the Trust.

Once a tender is accepted an order should be issued immediately to the supplier in the normal way.

The successful contractor should be informed that the Trust and all of its schools are **NO SMOKING** sites.

## **Retention of Tender Documents**

Tender documents must be retained, for six years following the contract termination date.

## **Third Party Procurement**

Where a third party undertakes a procurement process on behalf of the Trust or one of its schools (e.g. architect or SLA service provider) the third party must show due diligence has been undertaken to ensure compliance with the relevant Trust and the relevant school policies.

## **Conclusion**

If this policy is fully implemented then the Trust believes it can be satisfied that:

- attempts have been made to obtain 'the best price' and 'value for money';
- prices are reasonable for the specific contracts, goods or services;
- prices accurately relate to any quotations or tenders;
- prices have been correctly calculated;
- prices have been correctly interpreted with respect to VAT (inclusive or exclusive) and postage and packaging;
- the goods or services ordered are appropriate and needed;
- there is adequate budgetary provision for the particular order;
- suppliers are paid on time;
- the Trust and its schools do not incur further costs due to returned goods lost in transit or late payment.

This Policy should be reviewed annually by the Governors' Resources Committee.

The Procurement and Tendering Policy has been adopted by the Trustees of  
Bridgnorth Area Schools' Trust

Signed \_\_\_\_\_  
Chair of Trust Board

Dated \_\_\_\_\_

Signed \_\_\_\_\_  
Headteacher

Dated \_\_\_\_\_



### Record of Three Quotes Form

**PURCHASES OF GOODS OR SERVICES OVER £1,000 THREE QUOTES ARE REQUIRED QUOTE COMPANY VALUE (EXC VAT)**

QUOTE	COMPANY	VALUE (EXC VAT)
1		
2		
3		

**Attach copies of the Quotes.**

Quote selected and reasons

Exceptions:

If three quotes not received state reason why (e.g. sole supplier):