



## **TENDERING & PROCUREMENT POLICY**

**MARCH 2018**

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## Statement of Intent

The Aspire Schools Trust (AST) aims to achieve value for money on all its tendering and procurement. With that in mind, this policy has been created to establish procedures to ensure all members of staff across the trust, who are involved in tenders and procurement, are aware of the standards that they are expected to follow.

Preferred suppliers will be used, wherever possible, if the AST has had previous positive interactions with these suppliers. During the tendering and procurement processes, the following four key objectives will always be kept in mind:

- **Achieving value for money:** Including the cost of goods and services, the quality of goods or services and administrative costs
- **Ensuring fairness:** Ensuring that all parties are treated in a fair and equitable manner
- **Establishing accountability:** The AST Board is ultimately responsible for its expenditure and the conduct of its staff
- **Allowing probity:** There is no private gain from the AST's financial affairs

Signed by:

CEO

Date:

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Chair of trustees

Date:

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## 1. Legal framework

- 1.1. This policy has due regard to legislation and national guidance including, but not limited to, the following:
  - The Academies Financial Handbook 2017
  - The Academies Act 2010
  - The Public Contracts Regulations 2017
  - The Governance Handbook 2017
- 1.2. This policy will be implemented in conjunction with the AST's:
  - Data Protection (GDPR) Policy
  - Financial Regulations Policy
  - Reserves and Investments Policy

## 2. Small purchases

- 2.1. The Academy Headteacher and SBM/Local finance lead are informed of the overall budget **six weeks** before the start of the academic year.
- 2.2. Wherever possible, quotes and/or prices should be obtained prior to purchases and purchase order references obtained from the Academy's SBM/Local Finance Lead.
- 2.3. Small purchases, below £2,500 require approval from the Budget Holder, in line with the Budget Holder's delegated level of authority from the Academy's Headteacher/SBM/Local Finance lead.
- 2.4. For purchases of £2,501-£20,000, approval must be obtained from the Academy Headteacher.
- 2.5. Where a relevant approved list exists, approved suppliers are used unless written permission is received from the Audit Committee/CFO or board of trustees outlining the reasons for using an alternative supplier.
- 2.6. The SBM/Local finance lead is responsible for overseeing the arrangements for the delivery of goods and checking items upon delivery.
- 2.7. All receipts and invoices are kept in a secure place for a period of 6 years after the initial purchase.
- 2.8. When goods are rejected or returned, details are recorded, such as the reasons for the rejection, along with a description of the goods and their value.
- 2.9. A record of goods rejected and delivered is kept in a secure place.

## 3. Large purchases

- 3.1. Purchases of £20,001 to £50,000 must be accompanied by a minimum of 3 written quotes/estimates and require Local Governing Body + CEO or CFO approval.
- 3.2. Purchases of £50,001 to £100,000 must be accompanied by a minimum of 3 written quotes/estimates and require AST Board approval.
- 3.3. Any purchase or service estimated to cost over **£100,001** is put to formal tender (including advertising in OJEU if required).
- 3.4. In the case of major building works or construction, the services of an architect and/or professional surveyor are sought before the tendering process is undertaken.

#### 4. Procurement limits

- 4.1. The following limits are placed on the number of quotes which are to be obtained before purchasing or confirming a service:

Number of quotes/tenders	Order value (£)
One quote or negotiation	Less than £2,500
Three quotes (Informal)	£2,501 – £20,000
Competitive Quotes (formal evidence required)	£20,001 - £50,000
Tendering Procedure	Over £15,000
EU regulations apply	Over £164,176

*For tenders expected to exceed EU thresholds, advertisements must also be placed in OJEU (the Official Journal of the European Union) and must follow EU procurement requirements with particular regard to be given to the timescale for such tenders.*

#### Invoices

- 4.2. All invoices are recorded and stored for future reference, with checks on the following information:
- The mathematical validity
  - The purchase ledger
  - The goods or services ordered and delivered
  - Any difference between the agreed and delivered price
  - The authorisation for payment
  - The amount paid in VAT
  - The total payment made

#### 5. Open tender

- 5.1. All interested suppliers are invited to tender. This method involves the Headteacher and the **SBM/Local finance lead** discussing and agreeing with the CFO how best to advertise.
- 5.2. The Headteacher/CFO makes a recommendation and the **AST Board** has the final say in selecting the successful tender.
- 5.3. Advertisements in trade publications will be used to attract bids for tender.
- 5.4. Open tender is the process preferred by AST, since it is the most open and competitive method for attracting tenders.
- 5.5. Open tender is used for all goods or services under **£100,000**

#### 6. Restricted Tender

- 6.1. Only specified suppliers chosen by the school with the approval of the CFO or CEO are invited to bid.
- 6.2. Restricted tender is used in any of the following circumstances:
- There is a need to maintain a balance between the contract value and administrative costs
  - A large number of suppliers are likely to register an interest
  - The service required is specialised

- The cost of public advertisement outweighs the potential benefits of open tender

## 7. Negotiated tender

7.1. The terms of the contract are negotiated with one or more chosen suppliers.

7.2. Negotiated tender is only used in any of the following circumstances:

- Other types of tender have been used and have not found any suitable suppliers
- Very few suppliers are available
- There is an urgent need for a service
- Additional deliveries by existing suppliers are justified

## 8. Preparation for tender

8.1. In preparing for a tender, the school must consult with the CEO or CFO and consider the following:

- The overall objective of the project
- Any technical skills required to complete the project
- Any after-sales services
- The form of the contract

## 9. Invitation to tender

9.1. An invitation letter is sent during negotiated or restricted tenders, for the purpose of describing the planned project. It includes the following information:

- An introduction
- The scope and objectives of the project
- Any technical requirements
- Details of the implementation of the project
- The terms and conditions of tender
- A form of response

## 10. Tender evaluation

The tender evaluation process will involve at least **three** people who will disclose any conflicts of interest. The CEO or CFO should be one of the three.

10.1. When evaluating a tender, the following financial implications are considered:

- Lower costs may not necessarily be the most favourable, for example, when it results in a reduced service or poor references have been received
- The price being considered should be the total cost, without extra fees or hidden costs
- Where there is scope for negotiation, the school needs to ensure and evidence to the CFO the best possible value for money

10.2. When evaluating a tender, the following technical requirements are considered:

- Certificates of conformity
- Conformity of standards
- The qualifications and experience of the supplier
- Descriptions of technical services and facilities
- Quality control procedures
- Details of previously delivered services
- References from previous customers

- 10.3. When considering a tender, the following other requirements are considered:
- Pre-sales demonstrations
  - After-sales service
  - The financial viability of the supplier

Full records will be kept of all criteria used for evaluation and for contracts over £100,000.

## 11. Tender acceptance

- 11.1. Invitations for tender always state the date and time the completed tender documents are to be received by the school.
- 11.2. Suppliers are required to submit documents in clearly marked brown envelopes, which state that they are tender documents.
- 11.3. All envelopes are clearly marked upon arrival and securely stored in the main office.
- 11.4. Tender documents received after deadlines are not considered, unless the supplier provides proof of exceptional circumstances.

## 12. Tender opening

- 12.1. All offers for tender are opened at the same time, with a minimum of three members of staff present, one of whom is the CEO or CFO.
- 12.2. A record is kept of all the suppliers who submitted tenders, along with the amount tendered.
- 12.3. A record is signed by all members of staff who are present at the opening of a new tender.

## 13. Process evaluation

- 13.1. The CFO and SBM/Local finance lead are responsible for ensuring that none of the members of staff involved in the tender process are subject to conflicts of interest.
- 13.2. Members of staff who are involved in decision making will never accept gifts or hospitality from suppliers.
- 13.3. A full record of the evaluation process will be maintained at each school by the SBM/Local Finance lead.

## 14. Contracts

- 14.1. Non-routine tenders or purchases, such as leases, are subject to a contract, which is signed before the work begins or goods are delivered.
- 14.2. All contracts include the following details:
- The scope of the work, including accurate specifications
  - The timeline and completion date of the work
  - Quality control measures
  - The agreed fees or charges
  - The payment date
  - Specifications of the goods or service
- 14.3. Copies of all contracts are securely stored in the central record, located in a secure area at each school.

## 15. Trading with connected parties

- 15.1. AST must not pay more than the costs of goods or services provided by connected parties, such as:
- Any member or trustee of the AST trust
  - Any individual or organisation connected to a board member or trustee
- 15.2. The Academies Financial Handbook 2017 defines a connected person as:

- A relative of any trustee or board member, including a spouse, civil partner, child, a close member of the family, a member of the same household or any other person who may be expected to influence, or be influenced by, the board member or trustee.
- An individual or organisation who is engaged in business with the member, trustee or relative of the member or trustee.
- Any company in which a member or relative of a member (separately or together), or a trustee or their relative, holds more than a 20 percent of the share capital or is entitled to exercise more than 20 percent of votes at any general meeting of that company.
- An organisation which is controlled by a member of the board or their relative, or a trustee or their relative. Controlled is defined as an organisation where the individual in question is able to run the organisation's affairs in accordance with their wishes.
- Any organisation or individual that has the right, in accordance with the articles of association, to appoint a member or trustee of the academy trust.
- An organisation or individual which is recognised by the Secretary of State as a sponsor of the academy trust; or any body related to that individual or organisation.

15.3. The controls on trading with connected parties only apply where cumulative annual payments exceed £2,500.

15.4. All agreements with connected parties must be reached through an open and fair process, which is:

- Supported by a statement of assurance from the supplier, confirming that their charges do not exceed the costs of goods or services.
- Handled through an open book agreement, which includes a requirement for the supplier to clearly demonstrate that charges do not exceed the cost of supply.

15.5. Suppliers will clearly demonstrate the full costs of supplying goods or services, which includes the following:

- All direct costs, including the costs of materials and labour used directly in supplying the goods or services.
- Indirect costs, comprising a proportionate and reasonable share of fixed and variable overheads.

15.6. Full costs must not include an element of profit.

## 16. Policy review

16.1. This policy is reviewed annually by the **Audit Committee** and the **CFO**.