



The Dominic Barberi Multi Academy Procurement Manual

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We believe in:

The search for excellence as an integral part of the spiritual quest.

The uniqueness of the individual made in God's image and loved by Him.

The education of the whole person based on the belief that the human and the divine are inseparable.

The education of all with particular duty to care for the poor and disadvantaged.

Moral principles put into practice within the Christian community.

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1. Introduction

The purpose of this manual is to ensure that the Dominic Barberi Multi Academy Company and each of its schools maintains effective procurement systems that ensure every contract let offers value for money. The manual is aimed at Directors, Local Academy Committees, Principals, finance staff, administration managers and budget holders.

The manual is based on procurement guidance for schools and academies from the Department of Education. (Buying for Schools Guidance. <https://www.gov.uk/guidance/buying-for-schools>) The manual provides relevant general advice on procurement for a multi-academy trust where most of the activity is Department for Education funded.

The DBMAC is a Multi-Academy Company and the guidance has been adapted to reflect its circumstances. It is intended to apply to both central and academy level procurement and to be relevant to all purchasing and procurement exercises. However, it is not definitive and as practice develops, new approaches will emerge. The DBMAC aims to keep this manual up to date. Nevertheless, no two procurement exercises are exactly the same and you may encounter issues not covered in this guidance. Where this is the case seek advice in the first instance from the DBMAC Procurement and Contracts Manager.

2. Procurement Principles

The DBMAC will undertake procurement according to the following principles established in the Treaty of Europe and the European Court of Justice:

- non-discrimination
- free movement of goods
- freedom to provide services
- freedom of establishment
- equality of treatment
- transparency
- mutual recognition
- proportionality

Additionally the DBMAC will ensure that all procurement processes are conducted in such a way that they ensure:

- value for money
- quality of service
- ethical suppliers
- environmental considerations in keeping with EU guidance and the Pope's Encyclical on the environment - *Laudate Si'*
- the appropriate level of competition as described in this manual
- all high value, high risk procurement exercises (as defined in this manual), and business-critical services are managed as projects with the appropriate level of scrutiny and

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managerial control. Roles and accountabilities will be agreed at the outset of the project to ensure that there is absolute clarity.

- all procurement projects will address the 'do nothing' option, and give full and serious consideration to whether existing contracts or other collaborative opportunities can meet the DBMAC's requirements
- single tender action will only be used in exceptional circumstances
- all DBMAC procedures and processes should be transparent and applied equally and fairly.
- all opportunities to collaborate with other schools locally and across the DBMAC will be explored.
- all suppliers should comply with statutory UK labour laws..

These principles are underpinned by the Chartered Institute of Procurement and Supply Corporate Code of Ethics (see Appendix 1).

3. Stages of Procurement

The procurement process is covered by three main stages:

- Planning
- Purchasing
- Managing

The type and value of the procurement you undertake will impact on the process and level of planning required.

3.1 Planning

Before making any spending decision, you should take time to plan the purchase so you can make an informed decision. The extent and importance of planning should be appropriate to the size and complexity of the purchasing or procurement exercise.

At this early stage in the process you will need to consider the objectives of the purchase. The planning stage involves identifying a need for goods or services and reviewing the options for its provision: is this something that should be bought in or could you arrange for sharing resources with other DBMAC academies, DBMAC centrally or other local schools?

Things to consider during the planning stage are:

3.1.1 Challenge

Once you have identified a potential need you should challenge whether it is required at this stage. This will help you decide whether a real need exists for what you have been asked to buy. It is

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possible alternative solutions may make the purchase unnecessary, leading to savings in the long term

Ask yourself the following questions – *(NB: these questions are not exhaustive)*:

- Do you have enough budget to be able to make the purchase?
- Would the money be better spent elsewhere?
- Can the item or service be borrowed or shared with other local DBMAC academies, DBMAC centrally or other local schools?
- For a contract renewal:
 - Is renewal an option or is a tender exercise required?
 - Is it still really necessary?
 - Could it be modified to provide even more value for the DBMAC?
 - Are there new options available?
 - Are your requirements likely to change over the life of the contract?
- Is the timing right?
- Can the cost of the procurement exercise be justified or reduced?
- Is the necessary technical expertise available in house? If not, how can it be obtained?
- Do you have the time resource available to carry out the procurement?

3.1.2 Maximising value for money and achieving best outcomes

Once you have confirmed that a real need exists you should identify ways to maximise value for money and plan how you can achieve best outcomes. Ask yourself the following questions:

- Do you have a good understanding of the item you need to purchase, the market and the potential suppliers? Consult the people who will be using it to make sure you understand what they need, and how this purchase will help them to do their work.
- Do you know where the item or service can be bought from? Are you aware of existing deals or contracts available elsewhere in the DBMAC or can you use Public Sector Buying Organisations (PBSOs) such as Church Marketplace, YPO or ESPO?
- Have you clearly specified your requirements before reaching the purchasing stage? Bear in mind the quality measures you are going to use in your specification and evaluation – value for money is about getting the right balance between quality and cost, not just getting the lowest prices. You will not always need the highest quality or specification to meet your requirements.
- What is the proposed length of the contract?
- Are there any lessons learned from your current arrangements or from other local or DBMAC schools that you should take into account?
- Are there any sustainability/ethical issues you need to consider?
- Have you ascertained the procurement approach you will need to take by identifying what is being procured (goods, works, or services) and estimating the total contract value of what is being purchased (contract value excludes VAT and is for the lifetime of the contract rather than the annual value)?
- Do you need to develop a business case? This is required for higher value purchases that will need approval by the Academy Principal, the Accounting Officer and/or the DBMAC Board.

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- Have you contacted the DBMAC Procurement and Contracts Manager? Please do so if you are in any doubt over above areas. Or, if the purchase is a high value, let them know that you are planning to conduct the procurement to ensure it does not conflict with any central contracts or procurement strategies.

3.2 Purchasing

After the planning stage you'll need to follow a process to acquire the good or service from the market. This may involve simply acquiring three quotes for low value goods, through to running a standard tendering process or advertising on the Open Journal for the European Union (OJEU). Remember, the procurement approach you take will depend on the total value of the contract.

Things to consider during the purchasing stage are:

- Can the purchase be made through an existing contract or framework agreement? Suitable contracts or framework agreements may be available through the local authority, CCS (Crown Commercial Service), or public sector buying organisations such as Church Marketplace, YPO, ESPO. Using a framework for your purchase will save you time and ensure that you are getting good terms and conditions, value for money and are legally compliant.
- Are you buying from a reputable supplier? Seek references where appropriate and always check their terms and conditions.
- Are you supporting local suppliers and SMEs (small and medium enterprises) wherever possible, in accordance with government guidance
- Have you ensured that long term agreements for significant services have suitable KPI's (Key Performance Indicators) and reasonable break clauses?
- Have you compared quotes based on the whole cost of what you plan to buy (price including VAT, delivery charges, ongoing support running costs and cost of replacement parts etc.)
- Have you compared like for like against the specification?

3.3. Managing

Once a contract is in place you will need to actively manage it to ensure you maintain value for money and that the supplier's performance is meeting what was required. Depending on the size and complexity of the contract, you may choose to manage the relationship with the supplier informally through telephone conversations or review meetings, or you may need to apply more formal contract management tools such as Key Performance Indicators (KPIs).

3.3.1 Contract structure and management

It is important to think through how delivery of the goods or services will be managed at an early stage, before you get too far into the drafting of the specification. This is particularly important where the contract is for a service. Guidance on contract management is provided later in this manual. At the outset you must consider how much it will cost to manage the contract and who has the expertise to undertake this work. It might be, for example, that increased efficiency and savings can be achieved through thorough monitoring of contractor performance.

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Additional things to consider during the managing stage are:

- Regularly checking invoices for any price discrepancies and challenging any inconsistency.
- Trying to develop relationships with suppliers that are based on trust and mutual benefit – delivering value for both of you.
- Keeping copies of anything you've signed and filing all contracts together.

4. Categories of Procurement and procurement thresholds

Public procurement regulations cover three categories of spend:

- goods – actual products being purchased such as stationery, furniture and IT equipment
- works – any building work, including new buildings, extensions, refurbishments or repairs
- services – the skills and expertise provided by individuals or companies such as catering services, grounds maintenance, IT installation and maintenance.

4.1 Procurement thresholds

For contracts below the EU procurement threshold, the value of your purchase will determine the procurement approach that you need to take.

The relevant thresholds at September 2017 are:

	Supply, Services and Design Contracts	Works Contracts	Social and other specific services ('Light Touch Regime')
Central government	£104,047	£4,104,394	£589,148
Other contracting authorities	£164,176	£4,104,394	£589,148
Small lots	£62,842	£785,530	n/a

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4.2 Authorisation levels in DBMAC Schools and Central Office

Placing Orders and Awarding Contracts	Authorised Signatory
Up to £5,000	Principal for primary schools. For Central/St Gregory the Great CFBO/Principal who may delegate to the budget holder. All are subject to sufficient budget being available and spend being in accordance with the school development plan.
Above £5,000 and less than £50,000	CFBO
Above £50,000 and less than £164,176	Accounting Officer (notify DBMAC CFBO)
Above 164,176	DBMAC Directors

4.3 DBMAC Procurement Processes

Orders up to £1,000 within budget

For orders up to a value of £1,000 no quotes are required. However an assessment of value for money should be made and evidence attached to requisition.

Orders over £1,000 but less than £5,000 within budget

For orders over £1,000 but less than £5,000, at least three quotations should be obtained from different suppliers. These may take the form of a printout of a web based search, or an email from or note of telephone calls with suppliers.

Orders over £5,000 but less than £50,000 within budget

Where appropriate, at least three written quotations should be obtained for all orders between £1,000 and £50,000. Written confirmation direct from the supplier of oral quotes must be obtained before a purchase commitment is made.

Confirmations by email and/or fax are acceptable. Budget Holders should retain quote details for audit purposes.

NB Three quotes are necessary even if the source of funding has come from elsewhere eg a grant or from the PTA.

Orders over £50,000 but less than EU threshold within budget

All goods/services ordered with a value over £50,000, or for a series of contracts which in total exceed £50,000, will be subject to formal written tenders.

All goods/services requiring formal written tenders should be considered for retendering at least every 3 years and no later than every 5 years.

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Purchases over EU €200,000 (£164,176) for public supply and service contracts in value may fall under EU procurement rules which require advertising in the Official Journal of the European Union.

Orders above the EU procurement threshold – above £164,176 (excluding VAT) for goods and services, above £4,104,394 for works and above £598,148 for social and specific services (the ‘light touch regime’). All transactions over the relevant EU procurement threshold need to be authorised by the Directors of the DBMAC through a Board resolution. All orders above the relevant EU procurement threshold, or series of related contracts which in total exceed the threshold, must be subject to formal tendering procedures set out under EU procurement rules and will require advertising in the Official Journal of the European Union. All tenders for transactions greater than the relevant EU procurement threshold will be run as a project and managed by the DBMAC Procurement and Contracts Manager.

NB The value of the contract is the **total costs** for the lifetime of the contract (including costs of maintenance and replacement, but excluding VAT) **not** the annual value.

4.4 Additional purchasing arrangements

4.4.1 Consortium Purchasing Arrangements

The DBMAC recognises that the schools may already be part of larger consortium purchasing arrangements. DBMAC accepts that these arrangements have been put in place to create purchasing power from a larger client base and thus ensure that schools achieve better value for money. These arrangements also save budget holders time in making purchasing decisions. **Always** keep a record for audit purposes.

4.4.2 Single Tender Action

There are of course proposed purchases where it will not be practical to apply these requirements. Procurement of supply teachers, for example.

There will be occasions where only one supplier can provide the goods or services required, and competition therefore adds no value. The circumstances where this is the case are:

- Work of exceptional urgency caused by genuinely unforeseeable circumstances needs to be delivered, and where competitive tender would cause unacceptable delay;
- the proposed supplier is the only one known to possess unique or specialised capacity, or the goods or services are unobtainable from any other source and there are no satisfactory alternatives;
- Intellectual Property Rights (IPR) are an important issue although procedures must still be in place to ensure value for money; or
- There are significant business reasons for standardising in a particular area, and where the benefits, savings advantages and balancing of risk have been considered against additional costs.

Awarding a contract without competition is known as Single Tender Action, and should only be used in exceptional circumstances. Lack of time to carry out the proper procedures is not in itself

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sufficient justification for single tender action, nor is familiarity of the proposed supplier with the DBMAC and its schools.

The process leading up to the decision to purchase and procure should be the same as that for competitive tendering described below. As appropriate, business cases, statements of requirement and full specifications will still be required. The supplier will need to submit a formal written tender or quote, and a contract or purchase order issued.

For purchases or procurement from up to £5,000, the Principal must approve the Single Tender Action and must notify the CFBO in writing stating his/her reasons.

Single Tender Actions between £5,000 and £50,000 must be approved by the CFBO following a written statement of the reasons for the single tender being required.

The Accounting Officer must approve any Single Tender Action above £50,000 and below £164,176. They must be provided with the reasons for such action by those leading on the procurement or purchasing.

A record of all Single Tender Action decisions must be kept and details of Single Tender Action must be reported to the Board, via the CFBO.

5. Budget Issues

Before approaching any suppliers, confirm you have approval to spend, and check that budget is available to cover proposed expenditure. This is something you are likely to have covered as part of the planning process.

If you're not the budget holder it's important to ensure that the budget holder is aware of the purchase and has sufficient funds.

During the planning stage you will have established whether the intended purchase features against a school or DBMAC priority. You also need to consider whether the expected costs match the amount forecast. If the purchase doesn't appear in the plan, consider again whether it is necessary to proceed.

Ensure that the budget holder is kept fully informed of any issues that might emerge during the procurement process. Put this in writing, highlighting any potential future costs involved, e.g. ongoing maintenance, upgrades, etc.

Before going out for a formal high value tender it is worth doing a benchmarking exercise so that the costs of the contract can be accurately determined. This involves collating a range of supplier costs, assessing what is offered for these charges and comparing them. A good benchmarking exercise can help you determine the 'golden band' on cost, allowing you to exclude bids that are too high or too low. For further advice on benchmarking, contact the DBMAC Procurement and Contracts Manager.

6. Preparing a Business case

A business case provides a structured justification for the purchase or procurement exercise. It is required for all proposed purchase and procurement exercises greater than £20,000 and will be expected for any such procurement between £5,000 and £10,000.

The business case should include the key information to support the proposal to purchase or procure the goods, service or works. The key information should include:

- Details of the proposed purchase or procurement.
- Contextual and necessary background information.
- Reason why the purchase is needed
- Assessment of any alternatives.
- Costs; both one off and ongoing.
- Consequences of failure to purchase.
- How the contract will be managed going forward.
- Other implications.
- Risks.

A template and sample document for producing a business case can be found in the companion document 'Sample Procurement Documents.'

7. Framework Agreements and Collaboration

Before you begin the purchasing stage, it's worth thinking about whether the purchase you're considering could be made through an existing contract or framework agreement held by the DBMAC, PSBOs or central government departments.

Suppliers named in an existing contract or framework agreement will have already agreed general terms and conditions with the DBMAC or the PSBO. You can contract with them for your specific purchase (by raising a purchase order) with the assurance that most of the hard work of contracting has been done for you.

For a framework agreement, you must check the frameworks rules for "further competition" as they may permit a direct award. Otherwise you will be required to carry out a "mini competition" among the relevant suppliers. As a full Invitation to Tender is not required, this is usually a much quicker and simpler process than setting up a new contract yourself.

Existing contracts and framework agreements:

- have already gone through a competitive tendering process – this guarantees best value
- will comply with DBMAC contract requirements – you won't need to look for competing bids from three suppliers

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- have terms and conditions negotiated in advance of your purchase that are favourable to the customer – there's no risk of 'hidden' clauses in your specific contract that might cause problems later
- have an additional advantage; if anything does go wrong during the life of the contract, you'll have the support and assistance from the organisation that negotiated the overall contract or framework agreement.

Existing contracts and framework agreements may be available from:

- The local authority
- The DBMAC Central Office
- Crown Commercial Service (CCS)
- Crescent Purchasing Consortium (CPC)
- ESPO
- YPO
- NEPO
- Churchmarketplace

Further information on the availability of these frameworks and registration can be found at:

<https://www.gov.uk/government/publications/advice-for-effective-buying-for-your-school>

The majority of organisations listed above will make a request for you to go through a simple registration process – this is standard practice. Once registered, you will have details of framework suppliers, what they offer, experience and costs. Follow any guidance given on how to draw off from the frameworks and use the contract documentation supplied. If in doubt, contact the host organisation.

7.11 Collaboration on Procurements

In some circumstances, it's better to use existing framework contracts than to start a brand-new procurement.

If no such frameworks are available for your particular requirement, you may be able to achieve better value for money by collaboration with other DBMAC academies or local schools in order to increase your negotiating power. Please ensure that you calculate the total value of the contract. If it is above the EU threshold you will need to discuss the project with the Procurement and Contracts Manager.

8. Specifying what you want

There are two ways to specify what you need. A Statement of Requirement is used for low value simple contracts, and a Specification for more complex high value contracts.

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8.1 Writing a Statement of Requirement

A Statement of Requirement (SoR) is a statement that communicates to your supplier what you expect them to provide in terms of the goods or services to meet a particular need. A Statement of Requirement is usually used for low-value, simple contracts and summarises your requirements at a high level.

An SoR is usually around a paragraph long but can be more in complex cases. It should state the product/service that you require, together with quantity, quality, delivery requirements and relevant information about the end use.

A clear SoR ensures that your school receives the right standards and scope of products or services to meet your needs. It should be made available to the suppliers that you approach for a quote. If you are purchasing through a contract, it is good practice to include the SoR as an appendix to the other terms and conditions in the contract, so that it forms part of your legal agreement with your chosen supplier.

8.1.1 Top tips for writing an SoR:

- Contextual information: e.g. number of computers to be covered on an ICT support contract.
- Consultation: academy staff that use the product or service should have the opportunity to have an input into the SoR.
- Details: this may include frequency required and deadlines.
- Encourage innovation: avoid stating how the service should be provided; this is the role of the supplier.
- Require the supplier to abide by the law: e.g. this might be health and safety requirements relating to cleaning products or Inland Revenue regulations for payroll.
- Clear and specific: avoid terminology or abbreviations which could be confusing or misinterpreted.
- Output based: it is generally preferable to define the required output and leave the supplier to determine the inputs to deliver it, e.g. for grounds maintenance, you should specify the use of the playing field such as hockey, football and rugby between September and April, and cricket and athletics between May and August, rather than specifying the frequency that the grass should be mown.
- Avoid specifying particular brand names: (unless they are directly relevant). This gives the supplier more flexibility.
- Performance measures: you and the supplier should share a common understanding of the criteria for evaluating the service provision.

A template and sample can be found in the 'Sample Procurement Documents'.

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8.2 Writing a Specification

A specification is the description of the product or service required to meet your particular need. It should be a description of what is to be done, not how it is to be done.

It is similar to a Statement of Requirement but is much more detailed. A specification includes the standards of performance expected that is appropriate for expensive, complex or long-term purchases.

The content and format of a specification must be very carefully thought out so that there is no ambiguity and nothing is left out. Specifications must be clear about what bidders must do or provide in their bids and any information given in the specification must not be misleading.

A clear specification ensures that you receive the right standards and scope of products and services to meet your needs and will help you to manage the contract once live. It should be included as part of the tender documents sent to the supplier(s). For the OJEU tendering process it is compulsory to also include a statement of the contract evaluation criteria and weightings that will be used to select the winning tender.

It is good practice to write your Key Performance Indicators (KPIs) and Quality Schedules and evaluation criteria at the same time as your specification to ensure that there is a clear link between the documents, and that they all reflect your requirements. If you are purchasing through a contract, it is also good practice to include the specification as an appendix to the other terms and conditions in the contract, so that it forms part of your legal agreement with your chosen supplier.

8.2.1 Top tips for writing a good specification:

A good starting point is to look at the specifications provided by suppliers for the features and functionality of their goods or services and then tailor it to your needs. Remember not to use a supplier's specification to approach the market as this will only cover their specific goods or services and will severely limit the responses you get. When writing your specification you should also consider:

- Contextual information: e.g. number of computers to be covered on an ICT support contract.
- Consultation: Academy staff that use the product or service should have the opportunity to have an input into the specification. For high-value purchases, you may want to involve other people in developing and signing off the specification, such as teachers, academy committee representatives, or PTAs. For some decisions, consultation with wider stakeholders may be appropriate, such as consulting parents about the provision of school meals.
- Details: This may include frequency required and deadlines.
- Encourage innovation: Avoid stating how the service should be provided; this is the role of the supplier.
- Require the supplier to abide by the law: e.g. this might be health and safety requirements relating to cleaning products or Inland Revenue regulations for payroll.
- Clear and specific: Avoid terminology or abbreviations that could be confusing or misinterpreted.

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- Focus on needs: Be clear about what it is you need, rather than what you want. The supplier's offer will reflect what you state in the specification so following this rule should help you avoid over-specifying.
- Output and outcome based: It is generally preferable to define the required output and leave the supplier to determine the inputs to deliver it, e.g. for grounds maintenance, you should specify the use of the playing field such as hockey, football and rugby between September and April, and cricket and athletics between May and August, rather than specifying the frequency that the grass should be mown.
- Avoid specifying particular brand names: (unless they are directly relevant). This gives the supplier more flexibility.
- Performance measures: You and the supplier should share a common understanding of the criteria for evaluating the service provision

A template and sample service specification can be found in Sample Procurement Documents.

9. Going to Market

9.1 Low and Medium Value Purchases

Be prepared to investigate your market and 'shop around' for good value deals. It's important that you have a clear understanding of your requirements or specification so that you are able to provide suppliers with the same information. An SOR may help with this. Set a reasonable deadline for return of the quotes. These actions will ensure that you treat all suppliers fairly and equally.

You will need to follow the process described in this guide and the requirements of the DBMAC Finance Manual. Following process not only puts your procurement on a formal and official basis, it signals to suppliers that you're operating professionally, know what you're doing and are in charge of the process.

Once you've evaluated three quotes and selected the supplier you wish to purchase from, you can simply proceed by issuing a purchase order. This is an instruction to a supplier to provide the goods, services or works to you. The purchase order describes the item(s) being purchased, the price and the delivery address. It also states terms and conditions of payment (such as when the payment needs to be made). Details of the DBMAC purchase order process is included in the DBMAC Finance Handbook.

9.2 Below EU Threshold tender

Where a tender is required for a service below the EU threshold, you will need to prepare a specification and advertise your tender.

Once you've written your specification you'll need to promote your requirement to attract suppliers to bid for your procurement project.

Commonly, this is done through researching potential providers and creating a selection pool to invite to tender. These opportunities can also be advertised on relevant trade/local or national media, inviting expressions of interest from interested providers. It is also possible to advertise via

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the Crown Commercial Service's Contract Finder service. Please contact the DBMAC Procurement and Contracts Manager to discuss your requirements.

9.2.1 Preparing your advertisement

Before you submit your advertisement for publication, you must have developed a robust specification, have a firm idea of what you want to buy. Key questions at this stage include:

- Is the requirement described in a way to encourage the best response from the market?
- Is the requirement unique to the contracting authority (i.e. your school)?
- Have future requirements been considered?
- What is a reasonable total value for the goods, services or works being procured?
- Is it possible to indicate the frequency of purchase?
- Is the scope sufficiently broad to encourage innovation from suppliers, where desirable?
- Is the proposed timescale realistic?

9.2.2 Invitation to Tender

An Invitation to Tender (ITT) is a pack of documents sent out to potential suppliers inviting them to submit a bid. The pack should include:

- Covering letter – which covers tendering instructions: advice for suppliers on the project timescales and administration.
- Timetable for tender submission .
- Specification – this will help the supplier respond to your requirements in the tender.
- Evaluation criteria – this will enable the supplier to check that they're providing you with all the information for each of the criteria.
- KPIs and Work Schedule – this will let the supplier know what is expected and how their performance will be measured.
- Pricing schedule – a supplier must complete one of these to show their proposed costs and expenses.
- Contract terms and conditions – This includes details about performance, monitoring, payments and remedies for failure to deliver under the contract's terms.

A supplier is not obliged to respond to an ITT but if they do submit a tender, this is a formal offer from the supplier committing them to what they will provide, should they be awarded the contract.

9.3 Above EU Threshold

For EU-qualifying purchases you'll need to advertise your requirement by publishing an OJEU (Open Journal of the European Union) notice.

An advertisement of requirement (sometimes known as a contract notice) forms part of the OJEU tendering process for an EU-qualifying purchase and acts as the public announcement of your school's plans. It is based on the requirements that you identified in your specification and is the first step in communicating your requirements to potential suppliers.

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All OJEU Notices must be discussed with and submitted to the DBMAC Procurement and Contracts Manager for approval, who will manage the process of advertising via the My Tender portal.

9.3.1 Issuing a Pre Qualification Questionnaire (PQQ)

If the contract is particularly attractive to suppliers there may be a large number of responses to your advertisement. The tender can be run in two stages. Stage 1 - Pre-Qualification Questionnaire which can be used to narrow down the list of suppliers to create a shortlist.

The PQQ is the first stage in the evaluation process and asks all interested suppliers to set out some basic critical information by replying to the questionnaire. These can assess all interested suppliers together and equally using the PQQ. The responses to these questions will need to be scored and evaluated, but this is much more straightforward than evaluating the whole bid as the information needed is basic and given in a clear and consistent format.

There are a number of questions that can be included in a PQQ:

- Financial stability – does the supplier have an established pattern of turnover of at least twice the contract value in recent years?
- Track record – can the supplier prove that they can deliver?
- Relevant experience – has the supplier completed similar projects for other schools in the past?
- Capacity – does the supplier have the resources to complete the work?
- Fulfilment of environmental, social and labour provisions in the 2014 EU Directives
- Criminality – has the supplier been involved in criminal activity such as fraud, terrorism, money laundering? (It may be possible to include a bidder who has addressed serious concerns and demonstrated they have turned the organisation round, however, this allows exclusion of bidders who have failed to improve their services).
- Previous professional misconduct. Has the supplier been found guilty of professional misconduct in the past five years? What steps have they taken to rectify this? (It may be possible to include a bidder who has addressed serious concerns and demonstrated they have turned the organisation round, however, this allows exclusion of bidders who have failed to improve their services).

9.3.2 Issuing an Invitation to Tender (ITT)

Once potential bidders have passed the PQQ, an Invitation to Tender can be issued. This process is identical to that used for below EU threshold tenders. The only difference is there is a stricter requirement on timetables. (Details can be found here: <http://www.procurementportal.com/timescaletracker/>) The Procurement and Contracts Manager will be responsible for ensuring adherence to these timetables.

10. Evaluation of quotes and bids.

10.1 Evaluating quotes for low and medium value purchases

Evaluations must be conducted systematically, thoroughly, transparently and fairly. Every supplier that puts forward a quote must be treated equally and your evaluation will be based on how well the supplier has quoted to meet your requirements or specification.

Evaluation criteria forms the basis of your selection. Evaluation must not be based on information/data outside of this criteria.

All quotations returned within the set timescale must be evaluated – any that are late should be rejected. There may be exceptions to this if the supplier has arranged for the quotation to arrive on time and the delay caused was outside their control, however, you will need to be cautious if this set of circumstances arises.

Make sure you evaluate the quotes on the whole-life cost of the purchase or contract. This excludes VAT, and may include associated costs such as delivery charges, associated maintenance costs and running costs. Consider what allowance has been made in the contract for price increases over the duration of the contract – the cheap price you get in year one may not be available in subsequent years and another supplier might offer you better value over the whole term.

Evaluation needs to consider the balance between quality, cost and values and ethics of the supplier. You must keep all of the records leading to a decision on file.

10.2 Evaluation for High and EU Threshold value purchases

10.2.1 Evaluation Criteria and Weightings

Evaluation criteria and weightings are an important part of the tendering process for high-value purchases. They are used to evaluate suppliers' tender submissions to ensure that an objective and fair decision is made when the contract is awarded.

Evaluation criteria must be determined at the specification stage of the tender process, and published with the tender documents released to suppliers. For the OJEU tender process the use of weighted evaluation criteria is compulsory. For non-OJEU tenders, this is recommended as best practice in the public sector.

Evaluation criteria and weightings form the basis upon which you select your supplier. The supplier that gets the highest score will be awarded the contract. It's therefore important to reflect your priorities when deciding on what weightings are going to be used.

Evaluation criteria also communicate clearly to your potential suppliers how you will make your decision to award a contract. This helps them to design a response to your tender which is well-aligned with your priorities. Evaluation criteria and weightings form part of the OJEU tendering process, and should be published along with your other tender documents.

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10.2.2 Selecting your Evaluation Criteria

The factors chosen as evaluation criteria will vary for each procurement exercise. Some common factors include:

- The supplier's ability to deliver a product/service of the necessary quality.
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- The total cost of the supplier's tender response. The supplier's ethics and values.
- The supplier's ability to meet the technical aspect of the specification or deliver the desired outcomes.
- The supplier's ability to provide innovation or add value.
- The supplier's ability to meet the desired delivery schedule or project timescales.

When carrying out an OJEU tender it is required that you seek approval and guidance from the DBMAC Procurement and Contracts Manager and, if necessary, the services of a procurement specialist may be sought to ensure that you do not put yourself at risk of a legal challenge.

The weighting of the evaluation criteria is mandatory as it ensures the procurement is transparent. The weightings should reflect the trust/school's priorities as you will select the tender with the highest score.

For each of your criteria apply a weighting, either as a percentage or as a total number of marks, that can be scored for each section. When evaluating your tenders, score the responses to reflect how well they meet each of your requirements. You may find it helpful to compare the tenders to one another to get a feeling for what the highest score should be.

10.2.3 Writing your evaluation criteria

When you write your evaluation criteria, ensure that you put the most important ones at the top of the list and give them the heaviest weighting:

- Remember, the supplier with the highest score must be awarded the contract – you are not allowed to alter your weightings to change the outcomes.
- You may wish to practice using your criteria with some imaginary supplier data to see whether the weightings produce the outcomes you would expect – does the best of your made up suppliers win?
-

10.3 Evaluating suppliers

When evaluating your suppliers, bear these points in mind:

- You may find it helpful to write sample responses to give a clear idea of what perfection means to you.
- For each criteria, score your supplier a percentage of the total marks available for that section:
 - 100% near perfect
 - 80% very good
 - 60% above average
 - 40% below average
 - 20% poor
 - 0% cannot meet your requirements / did not respond to this section.

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A template and model for evaluation criteria and weightings can be found in 'Sample Procurement Documents'.

10.4 Notifying suppliers of tendering decisions.

You must respect the confidentiality of tenderers at all times. The notification letter to the successful tenderer is an invitation to finalise contractual arrangements and it makes plain that no commitments are made and no work is to commence until the contract is signed by both parties.

Once the contract has been agreed you must inform suppliers who submitted unsuccessful quotes. Standard practice is to formally inform unsuccessful suppliers by letter. If the supplier asks for specific details of the successful bid, restrict information to a summary of the evaluation criteria used and the aspects of the quote that were considered the most economically advantageous, for example delivery arrangements offered, quality and competitive price (do not give the actual price). If an enquirer specifically asks for the successful price to be disclosed you must seek advice from the DBMAC managers leading on Freedom of Information.

Once you have notified all suppliers of your decision you can award the contract to the successful supplier.

10.4.1 Notifying suppliers under the OJEU tendering process

In the OJEU tendering process, you need to include a mandatory 'standstill period' of at least 10 days (10 days if notifying by email, 15 days if notifying by post) between deciding on the successful supplier and formally awarding the contract – this is also known as the Alcatel period. You must communicate your decision to the successful supplier and write to all unsuccessful suppliers explaining your decision prior to the Alcatel period starting. These requirements give suppliers the opportunity to consider your decision and decide if they feel the rules were not complied with and they wish to challenge your decision.

The DBMAC is legally obliged to comply with the new regulations concerning notification and debriefing tenderers. Failure to comply could result in the contract being cancelled and the DBMAC incurring a fine and/or paying damages to suppliers. Please seek further guidance on this matter from the CFBO or for further information look at the Crown Commercial website.

The letter to unsuccessful suppliers must include:

- your award criteria for the procurement
- the reasons for your decision
- scores for the unsuccessful supplier
- the successful supplier's name
- the date when the standstill period is expected to end.

Providing no challenge is received within this period you can continue to award the contract to the successful supplier.

10.4.2 Debriefing unsuccessful suppliers

Debriefing tenderers helps to improve their competitiveness in future exercises. The debrief should be constructive and, where appropriate, credit should be given for those areas of the tender where

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it is deserved. Care must be taken to limit the discussion to that particular tender – you must not compare the specifics of one tender with another, winning or otherwise. Debriefing must never be used as a device to re-open negotiations.

There is a requirement following an OJEU procurement exercise that feedback must be given within 15 days of a request by an unsuccessful bidder.

Keep notes of the debrief and where possible, more than one member of staff should be present.

11. Delivery and Billing

At its simplest, checking delivery could mean inspecting the goods on receipt to ensure those received are what was wanted, arrive undamaged and costs are as anticipated. It could also mean they have arrived on time and at the correct destination.

For contracts for services, this will be an assessment of whether delivery of that service meets the quality standards that you specified. The individual who is contract manager for the arrangement will need to be familiar with:

- the specifics relating to the goods or services ordered
- deadlines for completion
- details and deadlines for achievement of milestones, if applicable
- what service levels / quality standards should be met
- what has been agreed to pay for and contract costs
- volume or other targets set
- monitoring arrangements can be put in place. The effort and processes applied will be dependent on the complexity and value of the contract. For low-value purchases this is likely to be a basic assessment and will not go into detail.

The contract manager must understand:

- procedures, incentives and levers to be used to address performance issues
- redress in cases where performance is unacceptable.

When you receive the invoice from the supplier, check that there aren't any price discrepancies or variations in the payment terms from what you were expecting. If there is any inconsistency, challenge the variation with the supplier.

12. Contract Management

Contract management is the active monitoring and performance management of the contract. Management of the contracted supplier will help to ensure the scheduled goods or services are delivered on time and to the required standards set out in the contract. Proactive contract management will help you to maximise value for money from the contract and deliver more effective outcomes.

Contract management of low-value one-off purchases, isn't usually necessary as it should be sufficient to simply check delivery by inspecting goods on receipt or assessing whether the delivery of a service meets the quality standards you specified. If you do encounter problems with the quality or timing of your purchase, there are established legal processes in place to protect you.

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It is important to actively manage contracts that are medium or high value, are for a complex or critical purchase, or will last for several months or years, to ensure every aspect of the contract is functioning as planned. An example would be a catering or cleaning contract. Some contracts may need more management than others – high risk and high expenditure contracts should be prioritised.

12.1 Developing the Roles of the Contract Manager and Contractor

Effective contract management involves the development of a constructive and confident relationship between the client representative, the contract manager and the contractor. It is important to recognise that both contract manager and the contractor are essential for delivery of the outputs and outcomes of the contract. The contract is a joint enterprise.

The contract manager is responsible for establishing effective client contractor relationships.

You should have in place tools such as Key Performance Indicators (KPIs) and quality schedules to measure and monitor your supplier's performance.

KPIs and quality schedules will help to ensure your school or the DBMAC benefits from the full value of the terms and conditions of your contracts. They send a clear message to your suppliers about what you expect them to do and they can then focus their resources on meeting your requirements. It is therefore important they accurately reflect the Schools/DBMAC priorities and what the supplier can achieve..

KPIs are measures of performance, usually numerical, used to evaluate your supplier's performance. They will usually be linked to the evaluation criteria you used to select your supplier at the tender stage. KPIs should be SMART (specific, measurable, agreed, realistic and time-bound).

An example of a smart KPI is 'we expect to receive 90% of HR queries to be answered within 2 hours'.

The quality schedule is a series of statements about how you expect your supplier to perform. It is similar to a list of KPIs but goes into more detail about what is expected and how it should be achieved. It should be included as an appendix to your contract as a statement of what you expect from your supplier. This allows you to gather qualitative information about the contract.

It is good practice to write your quality schedule at the same time you write your specification, evaluation criteria and KPIs, to ensure there is a clear link between the documents and that they all reflect your requirements.

Contract management is most effective when there is a positive working relationship with the supplier, based on mutual respect and trust. It is important that there is clarity of expectation from the outset to prevent misunderstandings arising. Regular communication should also ensure the contract runs smoothly. If performance issues do arise, it is best to identify them quickly and seek resolution through informal dialogue as the first step. If the issues cannot be resolved through informal discussions or the supplier, then the next step would be to request a meeting to discuss matters and agree an action plan to resolve matters. If after this, the provider continues to fail to deliver against the agreed KPIs, it may become necessary to use formal dispute resolution measures. The dispute resolution process you'll need to follow should be set out in the contract.

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If you require further assistance in relation to dispute resolution, contact the CFBO or Procurement and Contracts Manager

If you are undertaking the contract manager role, you may want to consider the following:

- Establish your role before you start – ensure you're clear about the extent of your authority.
- Document maintenance – including the contract, change control procedures, the risk register (if appropriate) and copies of the invoice or other payment documents.
- Manage a positive relationship with the supplier to ensure good contractor performance. Be willing to be flexible and respond to reasonable requests. Encourage an open and honest dialogue with your supplier so they are able and willing to give you early warning if contract performance may fail to meet the required standard. Be supportive and find ways to solve problems together, but firm about the need to reach the required standard.
- Managing change – there may be a specific reason why you may need to make changes to a contract, especially where the contract is of long duration. To manage change effectively, establish change control procedures and agree them with your supplier; and assess, plan, manage and record all changes.
- Risk management – for high-value or business critical contracts, carry out a risk assessment of your contract, maintain a risk register and prepare a workable contingency plan.
- Manage financial aspects of the contracts.
- During the life of the contract, as the contractor develops a clearer understanding of the contract requirements, the focus/expectation should be quality, efficiency, innovation and improvement. For example, demonstrating an understanding of the DBMAC/School ethos within service delivery, or achieving additional broader cost savings with the addition of new schools to the contract.
- Managing contract exit/termination – decide if there is a continued need for the good or service. If so, should it be renewed (if permitted) or retendered. Review the contract's end terms and conditions in good time before the end of the contract and agree an exit strategy with your supplier.

Assessment should not be restricted to the easily measurable aspects of delivery. It is important to obtain the views of all who are affected by service delivery eg through user surveys of a catering contract, seeking feedback on a ICT contract, monitoring complaints and compliments.

12.2 Monitoring supplier performance

How you monitor the performance depends on the size and complexity of the contract.

Medium to large, high risk contracts may necessitate a formal meeting with the supplier between two and four times a year, including an annual performance review. The meeting should follow a standard agenda which considers performance against the quality schedule and KPIs, issues of concern (including financial), feedback from users of the service and areas of development, supplier feedback.

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Depending on the size and nature of the contract, you may wish to ask the supplier to provide a written report to accompany this meeting. This could be a brief account of how the supplier has performed against the standards set in the quality schedule and/or a template scorecard on KPIs

KPI	Target	Month 1	Month 2	Month 3
% HR responses on time	90%	87	91	92
Quality of HR advice	4	5	4	4
% payroll accuracy	100%	99	100	98

13. Record Keeping

13.1 Contract Register

The DBMAC Central Finance team will hold a contract register of all DBMAC contracts and the contracts held by individual schools. The contract register will formally record and retain details of purchasing and procurement for audit purposes. It will not contract review, expiry dates and termination notice periods which will help build a picture of all the contracts across the DBMAC.

Each academy school will also hold a register of the contracts they are holding which will enable you to have a clear idea of the contracts you hold.

This record can be used as a tool to help you plan around pressure points involved in going back out to competition or identifying opportunities by bringing procurements together. It can also alert you to potential trouble spots if the contractor applies the early-termination clause.

If you have achieved savings through the tender process, either time saved or in cash terms, record it.

Details of the contract register will be the subject of a regular report to the DBMAC Board.

13.2 What documents must I keep?

For low and medium value purchases you must retain:

- details of quotations dispatched (including names, addresses, dates and numbers involved)

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- details of quotations received and also those not received
- records of any exemptions from the evaluation process and reasons for it
- any records relating to how a decision was reached in the evaluation process
- communications with the successful contractor
- the original contract filed with your other contracts and a note of the contract start and end date on your contracts file.

For high-value and EU-qualifying purchases you must retain:

- a copy of the published advertisement or OJEU notice
- details of expressions of interest received
- details of PQQ responses and also those not received (for OJEU tendering process)
- records relating to the scoring of the PQQs (for OJEU tendering process)
- details of the tender responses received and also those not received
- records relating to the scoring of the tenders
- records of any exemptions from the evaluation process and reasons for it
- communications with the successful and unsuccessful suppliers
- the original contract filed with your other contracts and a note of the contract start and end date on your contracts file.

In addition to paper copies, it can be useful to retain electronic/scanned copies of all documentation.

There is a legal requirement to keep these documents (Limitation Act 1980).

For most records resulting in a contract with a value:

- Less than £5,000, the records can be destroyed when they are two-years-old
- Greater than £5,000 and for the following:
 - Services: the records must be kept for two years after the last payment
 - Goods: see the table below.

Description	Disposal (maximum period)
Specification	6 years from end of contract
Evaluation criteria	6 years from end of contract
Invitation to tender	6 years from end of contract
Unsuccessful tender bids	1 year after date of last paper (presume this means submitted?)
Successful tender document	6 years from award of contract
Commissioning letter	1 year from end of contract
Signed contract	6 years from end of contract
Reports from contractors	2 years from end of contract
Schedules of works	2 years from end of contract
Records of complaints	6 years from end of contract
Disputes over payment	6 years from end of contract
Final accounts	6 years from end of contract

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Review the contract's end terms and conditions in good time before the end of the contract. It is good practice to agree an exit strategy with your supplier, covering timescales, handover of assets and other contract materials.

You should also want to conduct an evaluation of the contract that assesses performance (using the relevant contract scorecards over the life of the contract), and the cost and quantity (was it within budget, did you receive too much / too little?). This will help you identify any lessons learned, ensure you have the correct specification for any future procurement and help you to decide on next steps for the next procurement exercise. Request feedback from your supplier on how they found working with you and whether you could have done anything differently to improve the relationship.

As the contract comes to an end, you will also need to decide if there is a continued need for the good or service the contract was delivering. If there is no further need the contract can simply expire, but if there is a continued need you will have to consider whether the contract should be renewed (if permitted) or retendered.

If future arrangements do require a full procurement process, adequate time must be allowed for this to happen.

Appendix 1 Chartered Institute of Procurement and Supply (CIPS) Corporate Code of Ethics

Organisations adopting the Code will need to commit to the following:

Understanding and commitment

- ensure consistent understanding of business ethics across the organisation at all levels
- continually enhance knowledge of all relevant laws and regulations in the countries in which the organisation operates, either directly or indirectly
- commit to eradicating unethical business practices including bribery, fraud, corruption and human rights abuses, such as modern slavery and child labour

Ethical practice

- conduct all business relationships with respect, honesty and integrity, and avoid causing harm to others as a result of business decisions
- treat all stakeholders fairly and impartially, without discrimination or favour
- actively support and promote corporate social responsibility (CSR)
- avoid any business practices which might bring the procurement profession into disrepute.

Professionalism

- use procurement strategies to drive unethical practices from the supply chain
- ensure procurement decisions minimise any negative impact on human rights and the environment whilst endeavouring to maximise value and service levels
- put ethical policies and procedures in place, regularly monitored and updated, and ensure compliance
- mandate the education and training of all staff involved in sourcing, supplier selection and supplier management to professional standards
- practise due diligence in all business undertakings.

Accountability

- accept accountability and take ownership of business ethics
- foster a culture of leadership by example
- take steps to prevent, report and remedy unethical practices
- provide a safe environment for the reporting of unethical practices.