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# Tendering and Procurement

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## Policy

Last updated: July 2018



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## Statement of intent

The Tower Trust aims to achieve value for money on all its tendering and procurement activities. With that in mind, this policy has been created to establish procedures to ensure all members of staff involved in tendering and procurement are aware of the standards that they are expected to follow.

Preferred suppliers will be used, wherever possible, as the academy has had previous positive interactions with these suppliers. During 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 and services, and administrative costs
- **Ensuring fairness** – ensuring that all parties are treated in a fair and equitable manner
- **Establishing accountability** – taking responsibility for expenditure and the conduct of staff
- **Allowing probity** – ensuring there is no private gain from the academy's financial affairs

Signed by:

_____	Headteacher	Date:	_____
_____	Chair of governors	Date:	_____

## 1. Legal framework

This policy has due regard to legislation and national guidance including, but not limited to, the following:

- ESFA (2018) 'Academies financial handbook 2018'
- The Academies Act 2010
- The Public Contracts Regulations 2015
- DfE (2017) 'Governance handbook'

This policy will be implemented in conjunction with the trust's:

- Data Protection Policy
- Finance Policy
- Reserves and Investments Policy

## 2. Procurement

Procurement authority levels are in accordance with the scheme of delegation and are to be followed rigorously.

Quotes and prices are always obtained prior to purchasing.

Where a relevant approved supplier list exists, approved suppliers are used unless written permission is received from the board of trustees outlining the reasons for using an alternative supplier.

The SBM is responsible for overseeing the arrangements for the delivery of goods and checking items upon delivery.

All receipts and invoices are kept in the main office for a period of 18 months after the initial purchase.

Details are recorded whenever goods are rejected or returned, such as the reasons for rejection, along with a description of the goods and their value.

A record of goods rejected and delivered is kept in the main office.

In the case of major building works or construction, the services of an architect are sought before the tendering process is undertaken.

## 3. Invoices

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

## 4. Tenders

The tendering approach will vary; open tender, restricted tender or negotiated tender.

Open tender provides an open and competitive nature. All interested suppliers are invited to tender, with the SBM making a recommendation to the headteacher/CEO, (depending on the size of the tender and authority levels).

Restricted tender is used when:

- There is a need to maintain a balance between the contract value and administrative costs
- The service required is specialised
- The cost of public advertisement outweighs the potential benefits of open tender

Negotiated tender is only used when:

- 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
- In this scenario, the terms of the contract are negotiated with the supplier.

## 5. Preparation for tender

In preparing for a tender, the SBM will consider the following:

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

## 6. Invitation to tender

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

## 7. Tender evaluation

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

- Lower costs may not necessarily be the most favourable, for example, when they result in a reduced service
- The price being considered should be the total cost, without extra fees or hidden costs
- Where there is scope for negotiation, the SBM needs to ensure the best possible value for money

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

When considering a tender, the following other requirements are considered:

- Pre-sales demonstrations
- After-sales service
- The financial viability of the supplier

## 8. Tender acceptance

Invitations for tender always state the date and time the completed tender documents are to be received by the SBM.

Suppliers are required to submit documents in marked brown envelopes clearly stating they are tender documents.

All envelopes are clearly marked upon arrival and securely stored in the main office.

Tender documents received after deadlines are not considered, unless the supplier provides proof of exceptional circumstances.

## **9. Tender opening**

- All offers for tender are opened at the same time, with a minimum of two members of staff present, one of whom is the SBM.
- A record is kept of all the suppliers who submitted tenders, along with the amount tendered.
- A record is signed by all members of staff who are present at the opening of a new tender.
- The record is stored in line with the Data Retention Management Policy.

## **10. Tender evaluation**

- The SBM is responsible for ensuring that none of the members of staff involved in the tender process are subject to conflicts of interest.
- Members of staff who are involved in decision making will never accept gifts or hospitality from suppliers.
- A full record of the evaluation process will be maintained by the SBM.

## **11. Contracts**

- Non-routine tenders or purchases, such as leases, are subject to a contract, which is signed before the work begins or goods are delivered.
- 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

Copies of all contracts are securely stored in the central record located in the main office.

## 12. Related party transactions

The principles we adhere to

- Trustees will avoid conflicts of interest, declare their interest in proposed transactions and arrangements, and will not accept benefits from third parties.
- All members, trustees, local governors and senior employees will complete the register of interests.
- No member, trustee, local governor, employee or related individual will use their connection to the trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust.
- Payments to trustees by the trust will only be made where permitted by the articles, or by the authority of the Charity Commission, and comply with any relevant agreement with the Secretary of State.
- The trust will consider their obligations where payments are made to other businesses who employ a trustee, are owned by a trustee or in which the trustee holds a controlling interest.
- Where the trust believes a significant advantage exists in paying a trustee for acting as a trustee, the Charity Commission's approval will be obtained prior to payment.
- The trust will adhere to 'at cost' requirements.
- The chair of the trustees and the accounting officer will ensure their capacity to control and influence does not conflict with related party transaction requirements.
- Personal relationships with related parties will be managed in a manner that avoids both real and perceived conflicts of interest, promotes integrity and openness and is in accordance with the [seven principles of public life](#).

The trust will be aware of relationships with related parties that may attract greater public scrutiny, such as:

- Transactions with individuals in a position of control and influence, including the chair of the board and the accounting officer.
- Payments to organisations with a profit motive, as opposed to those in the public or voluntary sectors.
- Relationships with external auditors beyond their duty to deliver a statutory audit.

Record keeping

The trust will keep sufficient records, and make sufficient disclosures in the annual accounts, to show that related party transactions have been made in accordance with accountability and transparency standards.

#### Approval by the ESFA

The trust will obtain the ESFA's approval for related party transactions that are novel, contentious or repercussive. Transactions involving the chair of the board or the accounting officer will be carefully considered against this requirement.

The trust will obtain the ESFA's prior approval for contracts supplying goods or services by related parties agreed on or after 1 April 2019 where any of the following limits apply:

- The contract exceeds £20,000
- The contract would take the total value of contracts with the related party to beyond £20,000 in the same financial year ending 31 August
- The contract relates to a party already in receipt of contracts exceeding £20,000 individually or cumulatively in the same financial year ending 31 August

For the purposes of reporting to, and approval by, the ESFA, related party transactions do not include salaries and other payments made by the trust to a person under a contract of employment through the trust's payroll.

#### Register of interests

The trust will document all relevant business and pecuniary interests of members, trustees, local governors and senior employees, including:

- Directorships, partnerships and employments with businesses.
- Trusteeships and governorships at other educational institutions and charities.
- For each interest, the name of the business, the nature of the business, the nature of the interest and the date the interest began.

The register of interests will identify all relevant material interests from close family relationships between the trust's members, trustees or local governors. It will also identify relevant material interests arising from close family relationships between those individuals and employees.

The trust will consider any other interests for inclusion on the register or interests.

The board of trustees will keep the register of interests up-to-date.

The trust will publish on their website the relevant business and pecuniary interests of members, trustees, local governors and accounting officers.

The publication of interests belonging to any other individuals named on the register is at the discretion of the trust.

#### 'At cost' requirements

The trust will not pay more than 'cost' for goods or services provided by the following:

- Any member or trustee of the trust
- Any individual or organisation related to a member or trustee of the trust, namely:
  - A relative of a member or trustee: defined as a close member of the family, or member of the same household, who may be expected to influence, or be influenced by, the person. This includes, but is not limited to, a child, parent, spouse or civil partner.
  - An individual or organisation conducting business in partnership with the member, trustee or a relative of the member or trustee.
  - A company in which a member or the relative of a member (taken separately or together), and/or a trustee or the relative of a trustee (taken separately or together), holds more than 20 percent of the share capital or is entitled to exercise more than 20 percent of the voting power at any general meeting of that company.
  - An organisation which is controlled by a member or the relative of a member (acting separately or together), and/or a trustee or the relative of a trustee (acting separately or together) – an organisation is controlled by an individual or organisation if that individual or organisation is able to secure that the affairs of the body are conducted in accordance with the individual's or organisation's wishes.
- Any individual or organisation given the right under the trust's articles of association to appoint a member or trustee of the academy trust, or any body connected to the individual or organisation.
- Any individual or organisation recognised by the Secretary of State as a sponsor of the trust, or any body connected to the individual or organisation.

A body is connected to an individual or organisation if it is controlled by the individual or organisation, controls the organisation, or is under common control with the individual or organisation, namely any of the following:

- Holding a greater than 20 percent capital share or equivalent interest
- Having the equivalent right to control management decisions of the body

- Having the right to appoint or remove a majority of the board or governing board

'At cost' requirements do not apply to the trust's employees unless they are employed by one of the parties outlined in 16.21.

'At cost' requirements apply to contracts for goods and services from a related party agreed on or after 7 November 2013.

'At cost' requirements apply to contracts for goods and services from a related party exceeding £2,500, cumulatively, in any one financial year. Where a contract takes the trust's cumulative annual total with the related party beyond £2,500, the element above £2,500 must be at no more than cost.

If any of the parties outlined in 16.21 are based in, or work from, the trust's premises, the trust will agree an appropriate sum to be paid to the trust for use of the premises, unless the party is conducting work on behalf of the trust.

'At cost' requirements apply to legal advice or audit services when the organisation's partner directly managing the service is a member or trustee of the trust, but not in other cases.

The trust will ensure that any agreement with an individual or organisation referred to in 16.22 is procured through an open and fair process and is:

- Supported by a statement of assurance from the individual or organisation to the trust confirming their charges do not exceed the cost of the goods or services.
- On the basis of an open book agreement including a requirement for the supplier to demonstrate clearly, if requested, that their charges do not exceed the cost of supply.

The cost will be the full cost of all the resources used in supplying the goods or services and will not include any profit. Full cost includes:

- All direct costs – the costs of any materials and labour used directly in producing the goods or services
- Indirect costs – a proportionate and reasonable share of fixed and variable overheads

#### Reporting

The trust will report all related party transactions taking place on or after 1 April 2019 to the ESFA in advance of the transaction taking place, using the ESFA's online form.

### **13. Policy review**

This policy is reviewed annually by the Board of Trustees.

The scheduled review date for this policy is June 2019.