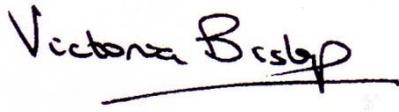


Title	HAT Competitive Tendering Policy
Reviewed	September 2018
Next Review	September 2021
Associated Policies	Accounting policies Investment policy
Originator	Colin Hinds
Approved	

Contents

1. Aims.....	3
2. Legislation and Guidance.....	3
3. Roles and Responsibilities	4
3.1 Academy Directors.....	4
3.2 Finance committee.....	4
3.3 Chief Financial Officer.....	4
4. Purchase thresholds	4
4.1. De Minimis level.....	4
4.2 Low to High-value Purchase Thresholds.....	4
4.3 EU Procurement Threshold.....	5
5. Framework Agreements.....	5
6. Tendering Procedure: Low and Medium-Value Purchases.....	5
7. Tendering Procedure: High-value Purchases.....	6
8. Monitoring arrangements	7

.....

1. Aims

This policy aims to ensure that:

- The academy trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academies Financial Handbook
- The trust's funds are used in a way that commands broad public support
- Value for money (economy, efficiency and effectiveness) is achieved
- Directors fulfil their duties and responsibilities as charitable trustees and company directors

2. Legislation and Guidance

The [Academies Financial Handbook](#) states that academy trusts are required to have a competitive tendering policy, and ensure that European Union (EU) procurement thresholds are observed.

This policy is based on the Academies Financial Handbook and [Department for Education \(DfE\) guidance on procurement](#).

This policy also complies with our funding agreement and articles of association.

3. Roles and Responsibilities

3.1 Directors

Directors will ensure that:

- Spending decisions represent value for money
- The trust's funds are used in a way that commands broad public support
- Relevant professional advice (such as an external auditor) is used, where appropriate
- Goods or services provided by individuals or organisations connected to the trust are provided at no more than cost
- Nobody connected to the trust, directly or indirectly, uses their connection to the trust for personal gain
- Where any trustee has a pecuniary interest in a procurement decision, they exclude themselves from the process and records (e.g. meeting minutes) show that they had no influence on the decision

3.2 Finance committee

Directors delegate competitive tendering responsibilities to the finance committee.

The committee is responsible for reviewing the trust's tendering processes, and for reporting to trustees on tenders.

3.3 Chief Financial Officer

The Chief Financial Officer (CFO) is responsible for:

- Ensuring appropriate financial governance and risk management arrangements are in place
- Preparing and monitoring budgets
- Providing information to the finance committee and academy trustees, as appropriate
- Overseeing and supporting competitive tendering

4. Purchase thresholds

4.1. De Minimis level

It is good practice to raise purchase orders for all material expenditure to ensure that financial commitments are registered on the Trust's accounting system, however competitive quotations are not required for services or goods procured with a value up to £1,000. These invoices can be signed off by the Principal / Head of School.

4.2 Low to High-value Purchase Thresholds

Purchase levels are divided into the following:

- Low-value purchase: £1,000 - £9,999
- Medium-value purchase: £10,000 - £40,000
- High-value purchase: over £40,000, but below the EU threshold

4.3 EU Procurement Threshold

If it is estimated if the cost of a contract is above the EU threshold for procurement spending, the trust will follow EU procurement directives and seek legal advice. The current EU threshold for all goods and most services is £164,176.

A 'light touch regime', with a higher threshold of £589,148, applies for some services that are specifically for education provision. We will seek legal advice to determine if any procurement run by the trust qualifies.

5. Framework Agreements

Where possible, we will use a framework agreement to contract suppliers. These are arrangements that a contracting authority, such as a public sector buying organisation, makes with suppliers. The benefits of frameworks are that they have already been through a competitive tender process and they have favourable terms and conditions. In addition, the framework provider may offer advice and support.

Depending on the framework we choose, we will either pick the best value supplier from a list or run a mini-competition between listed suppliers. In either case, we will follow the DfE guidance on procurement (see section 2 of this policy) to ensure good practice.

The decision on whether or not to use a framework agreement will be made by the Trust's CFO / Director of Finance and Operations.

6. Tendering Procedure: Low and Medium-Value Purchases

When making low or medium-value purchases without a framework agreement, the trust will use the process outlined below.

- a. **Create a specification** – a specification document will set out what suppliers need to understand what we are looking to buy, including the quality, quantity and delivery date
- b. **Compare suppliers** – a comparison of different suppliers, including their reputation, will help the trust develop a shortlist of at least 3 suppliers we want to approach for a written quote
- c. **Assess quotes** – an award criteria will be developed to assess suppliers' quotes. Criteria may include:
 - How well the supplier meets our specification
 - The whole-life cost of the contract, which may include:
 - The sale price of the goods, works or services
 - VAT
 - Delivery charges
 - Maintenance costs
 - Running costs
 - The cost of removing and disposing of an item or service once we no longer need it
 - Whether there will be price increases or decreases over the life of the contract
 - Value for money

Each aspect of the criteria will be scored on a scale of 1 to 5, with 5 being the highest score. A record of how the quotes are evaluated will be kept.

The Business Manager / Office Manager or Principal / Head of School will evaluate quotes with support from the CFO.

When we contact suppliers, we will send them:

- The specification
- Deadlines for quotes and when decisions will be made

- Instructions for how to ask clarification questions about the specification
- d. Place an order** – when the best value quote is identified, we will send the supplier a purchase order, which includes details of the:
 - Goods, works or services we are purchasing
 - Price
 - Delivery address
 - Delivery deadline and any other important dates
 - Payment schedule

7. Tendering Procedure: High-value Purchases

The trust will make high-value purchases without a framework only in rare circumstances and only with legal support. When this does happen, we will use the process below.

- a. Create a specification** (see section 6)
- b. Assess the market** – we will prepare for the tendering process by developing our knowledge of the market. We will find out how many suppliers are available and the best way to advertise our contract to a range of suppliers
- c. Check the trust's position in relation to EU procurement thresholds** (see section 4)
- d. Develop a service level agreement (SLA)** – an SLA sets out the standards of service expected from a supplier. Some suppliers may have their own SLAs, which the trust will consider using on a case-by-case basis
- e. Develop a contract** – a contract will include terms and conditions, a contract management plan and an exit strategy
- f. Reduce the number of bids** – to reduce the number of bids the trust needs to evaluate, we will either use an expression of interest process to gauge interest in the contract or a pre-qualification questionnaire
- g. Establish how we will assess quotes** – we will set out criteria that will allow us to evaluate which of the suppliers' bids best meets the requirements in our specification, and is the most economically advantageous tender that best combines cost and quality
- h. Create a timeline for the tender process** – this will include the dates of the clarification period, the deadline for submitting tenders and the date we expect to award the contract
- i. Prepare an invitation to tender** – this will include:
 - A covering letter with a timeline for the process
 - Instructions on how suppliers can ask clarification questions and submit their tender
 - The specification
 - A pricing schedule
 - Any SLA requirements
 - The contract's terms and conditions
 - Contract management requirements (see 'develop a contract' above)
 - Award criteria, including the scoring system and any weightings
 - If appropriate, an invitation for suppliers to give a practical demonstration of their goods, works or services
- j. Advertise the contract** – the contract will be advertised where suppliers are likely to look, such as:
 - The Official Journal of the European Union (OJEU) – this is a requirement if the contract is over the EU procurement threshold
 - The government's Contracts Finder service

- Local or national newspapers
- Education publications or websites
- Trade magazines

k. Run the tender process and provide clarifications

l. Evaluate tender responses – at least 2 people will independently score and evaluate each bid, and then compare notes after completing their evaluations; records of decision making and moderation decisions will be kept

m. Notify suppliers and award the contract

n. Finalise the contract (and advertise the award, if the contract was advertised in Contracts Finder or the OJEU)

o. Abandoning the tender process – on very rare occasions we may need to halt the tender process. Should this occur, we will notify suppliers who are preparing their bids as soon as possible

8. Monitoring arrangements

The Director of Finance and Operations / CFO is responsible for the implementation of this policy.

This policy will be reviewed and approved by the board of trustees regularly and when EU procurement thresholds change.