Guidance

Management and Finance

Purchasing guide for schools

School Business Managers, Bursars, Governors and Headteachers and teachers involved in purchasing

Status: recommended

Date of issue: 09/01

Ref: DFES/0547/2001

department for
education and skills
creating opportunity, releasing potential, achieving excellence

Excellence in schools

Purchasing guide for schools

Contents

Chapter one: Introduction, context and purpose 2
- Why do schools need a Purchasing Guide? 2
- Purpose of the Guide 2

Chapter two: Achieving value for money 3
- Background 3
- The Three Es 3
- Best Value 3
- The Principles of Best Value and Schools 4

Chapter three: Financial agreement 6
- Financial regulations, schemes of delegation and the role of governing bodies 6
- Quotations and Tendering 7
- Approved Supplier or Select Tender Lists 11

Chapter four: Defining needs 12
- Specifications 12
- Statement of Requirements 12
- Example Specification 14
- Performance Indicators 14
- Outline Statement of Requirements 15

Chapter five: Measuring performance 16
- Why is it important to measure suppliers' performance? 16
- SMART Performance Measures 16
- Checklist of Characteristics of Performance Indicators 17
- Review of performance measures/indicators 18

Chapter six: Contracts and service level agreements 19
- Background 19
- What makes a good Service Level Agreement or contract? 20
- Types of Contract SLA and Payment Arrangements 21
- Duration of SLA or Contracts 21

Chapter seven: Purchasing options 23
- Background 23
- Finding Alternative Suppliers 24
- School Purchasing Consortia 24
- Brokerage Services 26
- E-Commerce 27

Chapter eight: Monitoring and evaluation 29
- Who should Monitor and Evaluate? 29
- Effective Monitoring and Evaluation 30

Glossary 31

Chapter one

Introduction, context and purpose

Why do schools need a Purchasing Guide?

Following significant changes in legislation since the 1988 Education Reform Act, and accelerated by the School Standards and Framework Act 1998 responsibility for the majority of local authority education funding is delegated to Schools' Governing Bodies. The increasing size of budgets, and the range of services delegated to schools, places an ever-greater responsibility on school governors and managers to make effective arrangements for the purchasing of supplies and services.

It is important that schools are able to embrace the opportunities offered by the increased funding, and maximise the effectiveness of their spending to raise educational attainment and reduce bureaucracy.

Schools have freedom to choose their own suppliers or providers for many of their services. However most maintained schools have continued to receive or purchase the majority of their advisory and support services from their Local Education Authority (LEA). It is likely that an increasing range of services will be offered to schools by a variety of alternative providers from the public, private and voluntary sectors.

The ability of schools to make real choices about their service providers or suppliers can be limited by a number of factors:

- lack of adequate information about alternative service providers other than the LEA;
- a shortfall in purchasing knowledge at school level, or competing time pressures which limit schools' ability to secure the best possible deal. Individual schools are at different stages in their development as purchasers of services;
- the packaging and pricing of services can inhibit exercise of choice;
- a shortage of alternative providers from which to choose.

Purpose of the Guide

This guide is intended to help all types and sizes of school to make informed purchasing decisions and to encourage schools to exercise choices. The Guide provides a combination of:

- generic good practice applicable to most purchasing decisions;
- advice about how to purchase goods and services including some specific services;
- basic advice on E-Commerce;
- easy to use checklists within the various sections of advice on good practice.

The intention is that the guide will be used both by school governors and staff. It is not intended to make schools into purchasing experts but provides basic good guidance on a range of "do's" and "don'ts".

The Guide consists of a number of discrete sections each covering different aspects of purchasing.

Chapter two

Achieving value for money

Background

Although school managers have always sought value for money in their purchases there is an increasing need to do so as responsibility for providing more services is delegated to schools and as the market for school services increases. Achieving value for money includes a recognition that cheapest is not necessarily best and being expensive does not guarantee quality.

Key factors to be considered in purchasing decisions, other than price, include:

- capacity and reputation of provider;
- quality of output;
- range of service provision;
- responsiveness;
- reliability; and
- compatibility with school ethos and culture.

The Three Es

There are commonly considered to be three main elements when judging value for money. These are frequently referred to as the "3 Es": Economy, Efficiency and Effectiveness.

Economy

Minimising the costs of resources used, having regard to the appropriate quality.
Example: Would it be more economical/cheaper to purchase books for the school library via the Internet rather than the local bookshop?

Efficiency

The relationship between output, in terms of goods, services or other results, and the resources used to produce them.
Example: Would it be a more efficient use of time to employ a temporary typist to enter examination data into a software package rather than for a member of staff to undertake the task? Employing a typist would incur additional costs but the expense could be justified by the outputs: speed and accuracy of data input and a member of staff engaged in more appropriate professional activity.

Effectiveness

The extent to which objectives have been achieved and the relationship between the intended outcomes and the actual outcomes of an activity.
Example: Did the use of an external service provider improve the standard of caretaking as anticipated or was the standard maintained but with less monitoring on the part of school managers?

Best Value

The Local Government Act 1999 introduced Best Value reviews as a responsibility for local authorities. They are required to review all their services over a five-year cycle with the aim of achieving a process of continuous improvement in all services. The Value for Money unit works with Local Authorities to decide the Best Value performance indicators for education and these indicators and their definitions (www.dfes.gov.uk/vfm/bvalue) are available on our website.

School Governing Bodies are required to take account of Best Value principles in managing their budgets, although they are not under a statutory duty to carry out reviews in the same way as Local Education Authorities. Consideration of the principles will help managers to achieve value for money and help to maximise the impact of school spending on the raising of education standards.

The Principles of Best Value and Schools

The principles of Best Value build on the "3Es" and are often summarised as the "4 Cs": Challenge, Compare, Consult and Compete. The following table provides a working explanation, alongside an exploration of how these might be interpreted in the school context.

Principles of Best Value	Interpretation in the school context
Challenge: Questioning the way services are delivered and asking if it is appropriate to be purchasing the service or undertaking the work themselves.	• In challenging the current service provision schools may consider whether the way in which they currently buy services most effectively meets their needs and/or whether it is the most economical way of purchasing the particular services. *An example may be the purchase of curriculum advice in terms of an agreed number of days of consultancy that the school fails to make full use of because the consultant it wishes to use is not available when needed. Purchasing such services from a range of suppliers on a pay as you use basis may meet the school's needs more effectively* • In some situations schools will decide that they need to purchase a service from an external provider in order to release staff to undertake more appropriate professional tasks. *An example would be where a curriculum co-ordinator or head of department is spending large amounts of time dealing with ICT issues which could be undertaken more effectively and cheaply by using a part-time technician.* • Challenge may result in schools determining that they can provide some of their own services rather than purchasing externally. *Examples could include in-house provision of catering, financial administration, caretaking and cleaning as well as the provision of advice and consultancy through a network of schools using current practitioners, including advanced skills teachers.* • A school may also consider that it does not require a service at all. For example a school may decide to discontinue a subscription to a supply insurance scheme if insufficient use is being made of the scheme.
Compare: Comparing one school's way of obtaining a service, including costs, with those of similar schools.	• In most LEAs school managers have networks where comparisons of service provision may feature routinely in discussions. Schools can use their contacts (either formal or informal) to gather information on other ways of obtaining services, different suppliers, prices etc. • The Audit Commission collects and publishes comparative data on schools' financial performance www.schools.audit-commission.gov.uk and many LEAs publish detailed school profiles including contextualised school data, both financial and non-financial. This information allows individual schools to identify other schools with similar characteristics and to engage in benchmarking exercises.

Principles of Best Value	Interpretation in the school context
Consult: Consulting relevant stakeholders to ensure that the service provided is relevant to their needs.	• The relevant stakeholders for school services could include: Teaching and support staff; pupils; parents; governors; the local community; professional associations and existing suppliers. • Schools may wish to consult some/all stakeholders when reviewing or considering a service or supplier. *For example Pupils and parents could be consulted about aspects of school meals provision.*
Compete: Testing the market place, including internal providers, to secure the best possible service at the best possible price.	• Where a service passes the challenge, i.e. that it is needed, schools need to decide how the service can best be delivered. They will need to compare potential suppliers and decide the most appropriate for the school. • Schools might also wish to consider alternative means of accessing services including the use of a broker or joining or forming a consortium.

Chapter three

Financial management

Financial regulations, schemes of delegation and the role of governing bodies
A key responsibility of governing bodies is to support an effective purchasing function for the school. Each Governing Body must set out in writing, and regularly review, which functions and powers it has delegated to the headteacher. Schools will already have written financial procedures that should have regard to the following purchasing issues:

- Financial limit on purchasing decisions which can be made by the headteacher without reference to the governing body;
- Financial limit on purchasing decisions which can be made by other school staff without reference to the headteacher;
- Purchasing threshold over which quotations or tenders must be sought;
- Effective separation of duties so that no one person is independently responsible for the entire purchasing process (ordering, receiving and authorising payment);
- An audit trail so that the school is able to track and evidence purchasing decisions.

The requirement that all involved in making purchasing decisions sign a declaration of interest statement so as to minimise potential conflicts of interest.

Governors should also agree, and regularly review, the financial limits for quotations and tendering. The school's financial systems and procedures should be documented. Governors may wish to be involved in all purchasing decisions which have a significant impact on educational attainment, for example, on the purchase of an integrated learning system.

Example. A primary school governing body agrees that all purchasing decisions with a value of under £1,500 are delegated to the headteacher. Purchases over £1,500 must be agreed by the governing body except in an emergency when they may be agreed by the Chair of Governors and subsequently ratified by the governing body. The headteacher is required to submit a note of all purchases between £300 and £1,500 with the termly budget monitor presented to the finance sub-committee.

The Ofsted/Audit Commission Publication "Keeping Your Balance" includes a useful checklist on Financial Controls for schools to use. It also covers important issues such as separation of duties and other matters of probity. It is available from the audit commission website http://www.audit-commission.gov.uk/ac2/SSfirst.htm

The headteacher may also prepare a "scheme of delegation" which sets out the relative roles and responsibilities of members of staff in relation to financial administration to ensure there is adequate separation of duties. This should, whenever possible, mean that the same member of staff does not order, receive and authorise payment for goods (it is recognised that this may be difficult in very small schools). The scheme of delegation should incorporate the school's purchasing arrangements to safeguard financial management and probity, whilst supporting the devolution of budgets and financial responsibility.

Example:
The headteacher of a secondary school, with her senior managers, has agreed the budgets for each curriculum department for the forthcoming year. The budgets are devolved to each head of department who are given responsibility for making purchases up to a value of £250. Purchases above £250 are to be endorsed by the deputy head or headteacher. Requisitions are passed to the school's bursar to process as orders. Deliveries are checked by the heads of departments. The heads of departments are responsible for reporting each month on their budget showing budget, spend to date, requisitions made but goods not received, other commitments and forecast variation from budget. This monitoring enables the school to reallocate resources if needed and can give early warning of issues.

The **"audit trail"** should be clearly visible so that the school is able to track and evidence all purchasing decisions, and to substantiate why a particular service provider or supplier of goods has been chosen. This will help the school to demonstrate the reasons for choices it has taken to any interested external body such as its auditors.

Declaration of interest
It is necessary for anyone involved with any elements of the procurement process to sign a declaration of interest statement. These are intended to minimise potential conflicts of interest.

For example, it would probably be considered inappropriate for a relative of the headteacher to carry out property consultancy for his/her school, unless the headteacher excluded him/herself from the decision making process, and the appropriate quotation and tendering procedures had been followed and documented.

Quotations and Tendering

General Considerations

When a school has decided on the service it wishes to purchase, it needs to consider how to approach potential suppliers. Even where a school is considering providing a service by employing its own staff there will probably be benefits from obtaining quotations and information from external suppliers. Schools using a brokerage service need to ensure that appropriate competition exists in the process of obtaining a supplier. Such information can help a school to determine which is the best solution and perhaps revise its requirements to help achieve best value.

There are two key issues to be considered when buying either a service or supply:

- What is the likely monetary value; and
- How important is the service to the school?

Standing Orders and Financial Regulations.

Schools should check their home LEA's Standing Orders and Financial Regulations. These will provide guidance on relevant issues, for example, the handling of service agreements, contracts or relations with external providers. All schools must comply with the relevant procedures, which should be outlined in those local regulations. governing bodies will set out their own arrangements and financial limits for quotations and tendering, provided they comply with the LEA's Standing Orders and Financial Regulations.

It is important that there are controls for financial management in schools to protect individuals and to ensure that public money is spent without personal gain. The governing body will need to know that there are adequate purchasing procedures in place to prevent waste and fraud and most schools will already have set up a process that tracks a purchase from requisition to payment.

Further guidance on the standards for financial control can be found in the Purchasing section of the OfSTED and Audit Commission document 'Keeping Your Balance – standards for financial management in schools', which has been issued to most schools and can be downloaded from the OfSTED website www.ofsted.gov.uk or obtained from OfSTED Publications Centre, PO Box 6927, London, E3 3NZ. Tel. 020 7510 0180.

If you have any concerns, the LEA auditors will be able to provide advice and support.

No requirement for quotations or tendering- Making small purchases.

School governing bodies will set limits below which headteachers are empowered to make purchasing decisions without seeking alternative suppliers. Again, they must act within LEA's regulations. If the value is low and the purchase is not significant it may normally be made without seeking alternative suppliers.

Schools should still use Statements of Requirements to inform most purchasing decisions - an SoR may be as simple as a shopping list. This would normally only apply to small local purchases of goods, for example, hardware to enable the premises officer/caretaker to carry out small repairs such as replacing a door handle.

For some purchases it may be appropriate to procure low expenditure items through supplier catalogues or advertisements, as the cost of obtaining quotes from suppliers may not be justified. This would probably be suitable for items such as stationery supplies where there are a number of competitive suppliers which operate using catalogues, which are regularly updated, and the goods are of a relatively simple nature.

Even where formal quotes may not be required it is still good practice to "shop around" on occasion, to ensure that the school is obtaining value for money, to retain a fair perspective of available choices and also to help keep suppliers aware that schools have choices.

Quotations

Where it is anticipated that the price of a good or service will exceed the limits set by the governing body (or by the headteacher) the school should seek written quotations from potential suppliers.

It is likely that schools will seek quotations rather than tenders in relation to one-off purchases or services, and where a statement of requirements rather than a full specification is prepared. Quotations will enable schools to compare potential suppliers. To facilitate comparison of quotations the work to be undertaken must be clearly outlined.

Tenders

A tender is a formal written offer, in a form common to all tenderers, on the basis of a detailed specification of the goods or services required.

If the school is making a purchase, for which the value is likely to exceed the school's limit for quotations, the school needs to consider putting the service out to tender to obtain bids or proposals from prospective service providers or suppliers. Schools may also consider tendering where the service is required either over a longer period or is for a more complicated service. Schools can find further guidance on tendering at www.dfes.gov.uk and may wish to consult with their LEA to ensure that they comply with standing orders.

Legal Requirements

There are legislative requirements which schools need to follow in relation to letting contracts for supplies or services. For example if a school anticipates that the value of a contract is likely to exceed the European Union limits it should be aware of the EU Procurement Rules of Tendering. At November 2000 the EU limit was £144,000. If a contract exceeds the limit, it will be mandatory for the school (or consortium) to tender for this procurement through the Official Journal of the European Communities (OJEC), a free service. The financial limits change periodically and up to date information is available at their website http://eur-op.eu.int/general/en/a3.htm .

This is a complex area and schools may wish to seek advice from their LEA and will probably also seek legal advice in relation to the letting of large contracts. However, it is unlikely that many individual school contracts, except those relating to new buildings, major repairs or catering contracts will reach the EU limits.

Invitation To Tender (ITT)/Request for Quotation (RfQ)

When seeking either quotations or tenders schools should approach a number of potential providers, usually three or four, and offer them the opportunity to submit tenders or quotations. See Chapter 7 on Purchasing Options for ideas about finding potential suppliers. On rare occasions, if it is known that there are only a very limited number of suppliers of specialist goods or services, it would be acceptable to issue an invitation to a smaller number of potential providers.

Alternatively schools may advertise for suppliers. When schools advertise for suppliers they are likely to generate wider interest and schools may need to consider drawing up criteria to shortlist bids.

The quality of responses from prospective providers or suppliers will, at least in part, reflect the quality of the Request for Quotation (RfQ) or the Invitation to Tender (ITT).

The Invitation To Tender or Request for Quotation should include:

- A covering letter;
- A service specification or statement of requirements (see ‘Defining Needs’ section);
- A summary of the school’s evaluation process, including evaluation criteria;
- A statement of information required from the potential supplier/bidder e.g. price, quality, references etc.;
- A timetable for quotations or tenders to be submitted and evaluated; and
- A copy of the school’s terms and conditions that may include payment arrangements, arbitration arrangements in case of dispute (the terms will form part of any contract).

Issues to Consider when preparing either an ITT or RfQ:

- **The school should be clear about what it is looking for in the response from potential suppliers** *For example; price, quality assurance, experience, response times etc*
- **The school should have a consistent approach to, and not discriminate against potential suppliers.** *For example giving equal access to documentation or providing supplementary information;*
- **The bidders must be allowed enough time to prepare an adequate quotation or tender.** *This depends on the service being provided, however the average time would be four to six weeks. Schools should set a firm deadline for quotations or tenders to be returned;*
- **Schools should identify who will be part of the evaluation panel;**
- **The evaluation criteria and scoring mechanism must be agreed before the process of evaluating responses begins.** *These should be drafted at the same time as the other documentation to facilitate the “asking of the right questions”.*

Evaluation of Suppliers' Responses

The evaluation process:

- Should be systematic, transparent and objective.
- Any judgement is supported by sound evidence.
- Should be undertaken by more than one individual.

In the case of significant services, this should be carried out by a panel of key individuals, such as the headteacher and governors, probably including representatives from the staff most directly involved with receiving and monitoring the service

Objectivity

- Judge the quotations or tenders against the service specification or statement of requirements outlined in the RfQ or ITT, (not against other bids);
- Bids should be ranked and scored according to the original criteria outlined in the ITT or RfQ;
- All bids must be opened and evaluated at the same time;

Transparency

- The scoring for each bid must be documented together with the basis on which scores were allocated;

Extra information

- Are the bidders stable, competent and financially secure?
  e.g. do they have a track record, are they able to supply financial references, accounts etc;
- How does the supplier monitor their own service delivery?
- Members of the evaluation panel might include visits to other schools to view the supplier "in action", or discuss the performance of the supplier with other schools;
- Interviews with short-listed suppliers. It may be appropriate, depending on the purchase, to meet with or interview potential suppliers. Schools may wish them to supplement their proposals with short presentations and/or wish to ask questions or clarify issues arising from submissions;
- References should always be taken up, preferably in writing, and checked for neutrality.

Award of Contract

After deciding who should be awarded the contract, the school should make telephone contact with the successful bidder. A contract should then be issued by the school which will set out the rights and obligations for both parties involved. In the case of agreeing to award the contract to the school's home LEA, the contract will probably take the form of a Service Level Agreement (SLA), usually prepared by the LEA. You can find more about this in the section of this guide on Contracts and Service Level Agreements.

All other bidders should be contacted and thanked for their bids. Schools should be willing to provide feedback to unsuccessful bidders. This can help them to improve future bids which may lead to benefits for the school.

Approved Supplier or Select Tender Lists

For many purchases it may be appropriate to consider developing lists of organisations who meet the school's needs for particular services. The school can then use the approved lists to pick suppliers without having to go through the whole process of finding potential suppliers from scratch. This is particularly applicable to services or supplies that are used frequently such as stationery, repairs or classroom advisory support.

Most LEAs will have approved lists of suppliers for various services which schools might consider using, although school requirements will generally be for lower quantities or volumes. Schools should also consider the authority's financial regulations and standing orders and ensure that any approved lists they draw up do not contravene the authority's rules.

To put together an approved list, schools prepare a specification or Statement of Requirements in the same way and approach suppliers but make it clear that this is not for a contract award. Firms which meet the school's criteria are put on an approved list.

Chapter four

Defining needs

To make effective purchasing decisions schools should aim to clearly define their requirements. There are a range of options available to help schools determine the scope and standard of the service to be provided. Schools should use either a Statement of Requirements (SoR) or a Specification.

Specifications
Where a school is considering making an expensive, complex or longer term purchase, a full specification should be prepared. A specification sets out in greater detail than a Statement of Requirements what service or supply the school requires including standards of performance expected. An example of a specification is shown later in the chapter.

Many suppliers can provide specifications of their services - schools could use these, either as they stand or as the basis for developing a more tailored specification. Specifications available from suppliers can cover a wide range of provision, some of which may not be needed by the school.

> *Example:*
> *A school is considering a company's specification for the provision of ICT support. The specification extends to the maintenance of hardware. The school's hardware is relatively new and is covered by another agreement with the hardware supplier. Such a service probably does not offer good value for money as the hardware maintenance is effectively paid for twice.*

It is unlikely that schools will develop their own detailed specifications for the majority of their services but will instead use an outline statement of requirement. There will nevertheless be occasions when schools will find it helpful to draw up a more detailed specification, for example when engaging a consultant to provide specific training for staff or governors, or seeking an independent evaluation of some aspect of the school's provision.

Statement of Requirements
The development by the school of a statement of requirements could be useful for simple purchases or to obtain quotations, including for services where a school has not yet drawn up a full specification.

A simple statement of requirements can also be a valuable tool for assessing whether current arrangements actually meet needs, as well as helping inform decisions about choice of service supplier.

Ten steps to an effective specification or SoR:

1. **Contextual data**
   Such as, for example the number of PCs to be covered for an ICT support agreement, or the size and experience of the governing body for tailored governor training.
2. **Consultation**
   Members of school staff who use the service should have the opportunity to be involved in preparing the specification or statement of requirements. With some decisions consultation with a wider group of stakeholders may be appropriate. For example pupils and staff could be consulted about the colour scheme when redecorating classrooms, equally parents may be consulted about the provision of school meals.
3. **Details**
   Such as required frequency and deadlines for service delivery where these are important. Suppliers should have sufficient scope to advise on how the service could be improved over the life of the contract.

4. **Encourage innovation**
   Avoid stating how the service should be provided; this is the role of the supplier.
5. **Require the supplier to abide by the law.**
   For example the health and safety requirements relating to cleaning products, or Inland Revenue regulations relating to the payment of individuals. If in doubt schools should seek advice from their LEA;
6. **Clear and specific**
   avoiding phraseology, terminology or abbreviations which could be confusing or misinterpreted.
7. **Output based**
   Schools may wish to draft their requirements as an output based specification. This means that schools define the required output (or outcome) and leaves the supplier to determine the inputs to deliver it.

> *For example:*
> *In considering a specification for grounds maintenance instead of specifying the frequency at which the grass should be mown, specify the use to which playing fields will be put e.g. football, hockey and rugby between September and April and cricket, athletics or rounders between May and August. This puts the onus on the supplier to determine the frequency of mowing to meet the school's needs which will change depending upon the season.*

8. **Avoid specifying particular brand names**
   (Unless they are directly relevant to the delivery of the service.) Specifying brand names may restrict options for delivering a service and may not take account of improvements in products or price fluctuations through the life of the agreement.

> *For example:*
> *In an IT support contract it may not be appropriate to name the type of PC for which support is required as this may be replaced by another make or model during the period of the agreement, but it may be appropriate to name a software administrative package which requires specialist support only available from approved providers.*

9. **Avoid amending the specification or SoR after it has been circulated.**
   If amendments are necessary the revisions will need to be circulated to the potential suppliers.
10. **Performance measures**
    These will be used as part of the monitoring and evaluation processes. Schools and the supplier need to ensure that they share a common understanding of the criteria for evaluating service provision.

Example Specification

General Focus: an evaluation of the liaison and transfer arrangements across a pyramid of schools

Key Focus: the pupil experience

Contextual Information: The pyramid is composed of five primary and one secondary school in an inner city area. The majority of pupils transfer within the pyramid but each year around 20% of pupils chose to go to other schools in the city or to transfer to independent schools.

For the past three years a representative group of teachers, mainly middle managers, has been working to develop strategies which will improve the transfer experience for pupils. The bureaucratic procedures, which were evaluated 2 years ago, are now in place and information about pupils will be transferred in good time to inform tutorial and subject groupings. Key Stage data will be made available to year 7 tutors and teachers of core subjects during the last week of the summer term.

Strategies which are already in place for pupils include:

- a booklet for year 6 pupils written by year 7 pupils
- shared musical presentations and art displays across the pyramid
- annual bridging projects in mathematics
- visits to the secondary school for all Y6 pupils which include meetings with the head of lower school, prospective tutor and the tutor group, and sample lessons in 2 of the core subjects
- some teacher exchanges take place during the penultimate week of the summer term
- a pupil transfer record which includes a pupil self review and 4-6 examples of work chosen by the pupil.

The specification can be put into a table format:

Key Objectives	Service Requirements	Performance Indicators
1. To gain information and insights into the effectiveness of the current strategies for pupil transfer in relation to: • the personal and social experiences of pupils, and • the curriculum experience of pupils with particular regard to continuity and progression	The evaluator will: • provide an agreed code of conduct which includes issues of confidentiality • conduct an evaluation which will track pupils across the transfer period;	• Pupils understand why the evaluation is being conducted. • The evaluation is conducted in manner which causes least disruption to learning

Key Objectives	Service Requirements	Performance Indicators
2. To improve current arrangements	• provide oral feedback to the working group in early October; • agree with the working party the nature of feedback to be provided to Y7 pupils; • present the feedback to pupils in a Y7 assembly; and • provide a concise written report to the working party which includes key findings, conclusions and recommendations.	• The working group are confident that the findings are based on valid and accurate data • The recommendations for improvement are practical and feasible • The recommendations are acted upon

Outline Statement of Requirements

Anywhere Primary School: Statement of Requirements for School Finance Support Service

We require a finance support service which will assist the effective planning, management and reporting of the school's finances.

The following outlines the school's main requirements.

1. Income. All income due to the school to be efficiently collected and accounted for.
2. Expenditure. All authorised expenditure to be efficiently made and effectively accounted for in accordance with the LEA, local school financial regulations and appropriate legislation. To assist the school management team with achieving best value in its purchasing arrangements.
3. Budget Monitoring. Reports to be prepared each month for the school management team and bi-monthly for the school finance sub-committee. School accounts to be closed each year in accordance with agreed timetable.
4. School Budget. To be prepared annually to an agreed timetable in conjunction with the school management team.
5. School Voluntary Funds. Accounts to be maintained to the same standard as school's main budget.
6. Audit. To liaise with and respond appropriately to the school's auditors.

Chapter five

Measuring performance

Performance measures should be identified at the time of defining needs so that they are known and understood by all parties and are available to underpin the monitoring of service provision.

Why is it important to measure suppliers' performance?
It is important that schools develop and use agreed measures of performance. This is necessary to:

1. ensure that the school's requirements are met and,
2. that value for money is being obtained.

It will usually be preferable to focus on measuring outputs rather than inputs; measuring and controlling inputs is normally a task for the supplier.

It is also important to have pro-active performance management activities in place to ensure that failures of service are anticipated and corrective action taken whenever possible. Schools may need to accept that it may not be essential to always achieve 100% delivery, or that the costs of achieving 100% outweigh the benefits - the performance measurement needs to fit the importance of the service.

> *For example*
> *It may not be critical to the performance of a school if an order of books arrives a day late, but if a caterer failed to provide meals, or a repair to a roof was not completed on time this would probably impair the functioning of the school. The necessary performance management arrangements which would need to be in place therefore differ according to the service being provided.*

SMART Performance Measures
Schools will probably be familiar with developing SMART performance measures in relation to curriculum matters. They apply equally to service delivery:
Specific. It is important that performance measures are specific. To support effective monitoring and evaluation, measures or indicators need to be absolutely clear and unambiguous. They should address the key aspects of service delivery rather than those that are peripheral or superficial;
Measurable. To be effective a performance measure or indicator needs to be measurable. It is much easier to monitor quantitative rather than qualitative performance. However for many services it is important to develop qualitative measures;
Achievable. Measures of performance or targets should be challenging but attainable and should contribute to a process of continuous improvement;
Realistic. The performance measures need to relate to the service being provided, and be relevant;
Timed. The service contract should enable periodic measurement. It is not usually sufficient, except for one off short pieces of work to only measure performance at the end of the agreement. It is preferable to measure performance at agreed intervals.

Example:
A school's cleaning specification states that: "All classrooms will be cleaned before each school day. Cleaning to be completed between 6am and 8am, Monday to Friday, during term time. Cleaning to include dusting or wiping down of all surfaces, chairs and tables using approved cleaning agents, all waste bins to be emptied and liners replaced….cleaners to record what they have done on the task sheets provided". This measure is:

- ***Specific** in that it defines what is meant by cleaning,*
- ***Measurable** in that a quality check can be done by physical inspection of whether the cleaning has been done and cleaners are to evidence their own work.*
- ***Achievable** in that none of the requirements are impossible to meet on a regular basis.*
- ***Realistic**. The measures, including physical checks and recording by staff relate directly to the service being provided.*
- ***Timed**. The measure includes time requirements i.e. cleaning to be done each day and between fixed times.*

Checklist of Characteristics of Performance Indicators

To help schools, and suppliers, measure performance it would be of benefit to have a set of agreed Performance Indicators. These can be used to inform contract management, to develop the service and can also help in benchmarking.

The following are general characteristics of SMART Performance Indicators which schools may wish to use as a checklist. Indicators should be:

- Relevant - to the aims and objectives of the school;
- Clearly defined - to ensure consistent collection and measurement;
- Easy to understand and use;
- Comparable, and sufficiently accurate to allow comparisons between organisations (schools) and over time;
- Cost effective to collect;
- Attributable - so that responsibility for achieving good performance is clear;
- Allow innovation in service delivery;
- Timely, in that reporting of performance should be made periodically and soon after the end of an agreed time period.

The following table gives examples of both weak and effective indicators:

Weaker indicators – clear, sharp and quite appropriate but failing to encapsulate the crucial aspects of the objectives	**More effective indicators** – those which encapsulate the most crucial aspects of the objectives and define required outcomes.
Context: Specification for providing a professional development for teachers focussed on improving written feedback to pupils in a primary school	
• Copies of the presenter's slides are provided for all teachers • Teachers enjoy the day • All teachers engage in the discussions • Teachers are aware of research findings which focus on effective feedback to pupils	• On completion of the training all teachers have clear strategies for improving their written feedback to children • A review of children's work four weeks after the professional development day shows evidence that written feedback provides specific advice to pupils about how they can improve their work • Children increasingly understand how they can improve their work
Context: Specification for a school payroll service	
• Teachers are paid on time • Timely telephone advice is available • P45 forms are provided for staff	• 100% correct payment is made to all staff where information is provided within 7 working days before payment is due • Requests for advice are responded to within 1 working day • P45 forms are produced for staff within 3 working days of last day of service

Review of performance measures/indicators

Over time performance measures or indicators may become less relevant as a service develops and as schools become more experienced as clients. By periodically re-defining their performance measures, schools can help improve performance and directly contribute to the value for money the school is receiving. Changes to performance measures during the life of a contract/agreement will need to be discussed and agreed with the school's supplier.

Chapter six

Contracts and service level agreements

Background

Contracts or Service Level Agreements form a written agreement between two parties for the supply of goods or services. The essential differences between them are shown in this table:

Contract	Service Level Agreement
Formed between two or more separate legal entities (e.g. a school and a contractor)	Formed between two parts of one legal entity
Normally prepared by the client	Usually prepared by the supplier.

N.B. Although governing bodies are incorporated as legal bodies, SLAs are the usual form of agreement between an LEA and its schools.

Service Level Agreements

Both parties and individuals delivering/receiving services should treat an SLA as a formal contract in the way in which they relate and interact with each other.

Many LEAs set out summary SLAs for services to schools, some prepare detailed SLA documents for each service. Although governors and headteachers may have had some opportunity to influence the development of local authority provision, the services will usually reflect general rather than individual needs. For some services, such as payroll, this may be appropriate but increasingly schools are looking to obtain services which more closely match their individual needs.

It may be beneficial for schools to obtain copies of SLAs or summary documents from several LEAs and decide whether there are service features that may be of interest to the school. This can be helpful both in terms of increasing choice but also may help schools to shape their ideas about the types of service they require. (see also Chapter 4 ‘Defining Needs’)

Schools should carefully consider whether their home LEA’s SLAs do offer the services they require. Schools can help LEAs to improve their SLAs by:

- ensuring that their own monitoring arrangements are effective;
- defining their requirements;
- responding properly to opportunities offered to comment on services; and
- making views on services known to the supplier in a constructive manner.

Contracts

Contracts are created between two legally separate parties. A contract would exist between a private company or individual and a school.

Contracts are legally binding and enforceable: the supplier and the school must ensure they meet the requirements set out in the contract, as failure to do so can result in penalties. The contract itself will contain the legal terms of the agreement.

The specification/statement of requirements will be used from day to day in the management of the contract. Due to the complex nature of some contracts schools may want to seek legal advice when preparing or reviewing contracts, alternatively some example contracts can be downloaded from www.dfes.gov.uk

What makes a good Service Level Agreement or contract?
Good contracts and SLAs share a number of common features. Contracts and SLAs should set out in writing:

- **names**
  the service provider (supplier) and the school;
- **duration of the agreement**
  including the notice required for termination;
- **services or goods to be provided.**
  There may be different levels or frequency of service specified often referred to by such terms as gold/silver/bronze or premier/standard etc;
- **obligations of both parties**
  e.g. notice of visits, what should be provided by the school to enable the supplier to fulfil their obligations;
- **location where the service will be provided;**
- **who will be providing the service**
  including their qualifications (see also background checks);
- **performance standards/measurements which will be applied**
  Outline the service quality standards and outputs/outcomes that will be delivered, express how the delivery of the service specification will be monitored and measured (e.g. response times). It should also include the review and evaluation requirements that will be carried out towards the end of the contract;
- **process for agreeing variations to the agreement;**
- **complaints and disputes resolution procedure,**
  including any escalation and arbitration arrangements and mechanisms for dealing with significant problems, such as imposing financial penalties;
- **expected frequency and time inputs**
  to be delivered by the service provider where this will be useful as a performance indicator;
- **the price for the service and the payment arrangement,**
  including the financial payment arrangements, specifying the payment periods, how this is calculated (e.g. hourly, daily rates) and how it will be paid (e.g. by debit, invoice etc.). If the contract is for more than one year, it may be necessary to outline how it will incorporate the need for adjustments to financial payment arrangements, such as the rate of inflation;
- **an authorisation of contract form,**
  be signed and dated by parties.

Schools should consider reviewing their existing SLAs and contracts against this checklist and challenge their LEAs if the SLAs do not meet these standards.

Types of Contract SLA and Payment Arrangements

There are a number of different types of payment mechanisms and schools should consider the various types of agreements available to them and which is most appropriate. The type may vary according to the service required.

'Pay as you use' agreements are cost based, schools pay for the number of units of the good or service they have used.

This will allow the school to have greater control of the frequency with which they utilise the service but the supplier may be uncertain about the extent to which schools will use the service. This has implications for supplier resourcing and may mean that the service is not available on demand. It is also likely that the unit price for a pay as you use service will be higher than some other options.

Fixed entitlement agreements allow schools to use a fixed level of service for a fixed price. E.g. six days for £3,000.

Often a range of service levels will be offered, and the school will be charged for the level that they choose, whether or not they fully utilise their entitlement. For example, Governor training may be provided at a fixed sum for a number of days training and the school pays whether or not the governors take up the training.

The advantages for the provider are certainty of income which makes their resource planning easier. This can be reflected in a lower unit rate for the school together with certainty of entitlement and budget commitment. A disadvantage is a potential lack of flexibility if school demand varies from the agreed amount.

Insurance agreements are where a holding fee may be paid by the school to guarantee unlimited availability of the service if required.

This may be appropriate where a service use is unpredictable. As with car insurance a 'no claims' bonus may be built up, resulting in a reduced price/premium year on year, over a period of years if the service is not used. This type of agreement can operate in relation to some technical support services such as ICT or for teacher insurance to provide supply cover. Conversely high use of a service may result in increased price or premiums than might be obtained from other purchasing options.

Duration of SLA or Contracts

Short Agreements (One year or shorter)

Historically most agreements for providing services have been let as annual contracts linked to the financial year. Where school budgets have been volatile and uncertain this is probably a reasonable approach. Given that school budgets are likely to be stable in the medium term, it is now reasonable for schools to consider longer term agreements.

For some services a short-term agreement may still be preferable. For new or untried suppliers it allows greater flexibility to change suppliers, and will not lock funds into long term spending decisions.

Longer Term Agreements (one year to three years)

For the majority of services it is often preferable to have an agreement that lasts longer than a year. Most suppliers will prefer an option that is longer term as it will give them a degree of certainty about the future and make it easier for them to recruit high quality employees. It may also be cheaper for schools as providers may spread their start up costs over a number of years.

Schools will need time to evaluate the quality of services, and decisions and processes about renewing agreements can be time consuming. However any agreement must include break clauses or notice for early termination if the service is not satisfactory.

Contracts longer than three years

Anything that is longer than three years may result in inflexibility, particularly if the agreement does not allow the school to vary its requirements in the light of changing circumstances. However, in some cases schools may benefit from longer term agreements.

> *For example:*
> *For services which may require significant initial or ongoing investment from the supplier such as catering, or services which may offer potential discounts such as insurance, legal advice or ICT support.*

Timing Issues

When investigating the market for goods and services, schools should think carefully about the timetable, including the notice period required by different service providers. This might include ensuring that there is sufficient time to investigate the market and ask potential suppliers to specify the good or service to be provided. Timing is also important in terms of ending contracts; schools should consider, at the outset, whether the notice period required by a service provider is flexible enough in the event that the school is unhappy with the service. This may be something a school is prepared to live with, and some providers and Local Education Authorities will offer discounts for longer notice periods; the important thing is for the school to be clear that it is comparing like with like in all respects.

Monitoring and Evaluation

It is very important to make sure that, after signing a contract or an SLA, the school monitors whether that the service is delivered as agreed. This is covered in Chapter 8 of the purchasing guide on Monitoring and Evaluation.

Chapter seven

Purchasing options

Background

Schools are familiar with a variety of purchasing options that have been offered by LEAs or other local suppliers but may, as a result of reviewing their needs, consistent with employing best value principles, decide to look for alternative suppliers. Such suppliers could be providing a new service not previously purchased by the school, replacing an existing service that is not meeting current needs or introducing competition into the purchasing process.

Where an LEA engages suppliers on behalf of its schools it will have in place processes for checking the financial standing of potential suppliers both to protect public funds, and to ensure continuity of secure service provision for schools.

These responsibilities apply equally to school managers who should obtain the necessary information to assure themselves that a company is a fit provider of services to the school. LEAs will be able to provide detailed advice on this on the depth of information required in relation to specific services.

> *For example the level of detail required when engaging a decorator to paint a classroom will be different from that required where a decorator is to be engaged to undertake internal and external painting of a large secondary school.*

School managers will probably want to obtain the following information from potential suppliers:

- name and registered address of the company;
- contact details;
- any bankruptcy orders against company officers;
- identify any potential conflicts of interest; For example are any of the company's staff related to any of the school's staff or governing body?
- audited company accounts for the previous three years (if the company has been in business that long) and/or a bankers reference;
- insurance – employers liability, public liability and where appropriate professional indemnity certificates;
- health and safety policy/procedures;
- quality assurance procedures;
- complaints procedures;
- penalty arrangements for failure to deliver; and
- names of at least two referees or reference sites

For those services which LEAs determine can best be provided by external suppliers they may undertake the purchasing processes on behalf of schools, perhaps involving headteachers in the process, and then recommending the preferred supplier to schools.

> ***Case Study:***
> *Schools in one authority had been purchasing their payroll service from the local authority's finance department but had concerns about the accuracy, relevance and timeliness of the management information being provided together with the cost of the service. The LEA organised presentations by a number of payroll suppliers and invited schools to attend.*
>
> *Schools then appreciated that they did have choices and over 50% of schools subsequently switched to a private sector provider. Schools benefited from reduced costs, more timely management information and subsequently, access to an integrated payroll and personnel service.*

A further benefit to schools was that the LEA spent less time and effort on resolving problems caused by the in-house service, leaving it free to concentrate on improving other services to schools.

Finding Alternative Suppliers

Schools already receive catalogues and brochures from the suppliers of items such as books and stationery and increasingly receive approaches from companies providing a range of other services from consultancy to payroll administration.

Schools may wish to further widen their choice of suppliers and look to a variety of sources of information about the potential market of suppliers. Access to a wider choice of suppliers may be found through the use of:

Local advertisement;
Trade directories. The easiest way to access information on these is probably via the internet;
Education specific E-procurement hubs and advice sites are starting to develop. These can provide advice on potential suppliers and more detailed advice on purchasing specific services, including guidance on specifications. These hubs and sites will be advertising their services to schools as they develop;
Professional or trade associations such as the Society of Education Consultants;
Other schools. Colleagues may have already investigated the market and obtained names of alternative suppliers, and may be receiving services from them;
LEA. Authorities may have already explored the market for alternative providers particularly as part of conducting their own best value reviews, or in developing their own approved supplier lists; and
Personal recommendations from school advisers or inspectors, governors, members of staff or parents. Where recommendations are made in this way, school managers should satisfy themselves that there is no conflict of interest.

School Purchasing Consortia

Many of the services which schools use are common to most types and sizes of schools, for example payroll, repairs and maintenance, or the purchase of books. For such supplies or services it may be useful for schools to consider whether forming a purchasing consortium can offer economic or organisational advantages. This may be achieved by developing a commercial side to an existing cluster or pyramid group or by establishing a new group with the specific aim of maximising purchasing power and simplifying and streamlining purchasing procedures.

Benefits of purchasing via a consortium include the following:

- combined purchasing power resulting in lower prices or higher levels of service provision;
- increased negotiating power, for example if the level of service is not meeting agreed performance levels;
- a forum for sharing effective practice about purchasing, contract monitoring and evaluation;
- economies of scale in service provision;
- increased range of potential suppliers attracted by the increased market;
- administrative workload can be shared.

Scope of Activity
Purchasing consortia may widen their scope of activity to include other joint funding arrangements or to introduce the provision of services by one of the schools in the group.

Examples could include:

- *Sharing of the employment costs of support staff, for example an ICT technician;*
- *Joint funding of an independent professional, for example a counsellor;*
- *Organising and funding cross consortia professional development events addressing, for example issues of transfer and transition;*
- *Provision of a service by one of the schools in the group, for example catering provided to a primary school by a secondary school;*
- *Provision of professional development by skilled staff within the consortium, for example using advanced skills teachers to provide mentoring and support for teachers in other schools;*
- *Funding activities to support the local implementation of national initiatives, for example supporting visits by mainstream teachers to special schools to observe and learn from teachers who have the experience and skills needed to implement inclusion;*
- *Funding a network supported by a curriculum consultant to share and develop effective practice across the consortium, for example a primary science or secondary assessment co-ordinators network.*

? Practical Questions ?

Before establishing or joining a consortium schools should consider the practicalities:

? **The number and range of schools** to be included in the consortium; The consortium needs to be both of a manageable size and to be large enough to obtain the benefits of economies of scale;

? **The geographical spread of schools.** In some situations schools may wish to form/join a group with schools from a neighbouring LEA;

? **The legal status of the group.** The consortium could exist on an informal basis relying on good will and professional agreement however this could leave schools vulnerable, should a number of schools decide to leave the group. Equally, suppliers may be concerned about providing services to such a loose confederation. It may be more appropriate for the group to form a company limited by guarantee that is a relatively cheap process but offers protection to all parties; and

? **The management of the consortium.** The management agreement needs to ensure that the needs of all schools are considered but the arrangements should not be allowed to become unwieldy and bureaucratic. A small, representative executive board could become the decision making arm, informed and scrutinised by a larger steering group. The appointment of a part-time implementation manager,

Case Study

Schools Alliance.

A group of 19 schools in a shire county, including a secondary and its feeder primary schools, formed an alliance. The alliance was formally constituted as a limited company with five headteachers and five chairs of governors as directors. The alliance employed a retired deputy chief education officer as the co-ordinator, paid for by a contribution from each school, levied on the basis of an amount per pupil.

The aims of the alliance were to improve the schools' purchasing power, to improve working links with the LEA through self-empowerment, and to improve curriculum links between schools including the transfer arrangements between primary and secondary phases.

To date the alliance has been successful in a number of ways including: improved relationships between schools, the pooling of resources for property maintenance, with the management board determining priorities, negotiating rates and forming a preferred supplier list and having a central contact point. Other successes have included arrangements for the purchase of energy, supply insurance, training, photocopiers.

Brokerage Services

Brokerage is an arrangement whereby one or more organisations procure goods or services on behalf of another, in this case schools. Such arrangements could be within one LEA or across a wider geographical area.

Some LEAs are beginning to fulfil this role and act as brokers rather than as direct providers of services to schools. Increasingly other organisations which exist specifically to broker goods and services are beginning to enter the education services market, for example ICT hardware leasing companies.
A project implementing brokerage for a range of services is underway in Rotherham Metropolitan District Council. More details of the ideas behind the pilot can be obtained from the Ofsted Action Plan for Rotherham http://www.rotherham.gov.uk/pages/council/services/ecals/ap1.htm.

Benefits of using a broker include:

- saving school time in finding and evaluating services or suppliers;
- access to a wider range of suppliers than schools are able to easily access themselves;
- goods and services can be purchased more economically than by a school because of the economies of scale achievable by a broker;
- brokers use their own technical and professional expertise to assess the quality of potential providers, to draw up specifications and to conduct the necessary financial and employee checks. They should be able to give assurances about the quality of service provision and schools will wish to know what processes have been used to justify the broker's recommendations. This should ensure that schools receive high quality services whilst saving them the time involved in checking out the financial and professional standing of suppliers;
- accessing external purchasing expertise means that schools do not have to develop in-house expertise; and
- should a service fail to meet expectations additional pressure on the supplier can be applied by the broker to assist in rectifying the problem, e.g. potentially removing a supplier from the brokerage's approved list.

? Practical questions ?

Before using a brokerage service there are a number of practical issues which schools should consider including:

? the extent to which brokers are providing **impartial advice**;
? that the **cost** of brokerage may be passed on to the school, is the brokerage adding value?;
? that brokers are **salesmen**, and have a vested interest in your purchase;
? that the **contract** is between the school and the supplier. School managers should adhere to the same principles they would follow in entering into any contract;
? some brokers may **specialise** in specific functions or service areas requiring schools to use **more than one broker** to obtain a range of services.

In essence Schools will want to be assured that a broker will reduce the bureaucratic burden, improve quality of services and provide increased value for money.

E-Commerce

The rapid growth of the Internet has resulted in the development of an entirely new approach to purchasing and, since the implementation of National Grid for Learning, purchasing on-line has become a feasible option for most schools to consider. This section outlines the issues schools should consider in relation to purchasing via the Internet (E-commerce or E-Procurement). It is not intended as a comprehensive guide to setting up the use of the Internet for purchasing in schools, but offers advice and suggestions on good practice.

Schools can find more detailed advice on buying on the Internet from the Office of Fair Trading http://www.oft.gov.uk/html/shopping

Benefits of using the Internet for purchasing

- Access to a wider pool of suppliers;
- Reduction in the cost of goods, for example cheaper books and stationery;
- Potential reduction in the costs associated with purchasing. For example fewer people involved in the process as the budget holder can place the order directly with the supplier;
- Fewer errors in orders because there are fewer opportunities for mistakes to be made as information does not have to be transcribed;
- Mistakes should be more easily rectified as there is no complex paper chain between the school and the supplier;
- More prompt delivery of goods as orders can be placed directly into the supplier's system;
- Schools have the convenience of a single access point without the use of phone calls, letters, paper forms and faxes;

? Practical Questions ?

Schools should consider the following questions before embarking on Internet purchasing:

? Do the school's **financial management procedures** need be reviewed to take account of the changes in purchasing arrangements?
? How will **authorisation of orders** be done?
? Is an appropriate **ICT infrastructure** in place?
? Are policies in place to support the effective and **appropriate use of the Internet**? For example ensuring that on-line ordering does not prevent or interfere with curriculum access?
? Will **responsibilities for on-line purchasing** be delegated to all budget holders?
? Have all budget holders received **appropriate training**?
? How will Internet purchasing be aligned with the schools' financial systems and **accounting arrangements**?
? Does the school make sufficient purchases to justify the **potential costs of implementing** Internet purchasing?
? Is on-line purchasing the most **suitable method** for buying the specific goods or services? Some goods and services currently purchased by schools will not be available on-line and it may be appropriate to continue with the current service and ordering arrangements rather than risk a new and unknown supplier.
? Would it be sensible to **pilot on-line purchasing** with one or two departments or curriculum co-ordinators?

Schools will probably want to seek advice from their LEA on these matters both to ensure that appropriate safeguards are in place to ensure probity and that any arrangements comply with the audit requirements.

E-Commerce Champion

Schools may consider nominating a member of staff to act as an 'E-Commerce Champion'. Their responsibilities might include:

- **raising the profile** of on-line purchasing in the school;
- ensuring the **development of an e-procurement policy** for the school including the supporting procedures, protocols and regulations;
- ensuring appropriate **training for budget holders** and providing **practical support** where needed;
- **maintaining and updating** the processes supporting e-procurement;
- establishing and maintaining a **list of approved suppliers**;
- **liaison with suppliers** for updated information and access to Internet catalogues etc.
- **monitoring and evaluating** the effectiveness of on-line purchasing including consideration of value for money and probity issues.

Approved Supplier Listings

Schools may wish to establish a list of approved e-commerce suppliers which budget holders must use for specific categories of purchase. In determining its approved supplier list(s) the school should consider:

- **price**, good value for what may be small purchases;
- **associated costs** such as delivery charges;
- **choice**, be able to choose between competing products;
- **reliability, availability and speed of delivery**.

If the school has an intranet or internal website they could use this to provide access to approved suppliers lists, limiting access to authorised staff. Staff would be able to compare the different products available from approved suppliers, compare them to the school's requirements, and if authorised, place an order with the supplier or proceed with a conventional purchase.

Budgetary Control

Schools need to consider how spending on Internet purchases can be controlled.

A number of payment mechanisms are available which will contribute to the necessary processes of ensuring that spending is controlled and secure:

- **Purchasing Cards** - these are similar in some respects to credit/debit cards which will have spending limits for individual members of staff with statements issued each month to the school. Cards may either operate as "school credit cards" with payment in arrears or paid in advance;
- **Accounts** - schools can set up accounts with suppliers for authorised users, potentially with individual credit limits. Suppliers can invoice schools each month with a statement of spend by each user.

It is sensible to **insist that individuals do not use their own credit cards** for school purchases as this can cause potential problems including liability, guarantees, VAT reimbursement and issues of legal ownership.

Schools must ensure that spending is both monitored and reported accurately. The issuing of statements by suppliers will help in the provision of information to schools who may be able to check the status of their spend with suppliers on-line. Schools will wish to have the facility to reduce or increase the credit limits for individual account holders. Schools need to ensure that information of E-commerce transactions is reflected on their financial systems in a timely and accurate manner both when expenditure is committed and when an invoice is paid.

Chapter eight

Monitoring and evaluation

Effective monitoring and evaluation is an integral part of the purchasing process and has its foundation in clear statements of requirements, specifications, contracts and SLAs

Who should Monitor and Evaluate?

An individual with responsibility for the process

It is sensible to allocate responsibility for monitoring and evaluation to named personnel who are in receipt of the service, or closely linked to its delivery. Those involved should have a clear understanding of the key objectives of the particular service provided and experience of its delivery. Equally schools should expect that suppliers will identify named individuals or points of contact through which all first line communication can be funnelled and that all such interactions are dealt with speedily, appropriately and in line with agreed procedures.

Involve stakeholders

Although monitoring and evaluation are vital, the process should not be allowed to become unwieldy and burdensome. Managers should look to the potential contribution that can be made by stakeholders other than teachers, for example governors, parents, older pupils and support staff.

Monitoring by the provider

Service providers should be expected to monitor and evaluate their own performance and schools may wish to ask suppliers to share this information.

Monitoring

Monitoring generally focuses on routine checking that services are delivered as expected and frequently involves collecting data about failure to deliver some aspect of service rather than routine collection of data about successful delivery.

> *For example*
> *A primary head teacher may build up information about instances where there have been inaccurate salary payments or a secondary school bursar may log the time taken to respond to requests for support in relation to computer hardware failure.*

It is important to balance the time taken for monitoring with the risk of the service not being provided to the agreed level.

> *As an example:*
> *It is imperative that comprehensive health and safety checks on electrical equipment are conducted on time but schools may consider the routine checking of the standard of window cleaning to be less critical to the school.*

Collated data from the monitoring process will provide vital evidence to inform school managers' interactions with suppliers whether these relate to complaints, commendations or awarding of contracts. Effective monitoring will enable school managers to contact suppliers quickly so that faults in service delivery can be speedily rectified.

Evaluation

Where monitoring focuses on the routine collection and organisation of factual data; evaluation is the process of judging the quality of service provided, comparing it to the required standard, and exploring the reasons for variations. This may involve further exploration of the data already collected as part of the monitoring process but could also include the collection of qualitative data.

As an example:
Data collected in relation to the uptake of school meals (monitoring) could highlight a significant reduction in the number of pupils taking lunch during a term.

Evaluation would seek to identify the reasons why. There may have been changes to lunch time arrangements, a price rise, the opening of a local fast food outlet or there may have been a significant decline in the quality of the food. Discussions with pupils in a primary school or a pupil satisfaction survey in a large secondary school would provide the evidence on which judgements could be made.

Should the quality of catering provision appear to be the cause of declining numbers, information collected from pupils will inform discussions and help to identify the desirable changes to service provision.

Some evaluation will be done because of apparent decline in the level of service provision, perhaps in areas such as catering, cleaning or grounds maintenance. However, it is imperative that there is systematic evaluation in those aspects of service provision that directly influence the quality of teaching and learning, and pupil welfare. Evaluation in these areas of service provision should be routine, ongoing and include both formal and informal mechanisms.

Effective Monitoring and Evaluation

Effective monitoring and evaluation involves three elements:

1. **Outlining clear purposes** - outcomes, outputs and performance measures;
2. **Collecting evidence** – both quantitative and qualitative;
3. **Making judgements** – reviewing current service provision and making decisions about future suppliers and levels of provision.

Without effective monitoring and evaluation it is not possible to ensure that the school is achieving value for money and without sufficient valid evidence it is not possible to identify what changes to service provision are needed.

Performing effective evaluation

- use a representative sample of service users to discover their opinion of performance;
- learn from any past mistakes and identify areas of improvement;
- check if any other stakeholders would require information from the performance monitored *e.g. other schools, the LEA and service providers;*
- compare the service received to that received by other organisations, *such as other schools or colleges;*
- establish how well the provider has performed against qualitative and quantitative performance indicators, observing where goals have not been met, review any extenuating circumstances;
- consider complaints the service has received, the response of the service provider and the adaptability of the provider to any new situations.

At the end of an agreement term, or at agreed points during the agreement, the specification may need to be amended or fine-tuned. The evaluation, alongside any evidence of changes in the service, and opinions on whether the contract should be renewed should be presented to the school's governing body.

Glossary

Here is a brief definition of some of the key terms used in the Purchasing Guide.

- **Audit Trail**. A transparent and clear record of every step taken in a process. Anyone should be able to check how a decision was made and that all appropriate procedures were followed.
- **Best Value**. Requirement under Local Government Act 1999. All local authorities are required to carry out reviews of all their services in a five-year cycle. Best Value Performance Plans are to be published annually. Performance Plans and reviews are subject to inspection by the Audit Commission. The legislation is not binding on Governing Bodies but schools should apply the principles of Best Value in their purchasing decisions.
- **Brokerage**. Use of an intermediary to obtain goods/services. Brokers can provide impartial procurement/purchasing expertise. A broker should obtain the best deal for a school.
- **Consortium**. An arrangement under which a number of schools operate together to purchase services or goods. The essential idea is that by combining purchasing power schools can improve services and prices and can also share the administrative overhead.
- **Contract**. A legal agreement between two parties. For schools purchasing contracts will exist between school and providers/suppliers other than home LEA (see also Service Level Agreement).
- **Delegation**. The arrangement under which responsibility for monies and functions are passed from an LEA to schools as defined by the LEA's formula funding arrangements and funding schemes. School budgets are delegated and the monies can be used for any purpose intended to provide education. Schools may also have internal schemes of delegation which define the roles of governors, heads and other members of staff.
- **Devolution**. The arrangement under which earmarked funds are passed to schools i.e. the monies may only be used for a specific purpose.
- **E-Commerce**. Purchasing using electronic means either by using the Internet or more commonly by telephone using credit/debit or purchasing cards.
- **Invitation to Tender** (ITT). The means by which schools approach potential suppliers or service providers with their specification or statement of requirements.
- **Performance Indicators**. These should be the measures against which the provider or supplier is gauged.
- **Quotations**. In response to an Invitation to Tender potential suppliers/providers will provide quotations including price. Schools should try to ensure that quotes are comparable.
- **S48 scheme**. This sets out an LEA's "rules" which govern the financial arrangements between an LEA and schools and also set the boundaries within which schools operate (in financial matters). (S48 refers to Section 48 of the School Standards and Framework Act 1998)
- **Scheme of Delegation**. A document which sets out relative roles and responsibilities. Typically one is prepared by governors to set out the relative roles and responsibilities of the governors and the headteacher. A headteacher may, depending on the school's internal management arrangements, prepare a scheme of delegation setting out roles and responsibilities of him/herself and other members of staff.
- **Service Level Agreement** (SLA). A document, normally produced by a LEA which details service(s) to be provided to schools including price. It should be regarded as a contract, except that it is not usually legally enforceable.
- **Specification**. This sets out, in detail, a school's requirements for a particular good or service.
- **School Standards and Framework Act 1998** (SSFA). The legislation that introduced Fair Funding (which replaced LMS) and sets out a wide range of changes in the arrangements under which schools and LEAs operate.
- **Standards Funds**. Direct funding from DfES to LEAs, outside normal funding arrangements. There are currently a number of elements of the Standards Fund supporting a number of initiatives both at school, and to a lesser extent at LEA level. Both the number of elements, and the bidding and allocation methodology has been simplified. www.dfes.gov.uk/standardsfund

- **Standing Orders**. A local authority's rules for a range of activities including letting of contracts. Schools need to be aware of the Standing Orders and ensure that they comply.
- **Statement of Requirements**. A simplified form of specification. It sets out a school's requirements for a service, usually in terms of outputs or outcomes.
- **Tender evaluation**. The process by which tenders are compared to the specification or statement of requirements.
- **Tendering**. The process of inviting potential suppliers or service providers to submit tenders. Usually includes preparing and sending out specifications. Responses should all be required to provide a set of specific information to enable fair comparison.
- **Value for Money** (VFM). Schools should seek to obtain VfM in their activities. VfM involves more than consideration of price but considers quality of outputs as well.

Copies of this document can be obtained from

DFES publications
PO Box 5050
Annesley
Nottingham NG15 0DJ
Tel 0845 0 222 60
Fax 0845 60 333 60
Textphone 0845 60 555 60
e-mail: dfes@prologistics.co.uk

Prolog ref no. DFES/0547/2001

© Crown copyright 2001
Produced by the Department for Education
and Skills - Value for Money Unit

Extracts from this document may be reproduced
for non-commercial or training purposes on the
condition that the source is acknowledged

www.dfes.gov.uk

department for
education and skills
creating opportunity, releasing potential, achieving excellence

INVESTOR IN PEOPLE