



MidKent College

Procurement Policy

Author: REDACTED NAME, Finance Manager
Date: November 2020

Approved by: Finance and General Purposes Committee/Governing
Body
Date: November 2020/December 2020

Review: November 2021

1 INTRODUCTION

1.1 The purpose of this document is to guide and inform the procurement processes within the MidKent College Group (MKC). This will ensure the achievement of value for money by operating best practice.

1.2 Roles and Responsibilities

- Governors have delegated authority for procurement to MKC management and staff within clearly identified limits. These limits can be found in the Financial Regulations, and are updated from time to time. The Appendix to this document gives the necessary detail.
- The Chief Executive and the Executive Team have a responsibility to ensure that appointed budget holders are capable of making effective procurement decisions and effectively managing the resources at their disposal.
- Budget holders are required to research each procurement decision by comparing competing suppliers and selecting the best based on a number of factors which are identified in 2.2 below. Any procurement begins with the identification of a need which should be challenged to ensure it is really needed. A procurement decision may involve the one-off purchase of a piece of equipment, or a large number of repeat orders such as stationery or paper supplies. The requirement to test the market applies equally to both examples, though the process may vary.
- The Finance Service has a responsibility to maintain the purchase ordering system on the current finance system and to ensure that all those involved in ordering and approving the procurement of goods and services have received appropriate training. The Finance Service will also ensure the accounting transactions that follow the order are managed effectively.

2 PROCUREMENT OBJECTIVES

2.1 Effective procurement will enable MKC to obtain goods and services in an efficient and effective manner. To achieve this, MKC has identified clear objectives, and staff who purchase goods and services are required to meet these objectives.

2.2 Value for Money (VfM)

There is an inherent desire to obtain optimum value for money in terms of the goods and services procured. There is also a probity-based requirement to be able to demonstrate that reasonable steps have been taken to achieve this desired VfM. This can be shown through the use of appropriate levels of competition between potential suppliers of the required products.

Good practice requires that each purchasing decision is effectively researched. Likely sources of information are:

- Supplier catalogues
- Telephone enquiries
- The internet
- Trade journals
- Supply consortia

The use of quotation and tender procedures serves two main purposes:

- the process should endeavour to identify potential suppliers that are capable of supplying the required product
 - to a quality that meets the needs of the user
 - at a price that represents value for money
 - at the time the goods/services are needed by the user
 - in a quantity that meets the needs of the user, and
 - to the location required by the user.
- To provide evidence of the use of fair, open, transparent and non-discriminatory methods of placing business with the supplier used. The procedures provide protection to the buyer carrying out the procurement process as well as to MKC.

A quotation is a simple process to investigate the availability of suppliers for a product needed and to identify the prices, delivery timescales etc for them.

A tender is a much more detailed and robust process used to investigate the availability of a supplier for the product needed and to identify the prices, delivery timescales etc for them.

Higher value procurements are subject to competition under the EU Public Procurement Rules (see www.ogc.gov.uk for the current EU thresholds). It is recommended that any requirement falling under the EU Rules is referred to the Finance and Procurement Manager. Breach of EU Rules could lead to failure to award a contract causing delays and considerable losses to MKC both financially and in reputation.

2.3 Accountability

MKC is accountable to the community it serves and those who fund its activities. It is not sufficient to merely achieve value for money, it must be demonstrated. MKC will adopt a professional approach by proactively seeking the best deal available on each occasion. Staff will deal fairly with suppliers and adhere to the procurement standards identified in this document. This will protect staff from allegations of prejudice or malpractice.

2.4 Fair and Open Competition

It is important to ensure the competitive process is a prominent element in all purchasing decisions. European law requires competition throughout the Union and specifies rules for higher value procurement. The detailed requirements with regard to the competitive process are shown in the appendix to this procedure.

3 PROCUREMENT ETHICS

- 3.1 The principles governing the conduct of MKC staff are incorporated in the staff handbook. This section guides staff on the proper conduct of business with existing or potential suppliers. The main areas that budget holders need to be alert to are discussed in the following paragraphs.
- 3.2 It is a criminal offence under the Bribery Act 2010 for any supplier to offer corrupt gifts or payment to induce business. Similarly, it is an offence to accept such an offer. Discretion in dealing with suppliers is required at all times. Incidents of this nature must be reported to the Chief Executive or Executive Director of Finance and Estates(or deputy) immediately.
- 3.3 Gifts or gratuities are not acceptable for other than insignificant items such as pens, diaries or other publicity material. The occasional offer of hospitality is acceptable such as receptions, lunches or trade dinners, but if valued at £50 or more this must have the prior approval of the relevant line manager or be declined. The recipient (and line manager where relevant) must ask the following questions:
 - Will it further MKC's aims?
 - Is the level of hospitality reasonable in the circumstances?
 - Has it been openly offered?
 - Could it be construed as any form of inducement, and is it likely to place an obligation on a staff member?
- 3.4 Gifts or gratuities valued at £50 or more must be reported to the Clerk to the Governors, who will maintain a register of such items for onward reporting to the Finance and General Purposes Committee.
- 3.5 Conflicts of interests must be disclosed to the Executive Director of Finance and Estates (or deputy) who will make arrangements to include a potential supplier in the competitive process whilst addressing any potential conflict of interest.
- 3.6 In the course of procuring goods, staff have access to sensitive information. This information must be treated as strictly confidential and

disclosed only on a need to know basis. However the Freedom of Information Act 2008 is applicable to quotations and tenders.

- 3.7 Staff must also refer to the Anti-Fraud Policy and Staff Handbook when considering procurement ethics.

4 TENDERING REQUIREMENTS

- 4.1 Tendering will be used for purchases with a value in excess of £50,000 where there is a realistic competitive choice. The following is a summary of the tendering process; more detailed information is available on the FE Library – Procurement website www.felp.ac.uk.
- 4.2 When drafting the specification for the goods or services required, the specification describes what it is that you wish to purchase. The separate elements of the specification form the basis of the tender submission and of the assessment process. It is important, therefore, that these elements can be objectively assessed so that when carrying out the evaluation process, it can be completed in a fair and open manner. There are specific legislative requirements regarding the use of the initial selection criteria and when evaluating the bid submissions against the published award criteria. Both the selection and award criteria must be published in, where appropriate, the advertised contract notice, and in the quotation/tender documentation.
- 4.3 In the interests of efficiency and economy, selected tendering is generally acceptable where the EU threshold will not be breached but for contracts above £25,000 and below the OJEU threshold the use of PQQ's are prohibited and all contracts that are advertised must also be advertised on <https://www.gov.uk/contracts-finder>. For all OJEU tenders the potential suppliers are then invited to submit a pre-qualification questionnaire (PQQ). Their responses should be assessed against the selection criteria and they should be allocated into one of two groups: the applicants that have failed to meet the stated selection criteria and those that have passed. Depending on the numbers, it may then be necessary to rank the applicants in the 'passed' group, in order to reduce the number to be invited to tender to a reasonable number. Any applicants not short-listed, and not invited to submit tenders, should be advised at this time and, if they request it, be de-briefed giving reasons for their failure to proceed to the tender stage.
- 4.4 A record of how the selected tendering list is compiled must be carefully maintained to ensure fairness and objectivity can be demonstrated. The following must be ensured:
- Sufficient number of interested, competent, financially sound suppliers with adequate capacity to undertake the work are identified.
 - The possibility of disqualifying a supplier after receiving their tender for reasons which should have been identified is reduced.

- The number of potential suppliers is kept to a manageable level.
 - Tenderers do not incur unnecessary costs in preparing their bids.
- 4.5 The tenderers must all be circulated with an invitation to tender simultaneously. The closing date and time for the receipt of tenders should be clearly stated and should not be extended, but if exceptionally it is, then this must be communicated to all tenderers.
- 4.6 All tenderers must be given the same opportunity and treatment on a like for like basis. If visits are permitted, then this must be extended to all parties. A record of information disclosed will be maintained, and the identity of tenderers must not be disclosed to others. Care must be taken to allow sufficient time for return of tenders and evaluation. Inadequate time may result in the failure to achieve best practice.
- 4.7 Instructions to tenderers must be unambiguous.
- Return envelopes must be sealed, marked with the tender reference and the required date and time provided for returns.
 - The date and time of receipt of each submission must be recorded on the return envelope.
 - All returned bids must be held in a secure location until the stated closing date and time has passed.
 - Any submissions received after the stated closing date and time will not be opened and not be considered.
- 4.8 The following will be observed when opening and evaluating tenders:
- After the stated closing time and date, the bids will be opened by two members of staff, one of which will normally be the Finance and Procurement Manager.
 - Nobody involved in managing the service shall be part of the tender opening procedure.
 - A summary schedule will be prepared on which the name of each supplier and its prices will be recorded. The members of staff will sign and date each submission and all pages therein containing pricing information.
 - The names of suppliers that have not replied, or replied after the stated closing time and date, will also be noted.
 - Each member of staff will then sign and date the summary schedule.
- 4.9 The evaluation procedure, which will be set at the start of the process, will consider all relevant factors which would generally include commercial, technical and financial issues. Further information on this

stage can be found on the FE Library – Procurement website
www.felp.ac.uk.

4.10 The evaluation panel should include:

- The individual responsible for managing the tendering process
- An end user of the product or service
- A representative from the Finance team
- An external specialist if necessary.

4.11 In circumstances where there is a technical or qualitative element to the tender scoring, all pricing information shall be retained by the Finance and Procurement Manager and the technical or qualitative tender content passed to the panel for evaluation. The resulting scores will then be added to the pricing scores by the Finance and Procurement Manager and weighted according to the tender terms.

4.12 The award criteria must be carried out using Most Economically Advantageous Tender (MEAT) which allows the College to take account of a criteria that reflects qualitative, technical and sustainable aspects of the tender submission as well as price when reaching an award decision. Awarding purely on the lowest price is not permissible but where the cheapest tender is not selected, the reasons for the decision should be noted with the tender file. It is not necessary to select the cheapest tender in all cases and the use of pre-determined weighting factors would generally be appropriate, providing that at least 50% of the total weighting (30% with written authority in advance from the Executive Director of Finance and Estates (or deputy)) is allocated to price.

4.13 Local suppliers will be prioritised if price, quality, product requirements and delivery timescales meet the colleges and purchasing department's requirements.

4.14 Suppliers who are unsuccessful should be informed and given the opportunity for feedback.

4.15 Single tenders may take place only with the express approval of the Executive Director of Finance and Estates (or deputy). The circumstances in which this is acceptable are when:

- Following appropriate research, there is no evidence of alternative sources of supply.
- Specialist attention is needed to extend, repair or refurbish proprietary or specialist equipment.
- The use of specialist professional services is indicated.
- Exceptionally, if an emergency arises. In such cases the duration of supply is likely to be limited such that an open tendering process can be conducted at the earliest possible opportunity.

The circumstances leading to a single tender action must be recorded. For every occasion when single tendering has been used, the Executive Director of Finance and Estates (or deputy) must report the event to the Finance and General Purposes Committee.

- 4.16 MKC policy is to establish Preferred Suppliers for certain goods and services over periods of up to three years. In order for Preferred Supplier status to be conferred on a supplier they must be successful in a tender designed specifically for the purpose, or be the sole supplier under a suitable procurement framework (CPC will be assumed by default). In return for favourable pricing or other terms, MKC will undertake to use that supplier wherever practicable within the timescale agreed. Staff wishing to establish Preferred Supplier arrangements should contact the Finance and Procurement Manager for advice and support. A list of Preferred Suppliers will be maintained on the Finance SharePoint site.

5 IN-TEND E-PROCUREMENT SYSTEM

- 5.1 For all quick quotes, tenders and full OJEU tenders, the In-tend e-procurement system should be considered and any individual who requires access or training should contact the Finance & Procurement Manager.
- 5.2 In-Tend provides the college with a full robust system to get easy access to quick quotes and Tenders:
- Quick Quotes – The aim of the quick quote tool is to provide a simple way for a non-procurement user to generate a quotation with minimal training, whilst still adhering to all procedures required by both the system and MKC.
 - Tenders (Inc. OJEU) – The Tendering Project tool provides the user with a set template and easy process to complete a full tender. The system controls the full tender requirement details, OJEU Notice dates, Pre-Qualification requirements, timescales, classifications, Opening Ceremonies and holds a full audit trail of the communications between MKC and suppliers.

6 QUOTATIONS

- 6.1 For purchasing decisions with a value between £2,000 and £50,000, quotations will be used. Three quotations will normally be obtained. Variations from this requirement are acceptable only on grounds of technical compatibility, or lack of alternative suppliers.
- 6.2 Telephone quotations are acceptable only if followed up in writing. Budget holders are responsible for holding this documentation, and they

may not sign requisitions without first verifying that the tendering and quotation requirements have been met.

- 6.3 Scanned copies of the three quotations are to be maintained centrally and attached to purchase orders via the electronic purchasing system.

7 LOWER VALUE PURCHASES

- 7.1 Paragraph 2.4 states that the competitive process should be evidenced in all purchasing decisions. The Government's view is that competition should be appropriate to the value and complexity of the goods and services to be acquired.
- 7.2 For purchases with a value below £2,000, the requirement to obtain three written quotations is relaxed, though the requirement to obtain value for money, and be seen to act fairly and objectively remains.
- 7.3 In these circumstances, budget holders are required to exercise their judgement when assessing the number of suppliers to be researched. A quotation should always be obtained from a supplier before the order is placed. The successful quotation should be confirmed with an official College order which contains a clear specification of requirements.

8 Sub- Contracting Education Provision (College Only)

- 8.1 Before the procurement process can take place the College must have approval to sub- contract from the Skills Funding Agency in writing - Please see the current SFA Funding rules for further guidance.
- 8.2 The procurement of any sub-contracting partners must comply with the College's procurement purchasing requirements summary as shown in the APPENDIX.
- 8.3 For all training contracts over £50k the college must follow the tendering requirements in section 4.
- 8.4 The use of the College e –tendering system In-tend will be used for all tenders including full OJEU tenders. See section 5 for more details.
- 8.5 For any specific individual instances where it may not be appropriate to follow the College tendering process please contact the Finance and Procurement Manager for further details. All occurrences where this is the case should be reported at the next F&GP committee.

APPENDIX

Summary of requirements for purchasing goods and services.

Purchases above the EU thresholds	EU regulations apply. Refer to the Finance and Procurement Manager.
Purchases over £50,000 and under the current EU thresholds.	Full tendering, unless no realistic competitive choice. In this event, reasons must be documented. See: Section 4 of the Procurement Objectives & Procedure.
Purchases with a value of between £2,000 and £49,999.99	Requirement to obtain three quotations. Quotations in writing must be obtained prior to placing orders. Variations only acceptable on grounds of technical compatibility or lack of alternative suppliers. See: Section 6 of the Procurement Objectives & Procedure.
Purchases with a value of less than £2,000.	Requirement to obtain value for money and to act fairly and objectively. See: Section 7 of the Procurement Objectives & Procedure.