



**Procurement Strategy
Mid-Development:
Scaling Up Procurement**

Julie Cordiner

Education Funding Specialist

Session plan



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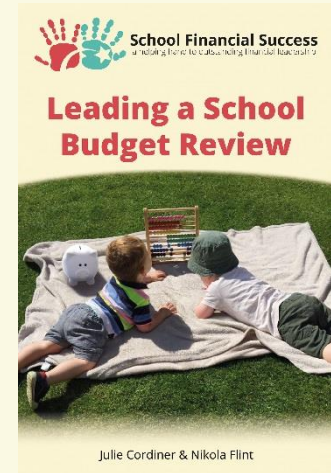
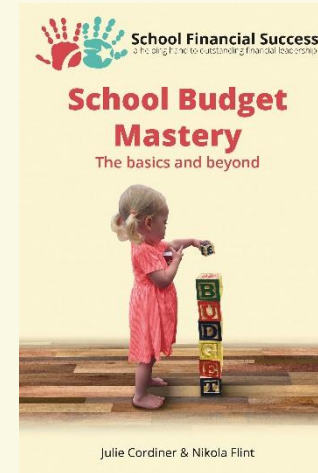
- Setting the scene – why consider scaling up your procurement?
- Culture and mindset
- Areas of focus when scaling up
- Horizon scanning
- Questions and shared experiences

My background



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- CIPFA accountant
- Former Assistant Director of Education
- Now an independent consultant supporting schools and academies to achieve sustainable budgets
- Passionate about education
- Founded School Financial Success
 - Monthly blog
 - Monthly newsletter for subscribers
 - School funding guides
 - Coming soon – online courses





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Setting the scene



Funding shortfall



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Pre 2015/16

- Increased funding per pupil
- More pupils
- Growth in staffing: 3 yrs 2011 to 2014
Teachers +3.4%
TAs +10.9%
Support staff +4%
Overall +5.4%

2015/16 to 2017/18

- Funding freeze in cash terms per pupil
- More pupils
- Unfunded cost pressures (8.7% by 2019/20 – mainly pay)

2018/19 and 2019/20

- Real terms freeze per pupil
- More pupils in secondary (higher cost)
- Baked-in shortfall → increase in deficits

The DfE solution



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- Implement Integrated Curriculum-Led Financial Planning – review deployment of staff and everything will be fine!



- Savings of 10% (£1bn) can be achieved in non-staffing budgets by reviewing procurement

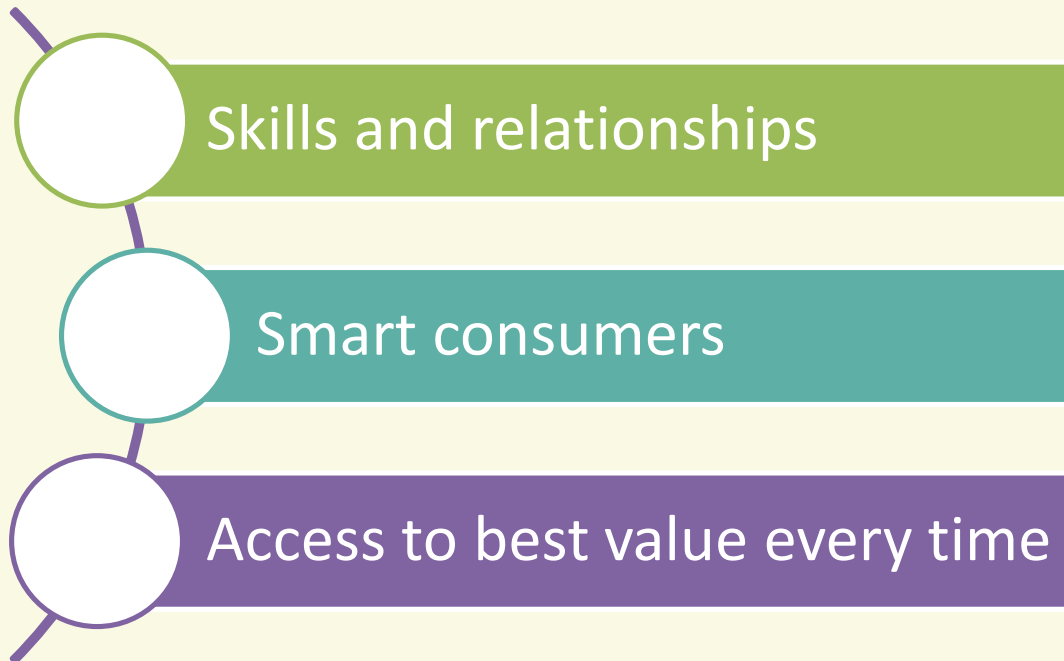
Schools' Buying Strategy



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<https://www.gov.uk/government/publications/schools-buying-strategy>

- Three strategic aims:



Why scale up procurement?



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Economies of scale
leading to savings

Professional
approach – build
relationships

Assurance:
compliance with
policy & legislation

More strategic –
helps you achieve
your vision

Facilitating MAT
growth:
streamlining
processes



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Culture and mindset



How to get there



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Do this...
Then this...
Then this...

or

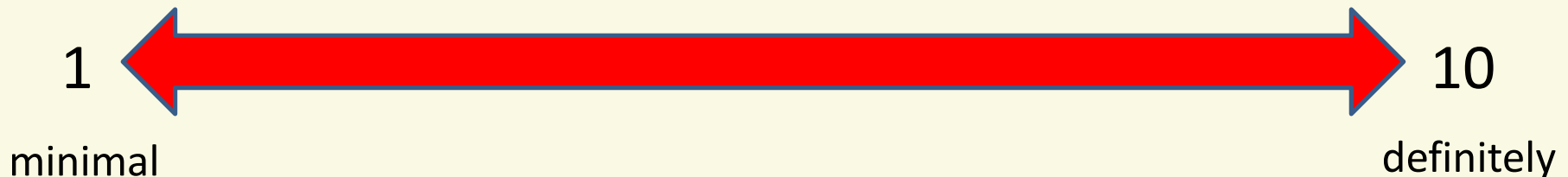
You wouldn't
start from here

Trust ethos



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- Sense of one entity
- Level of delegated responsibilities: budget management and procurement
- Confidence in level of top slice and how it's spent
- GAG pooling
- Collaborative response to help individual academies in difficulty – money, time and moral support
- Openness to working with other MATs or LAs



Starting points in each academy



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- Mindset – resistant to change or sanguine about it?
- Attitudes to risk
- What they want compared to what the Trust needs
- In house or external provider
- Contract length
- Expiry dates of existing contracts
- Satisfaction with current performance/problem areas
- Flexibility – will goods or services still be needed?

Engagement - persuasion



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- Building a business case for a more collaborative Trust-level approach – rationale and benefits
- Consider governance approaches
- Information gathering on all the options - reassurance
- Consulting as you develop specifications



Engagement – planning



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- High-level plan for the change – aims, actions, savings targets, responsibilities, timescales
- Plan for objections/obstacles – develop your response
- Communicate successes annually





Compromise

Standardised specifications to
maximise savings

Price:quality
balance

Established
processes

Local & SMEs
vs national

How savings
are treated

Capacity and capability



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Dedicated staff
with time to
devote to the task

With the right
skills

Status - supported
to make changes

Linked to
networks for best
practice sharing

Know when
external expertise
is needed

A key question:



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Will the reward be proportionate
to the effort ?



Discussion



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Discuss and record your own big issues when scaling up procurement to Trust level

Which are the top three in your group?



Homework...



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Develop your thinking across a list of potential goods and services – narrow down areas worth exploring for Trust-level procurement or even wider collaboration

Goods/service	Issues that might emerge	Level of risk and likelihood	Solution	Effort/reward balance



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Areas of focus when scaling up procurement



Checklist (1)



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- Strategic focus (services that fit with vision)
- Mapping existing practices/processes and reviewing them to support new services
- Specifications – standardisation if possible
- Timescales – better prices for longer contracts but need flexibility to allow for changes

Checklist (2)



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- Approach – frameworks or competitive tendering
- EU thresholds – across contract period
- Compliance with policies and legislation, Academies Financial Handbook, funding agreement etc.
- Phasing contract dates to avoid overwhelm

Checklist (3)



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- Contract terms and negotiation – need to reflect your definition of success, incentivise quality
- Consider flexibility requirements – higher cost
- Contract management capacity – most relevant metrics, watchfulness, tackle problems early

Checklist (4)



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- Regular review – surveys of academies, analyse data, effectiveness of processes
- Preparation for contract expiry – lessons learned
- Knowing when to outsource elements of process

Discussion



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Which areas will you need to prioritise, to make them fit for purpose?





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Horizon scanning



What lies ahead?



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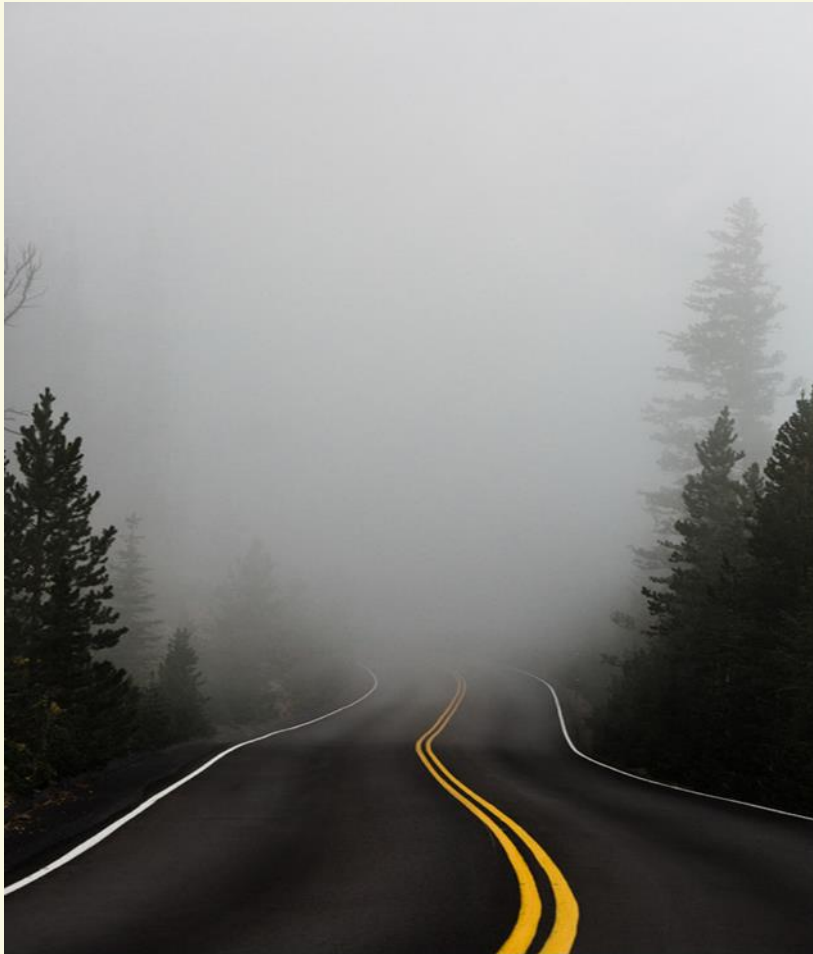
- Spending Review – submission and decisions
- Any increase may not replace amounts lost 2015-2018
- Drive to move more academies into MATs – how do you feel about growth?
- Pressure to achieve VfM likely to increase, along with focus on whole life costs – overall efficiency including back office functions



Impact of Brexit?



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- Guidance on ‘no deal’
Brexit: public procurement regulations will remain broadly unchanged
<https://www.gov.uk/guidance/public-sector-procurement-after-a-no-deal-brexit>
- It will take time to introduce new regulations if we leave with a deal



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Questions/sharing experiences





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