

UK Education Sector Procurement Report

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1. Introduction

I am delighted to have been asked to compile this report, bringing a wealth of sector experience in my career gained over many years. I have held senior roles in local government working across all the functions of a local authority, including those directly related to education and attainment. Local authorities play a key role in supporting improved outcomes in education, skills and employment, health and wellbeing and community building with those designated as Local Education Authorities (LEAs) playing a key role in the oversight of schools and the flow of funding to schools.

I have also held the position of Chief Operating Officer of a specialist education services company that provided the full range of back-office support services and pupil facing specialist services. This included full responsibility for developing and selling services to schools, academies, and local authorities (LEAs). I held responsibility for transforming school facing services and school improvement during the Government's roll out of the Academies Programme, one the most fundamental changes to the UK education system in a generation.

The sector is a complex mix of organisations with differing levels of autonomy and financial control, with local authorities playing a key role. Therefore, the purpose of this report is to explain the structures and governance to make it easier to understand for companies that wish to target products and services to this sector and how the sector procures goods and services. Education spending is the second largest element of public service spending in the UK, representing about £99 billion in 20/21, second only to health spend.¹

Across the UK there are five stages of education: early years, primary, secondary, Further Education (FE) and Higher Education (HE). Local Authorities (LEAs) have a direct statutory role in the first three stages but are best described as a partner or stakeholder in FE and HE, having no direct role or statutory duty. It's important to note that not all local authorities have a direct role in education too, only those deemed as Local Education Authorities (LEAs). In terms of targeting products and services to the education sector it's imperative to understand which authorities are LEAs. There are in the region of 150 LEAs in the UK, and these are set out in the Schools Web Directory <http://www.schoolswbedirectory.co.uk/localauthorities.php>

Each LEA has responsibility for schools within their geographical boundary and this level of responsibility depends on each type of school, this is covered in more detail in section 3 of this report. There are currently circa 32,000 schools in the UK, most of which are in England, circa 24,000.² <https://www.besa.org.uk/key-uk-education-statistics/>



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¹ SOURCE - INSTITUTE FOR FISCAL STUDIES ANNUAL REPORT 20/21

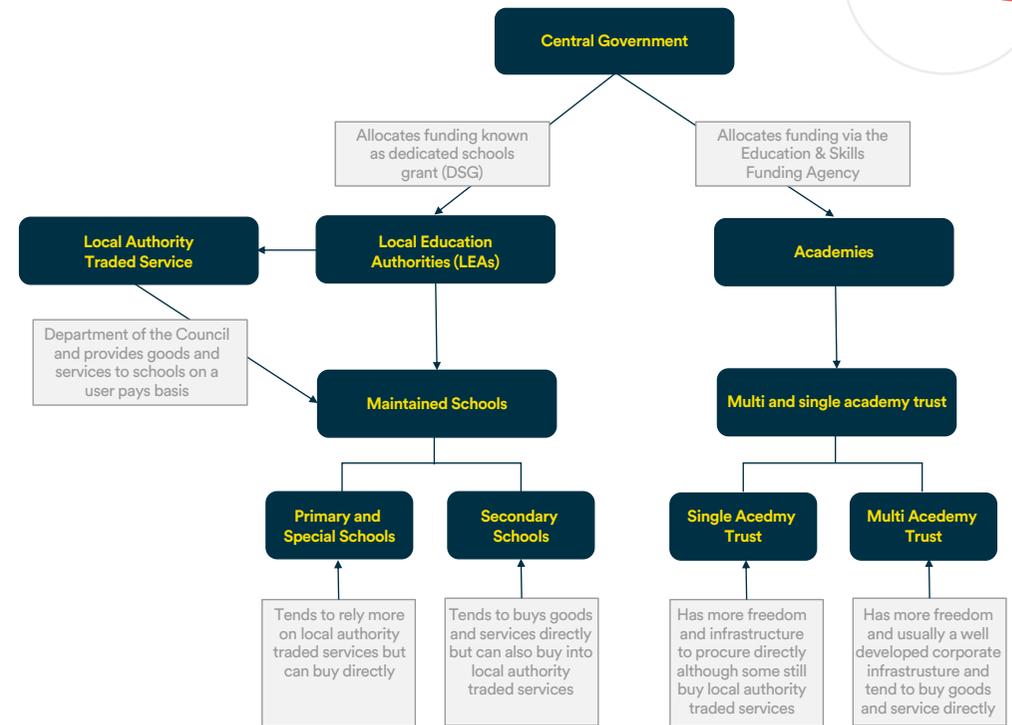
² SOURCE - BRITISH EDUCATIONAL SUPPLIERS ASSOCIATION

2. The Sector Landscape

The education sector can appear to be complex in relation to the local authorities and their respective roles, and to simplify, these fall into two main groups.

- Maintained Schools – where funding and oversight is through the Local Authority (LEA). These form the majority of schools and are mostly either community schools where the local authority employs the staff and is responsible for admissions or foundation schools, still funded through the local authority but where the governing body has more freedom to change the way they do things, including employing the staff and responsibility for admissions, for example faith schools.
- Academies – where funding and oversight comes directly from the Department for Education. Academies are run by an academy trust, which employs the staff. Local Authorities have no control over these schools although they will exist within local authority boundaries. These maybe single school academy trusts or multi-academy trusts where the trust has responsibility for more than one academy.

It is important for potential suppliers to understand where buying decisions are made generally and this can be quite a complex arrangement, which is usually dictated by the size of the institutions. Primary schools by their nature are relatively small in terms of pupil numbers and budget. Most of the costs in a primary school are related to the employment of staff so they have limited resources to procure external goods and services. Secondary schools are larger organisations and tend to have dedicated business managers who oversee the procurements of goods and services, whereas in the smaller primary schools, this activity tends to sit with the head teacher or bursar. The chart below shows who the decision makers are and how the funding works.



For Local Authorities (also referred to as councils or local councils or local government) education is part of a wider agenda in respect of skills and employment. They invest time and effort into attainment to provide the best possible opportunities for their residents to secure good jobs and fully contribute to the local economy. Councils have performance measures and targets set by Central Government for educational outcomes and will therefore be constantly on the look-out for opportunities to invest in those things that can be evidenced to secure better outcomes for residents or would help prevent higher costs further down the line.

Local Authorities also have the statutory responsibility for children's social care. Each local authority will be a Corporate Parent to its Looked After Children (LAC), these are the children that have been taken into care by the local authority. Local authorities carry large and complex statutory

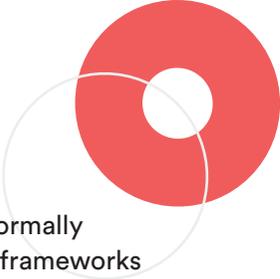


responsibilities for children and young people and spend considerable percentages of their overall budgets, usually only second to Adult Social Care spend. Many enlightened local authorities spend considerable sums of money on preventative services, that help to keep families together that may be, for example, on the 'edge of care'. This may take the form of running specialist programmes of work targeted, for example, on Children In Need (CiN) and these programmes are likely to have educational components to support better educational outcomes such as tackling dyslexia or improving school attendance and inclusion services. Technology may play a key role in securing better outcomes in this area and may be worth exploring further in relation to specific digital services either currently available or that could be developed by working with one or more local authorities to develop solutions that could then be scalable.

Local councils also carry the statutory responsibility for children and young people with Special Educational Needs and Disabilities (SEND). Local councils will invest in services and support to these young people directly and through mainstream and Special Schools. This includes, for example, children with a learning difficulties or physical difficulties, requiring extra support or special provision to be made for them in an educational setting.

This may be a significant area of interest where suppliers have specialist products and services that could support children with SEND. Typically, the first point of contact maybe the Local Authority and then Special Schools directly.

In terms of central government funding, it tends to flow through other organisations and particularly local authorities. For example, the Government's 'Levelling Up' agenda presents opportunities to reset the relationship between central and local government and put councils at the heart of delivering the Government's programme to improve opportunities and outcomes in all parts of the Country and has set aside around £4.8 billion across the whole of the UK. This will likely manifest itself through specific grants to local authorities as well as grants mainly for developing infrastructure.

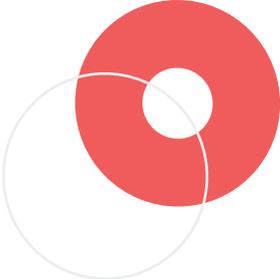


In terms of suppliers engaging with local councils, they will normally tender for most things they procure or go directly to specific frameworks and this report will cover procurement in more detail in Section 4.

It's also common for companies to write to chief executives of local councils to try and get an opportunity to meet and explain more about their company's offerings. Each LEA will also have a Director of Children's Services (DAS). This is a statutory role and can be a good first point of contact for suppliers. Direct approaches though are often difficult, whereas word of mouth may have better results once suppliers have a product in use in schools or within local councils and advocacy across clients in these close networks can be fruitful, especially for new products or services that are being introduced to the sector. There are also many annual networking events, seminars and conferences where local authority senior officers gather and also similar for school networks. Quite often these events have sponsors that support the running costs of the event but also facilitate access to senior leaders and can be fruitful in terms of developing sales leads. One example is the recent Schools and Academies Show held each year and provides suppliers with an opportunity to connect with school leaders. <https://schoolsandacademiesshow.co.uk>

Another example for local authorities is the LGA Conference and Exhibition being held in June this year and normally an annual event.

<https://www.local.gov.uk/lga-annual-conference-2022>



3. School Structures and Local Authorities

Firstly, starting with maintained schools; the local authority (LEA) distributes the Dedicated Schools Grant (DSG) to maintained schools based on a pupil formula and a budget per pupil, this is currently in the region of £6,900 per pupil for 5- to 16-year-olds. There is other funding available for disadvantaged or under-privileged pupils to improve educational outcomes. This is based on set criteria whereby schools may receive a Pupil Premium. They also may receive additional funding for SEND pupils. The local authority is allowed to retain a small percentage of the DSG to undertake certain duties and, by agreement with schools, can undertake some things for schools where the 'economy of scale' may be beneficial to schools so the local authority may do this on behalf of all the maintained schools under the local authority's jurisdiction. For primary schools that have little or no business infrastructure they will often rely on the local authority to undertake these activities or **buy back services from the local authority**. This may include things like procurement support, so a local authority's procurement team may be buying goods and services on behalf of one or more schools. This can quite often be purchases for all the schools under the control of the LEA.

Maintained secondary schools are less reliant on the local authority as they tend to have their own business infrastructure to deal with the running of the school, possibly a business manager or bursar would hold these responsibilities. In some cases, the secondary school will support its 'feeder' primary schools with their business requirements although some larger primary schools may also have their own bursar. **For organisations wanted to trade with schools**, it's important to get a good local understanding of the prevailing arrangements as early as possible.

Secondly, academies and multi-academies trusts have different governance and funding arrangements, but they may also buy services like procurement support from the local authority, although they are less likely to. Multi-Academy Trusts (MATs) tend to have a centralised business support function that undertakes things like payroll, ICT and systems support, Human Resources and other essential back-office services like procurement, having no reliance on the local authorities for support.

Special schools tend to operate in the same way as primary and secondary maintained schools. Typically, each local council will have a relatively small number of special schools in their locality and funding will flow through the local council (LEA) to these schools. They tend to have low pupil numbers compared to mainstream schools so they can meet the specialist educational needs of the cohort. They will tend to rely on local council services for their ICT, H.R. and Finance Support Services.

FE and HE have no direct link to local councils and are funded entirely differently to schools but there are a number of frameworks that address FE and HE needs as well as schools and academies, so it may be advantages for suppliers to target those frameworks that have this wider reach. Local councils are of course a stakeholder in the FE and HE organisations that sit within their geographical boundaries as they crucially contribute to the skills and employment agenda of the locality but have no direct structural links through funding arrangements.

Now let's explore a little more about local authorities in relation to the services that they may provide to maintained schools, usually traded and through a service level agreement.

Many local authorities still provide a 'traded service', whereby schools buy a range of products and services that schools rely on. These are usually categorised into pupil facing services and business support services. With regards to the latter these tend to include services like ICT, Human Resources including payroll and Finance Support. Local Authority traded services may procure IT systems, hardware and support as part of its schools' offer and therefore may potentially be a customer to specialist suppliers in technology or training, as examples.

In respect of ICT, typical service offers will usually include a help desk, management of main school IT systems and it could extend to procuring software and hardware on behalf of a school or group of schools. This may be particularly helpful to suppliers in that, through the local authority, they could sell to many schools without having to approach each individual school thus reducing transaction costs and marketing effort.



The same could be said for multi-academy trusts that may decide to buy for example, specialist software centrally for all the academies that they operate.

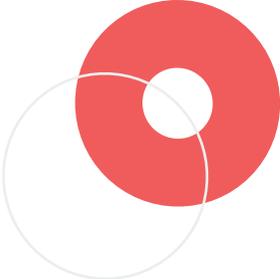
So, for service providers, wanting to sell to those organisations that buy in bulk, it could be a route to market that reaches far more schools than individually selling to each school. The downside is that these are bigger purchasing decisions and therefore subject to potentially greater procurement thresholds.

The following table sets out how this sector is structured, their roles and the functions they undertake. It also provides a high-level indication to suppliers of the services that may be relevant. Again, it is important to remember that not all local authorities have the same statutory functions. In county structures of local government, it will be the county council that is responsible for education (as the LEA), children's services and adult social care. Within the same county there will be district, borough, town and city councils potentially that will have different responsibilities. For suppliers it's important when targeting local authorities to understand the local make up.

The table also gives an indication to the sizes of budgets in its running order. Clearly the local authority will have considerably bigger budgets than schools or academies but have very differing needs. The point being to establish who the customers maybe for the various products and services your company offers.

It is a complex landscape and a hard market to enter. Creating relationships with individual schools is costly and time consuming so suppliers have to be clear about their routes to market and how channels can be developed in order to be successful in this sector.

Organisation	Functions	Role	Size	Typical services
Local Authority	Childrens Social Care	Safeguarding of vulnerable children and young adults	Local Authorities (LEAs) usually have significant budgets and their budgets for this group of functions form the second highest level of expenditure in local government after adult social care. The budget will vary from council to council depending upon complex funding arrangements. Every council is legally required to publish its budget annually and what that budget is being spent on.	There is a broad range of services either provided directly or commissioned. Traded Services provide by an LEA to schools will typically include technology including software systems. Schools are not required to buy these services from the LEA and can buy elsewhere under principle of free trade. They provide services such as Payroll, HR, ICT, Finance, Governor support, Training to schools and academies on user pays basis.
	SEND	Supporting children with Special Educational Needs to access appropriate school places through assessment		
	Looked After Children	Corporate parent responsible for the upbringing of each looked after child.		
	Children in Need	Supporting a child thought to need extra support or services to maintain a reasonable standard of health and development		
	Education	Responsible for maintained schools, allocation of funding, school improvement and traded services		
Multi-Academy Trust	To oversee the management of multiple academies which were formerly schools	The legal body (Trust) that has taken over the management of multiple schools from local authority control	The number of academies within the multi-academy trust will dictate the size of their overall budget and infrastructure. Funding is based on a per pupil formula with other specific grants relating usually to the demographics and and special educational needs funding.	Typically a multi academy chain will provide services centrally and each academy will access these services as part of the requirement of the central control. Typically they provide services such as Payroll, HR, ICT, Finance, Governor support and training but may buy in aspects of this depending on their strategy and size.
Academy Trust	A single academy which was formerly a school	The legal body (Trust) that has taken over the management of a school from local authority control	Funding will depend on the number of pupils on roll, larger academies could have circa 1,000 pupils or more on roll.	They will tend to buy in servives from the local authority or independent providers. Typically these will incude services such as Payroll, HR, ICT, Finance, Governor support and training
High School	Provides education for older children from 11 years old	Under the control of the local authority (LEA) with a board of governors elected to manage the school but the local authority has the ultimate responsibility	Funding will depend on the number of pupils on roll, larger high schools could have circa 1,000 pupils or more on roll.	They will tend to buy in servives from the local authority mainly or independent providers. Typically these will incude services such as Payroll, HR, ICT, Finance, Governor support and training
Primary School	Provides education for children up to 11 years old. Some can be infant schools, Junior Schools or combined. Some also have nursery schools	Under the control of the local authority (LEA) with a board of governors elected to manage the school but the local authority has the ultimate responsibility	Funding will depend on the number of pupils on roll, larger primary schools could have circa 400 pupils or more on roll.	They will tend to buy in servives from the local authority mainly or occasionally from independent providers. Typically these will incude services such as Payroll, HR, ICT, Finance, Governor support and training
Special School	Can be primary or secondary or combined. They are intended for children with severe difficulties that cannot be educated in a mainstream school or academy.	Under the control of the local authority (LEA) with a board of governors elected to manage the school but the local authority has the ultimate responsibility	Funding will depend on the number of pupils on roll, there is wide variation on the size of special schools and the budget per pupil is usually individually designated through their statement of special educational needs	They will tend to buy in servives from the local authority mainly or occasionally from independent providers. Typically these will incude services such as Payroll, HR, ICT, Finance, Governor support and training



4. Procurement Procedures and Frameworks

Procurement is quite a challenging area for schools generally. It is a time-consuming activity in the context of running a school and often individual schools don't have the spare capacity to manage a tendering process. Because of this many private organisations have been formed to specifically offer procurement support and expertise to schools. Recently the Government (DfE) introduced a new service for schools after regional pilots for school buying hubs. This new free procurement support service Get help buying for schools. This provides specific advice for state funded schools buying through DfE approved frameworks. More information is available on GOV.UK at the following link.

<https://buyingforschools.blog.gov.uk/2022/03/22/get-help-buying-for-schools-2/>

The Schools Commercial Team within DfE oversee the departments approved frameworks for the education sector and publishes this information under the many different categories. This is available on-line from GOV.UK at the following link.

<https://find-dfe-approved-framework.service.gov.uk/list>

Crown Commercial Services (CCS) help the UK public sector to buy common goods and services cost-effectively. They are the biggest public procurement organisation in the UK. They work closely with the DfE and offer a free service to schools and academies to help them access CCS frameworks which claim to offer better buying power for public sector organisations through bulk frameworks for goods and services. Further information is available at the following link.

<https://www.crowncommercial.gov.uk/sectors/schools-and-academies>

Other examples of organisation offering procurement support to the sector include the Schools' Buying Club which operates on a regional basis. They cover the Northeast, Northwest, East of England, Midlands, London and Southeast and the Southwest. More information can be found on their website about what they specifically offer and it may help suppliers to have an understanding of this and similar organisations to better understand how schools procure good and services.

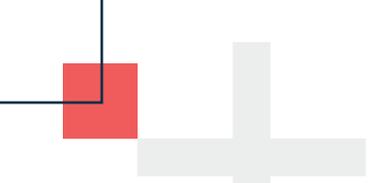
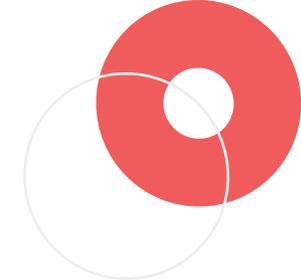
<https://www.schoolsbuyingclub.com>

Every local council, school and academy will operate within what's called a scheme of delegation specific to their organisation. This covers many things including procurement and will set out the rules that have to be followed for purchasing goods and services and the value thresholds that exist but set within the general legal framework. These can vary from organisation to organisation, but all are underpinned by a basic statutory requirement governing the use of public money, and that is a general duty to secure Best Value. All schools and local authorities are required to evidence that they have achieved Best Value, and this is demonstrated mainly through effective procurement and the outcomes secured through the contracts awarded.

Most maintained schools will operate to a scheme of delegation that is set out by their local authority and adopt this scheme so that the school's governing body has a requirement placed on it to ensure compliance in all procurement.

Whilst in the European Union (EU), contracts above the minimum threshold were required to be published in the Official Journal of the European Union (OJEU). Since the departure from the EU this has been replaced by a requirement for Public Sector organisations in the UK to advertise high value contracts on the 'Find a Tender' portal.

<https://www.findatenderservice.co.uk>



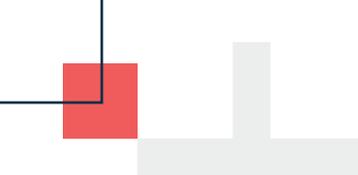
The Find a Tender portal is used across public sector organisations and is used by public bodies and suppliers to find high value contracts. The use of the portal complies with the Public Contracts Regulations 2015.

The threshold for local councils (Contracting Authorities) for goods and services changed on the 1st January 2022 from £189,330 to £213,477 including VAT. For works contracts this currently set at £5,336,937 including VAT. This is the threshold which determines whether the contract is a lower value contract, below these thresholds they do not have to be advertised on the Find a Tender portal. Lower value contracts provide businesses with an easier opportunity to bid for contracts as they are simpler, and compliance is generally easier and many frameworks exist to reduce the burden of work required to procure low value contracts.

Under public procurement procedures, there are several types of process used to award contracts, these tendering approaches are used to suit the specific circumstances of the buyer, the products and services required and the market conditions that prevail. The following table provides a summary to each of these approaches as a guide to how each approach works and potentially the work involved for suppliers under each approach.

Public Procurement Procedures Public Procurement Procedures

Open procedure	This is the standard procedure for public procurement in the UK. This type of procedure allows any business to respond to a tender, access associated documents and bid for the contract.
Restricted Procedure	This is a two-stage procedure, which involves creating a shortlist of the most suitable suppliers through the completion of a selection questionnaire in advance. Those suppliers shortlisted receive an invitation to tender (ITT), and are permitted to bid for the contract. This type of procedure is generally used if a high number of bidders is expected.
Competitive Dialogue Procedure	this is a multi-stage procedure, which allows discussion with suppliers before issuing an invitation to tender (ITT). This approach is used where procurement needs are complex, and as with Restricted Procedures, suppliers will first be shortlisted. After the initial selection stage, the requirements and approaches will be discussed with shortlisted suppliers. From these discussions, the requirements will be finalised and an invitation to tender will be issued.
Competitive procedure with negotiation	This is a multi-stage procedure which allows negotiation with suppliers after they have submitted their bids. This procedure includes a selection stage questionnaire, and the final negotiation stage is optional – as long as this has been stated within the tender. Similar to the Competitive Dialogue Procedure, this approach is used where procurement needs are complex.
Innovation partnership	This is a unique procedure, which is utilised when no goods, services or works already exist to meet the requirements. Selection stage questionnaires are used to identify the most suitable suppliers before invitations to tender are issued. Those products produced as a result of this arrangement may be purchased, but only if they meet the minimum requirements identified within the tender.
Framework Agreement	Is an umbrella type agreement that sets out the terms – particularly relating to price, quality and quantity. Then individual contracts (call-offs) can be awarded at any point during the lifespan of the framework. these frameworks are typically used when the buyer has identified a need for specific products or services but unsure of the scope or time-frame they will need them. The agreements created give buyers access to a range of qualified suppliers, thus avoiding the need to continuously re-tender. Being a supplier on a framework does not guarantee work, there may be multiple suppliers offering the same goods, works or services. In such circumstances, mini competitions or best value will determine who is awarded the work.
Dynamic Purchasing Systems (DPS)	This is similar to a framework, however new suppliers can join at any time, and is used for goods, works and services commonly available. A DPS must be put in place using the restricted procedure, and the process is required to be entirely electronic. Unlike a framework, there is no limit to the number of suppliers that may join a DPS, and any supplier may join during the tender's lifespan. DPS are used to streamline procurement for both buyers and suppliers, as suppliers only need to demonstrate suitability once, and buyers can typically award contracts faster than other methods would allow.

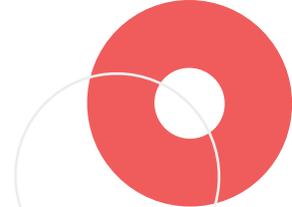


Finding tenders that are of interest to your company is a challenging task as there are many portals that are used by public bodies to advertise contracts. The volume of contracts makes it difficult to track, and the potential to miss opportunities is high. It would take a significant amount of time and effort to try and locate all these opportunities relevant to your business.

Because of this there are companies that offer a service in the UK and ROI that collate every procurement notice placed and then alert you to the tenders that you are likely to want to bid for. These are run on a commercial basis and charge a fee for the service, but they do ensure that you are aware of every tender published. Whilst I would not propose to recommend any provider of this service in this report, they can be readily found advertising their services online.

Clearly a starting point for high value contracts is the Find a Tender portal, but this only accounts for about a third of all tenders advertised. Local authorities tend to provide information on their websites which set out their specific needs and explain how you can become a supplier.

There are many procurement frameworks formed that enable buyers to place orders without running lengthy full tendering exercises. The full procurement exercise has been done as part of setting up the framework and the process that is undertaken with all suppliers that make up the framework. They are based on large volume buying so buyers can usually source products and services at lower cost. Then for each procurement a mini competition process will take place usually lasting for 4 to 6 weeks that requires suppliers to submit specific proposals but within the framework arrangements they originally applied for.



Like Find a Tender, the other central government tender platform is Contracts Finder which lists central government tenders in England. It's searchable for opportunities in different sectors. Similar procurement websites exist for Scotland, Wales and Northern Ireland.

<https://www.contractsfinder.service.gov.uk/Search>

<https://www.publiccontractsscotland.gov.uk>

<https://www.sell2wales.gov.wales>

<https://etendersni.gov.uk/epps/home.do>

<https://e-sourcingni.bravosolution.co.uk/web/login.shtml>

For companies wishing to apply for a framework/s, there are many. Typical frameworks used by local authorities include the following:

G-Cloud framework – is a digital marketplace for suppliers of cloud-based services wanting to sell to government (public sector) organisations, and any supplier can apply to sell on the G-Cloud framework quite simply.

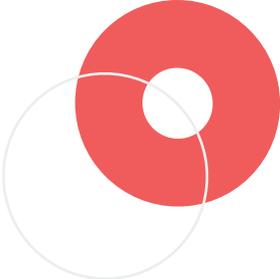
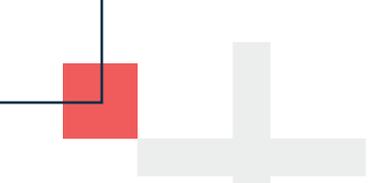
<https://www.gov.uk/guidance/g-cloud-suppliers-guide>

ESPO framework – This is a public sector owned framework. It is owned by a consortium of local authorities and one of the largest public sector owned consortiums operating for many years. Customers include central government, local authorities, schools and academies, emergency services, charities, and housing associations.

<https://www.espo.org/faqs-frameworks>

Bloom framework – Dedicated to public sector contracts, which include central government, local government, higher education, schools and academies. Bloom has technology and transformation categories amongst others. Bloom is relatively straight forward for suppliers to register online.

<https://bloom.services>



Everything ICT is a compliant procurement framework for the public sector and is a DfE approved framework. They specialise in ICT for sectors including schools and academies, higher and further education and other public sector organisations.

<https://www.everythingict.org/>

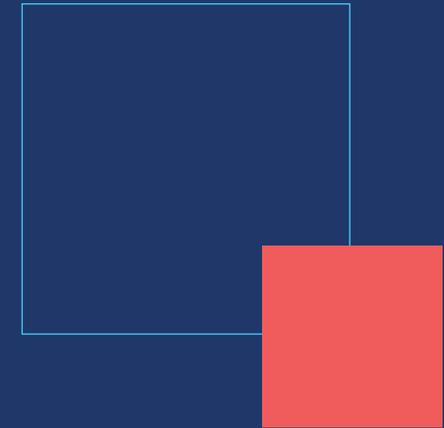
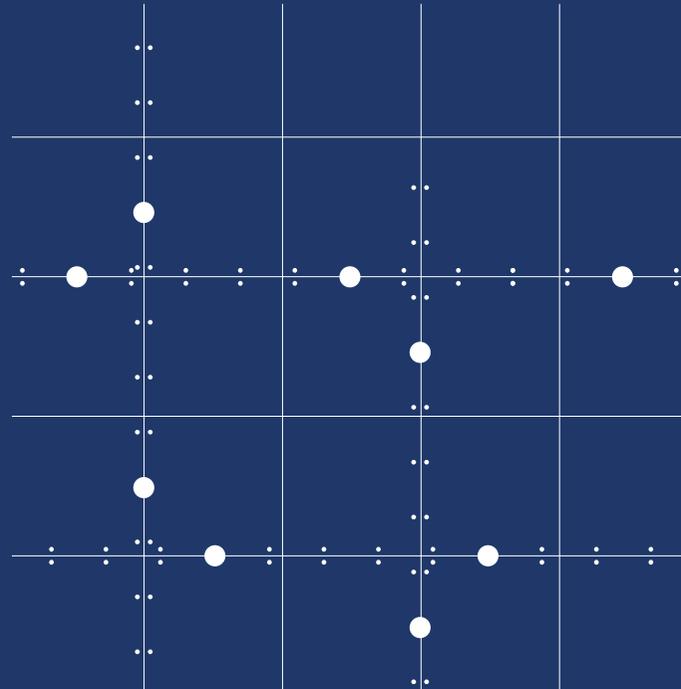
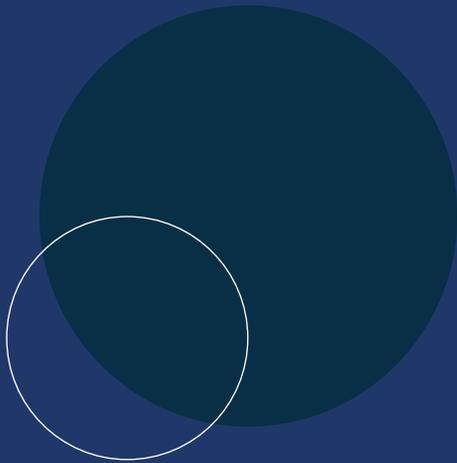
The Chest – Is a popular procurement portal in the northwest of England. It brings together buyers with a combined spend of circa £6.5bn. It's easy to register on-line through the supplier's area.

<https://www.the-chest.org.uk/>

There is a multitude of frameworks and tender portals in existence and for each company, finding the most beneficial is a challenge. Government approved frameworks for the education sector is a good starting point through the DFE. The link is available on page 9 of this report.

Tracking current tenders is easiest with the help of a third-party organisation that uses software to constantly searches sectors relevant to your company at relatively low cost.

In conclusion, there is a route that, once understood, can be productive. This starts with determining who the target market is. Once this is clear, it's then relatively straight forward to establish how these organisations procure goods and services and the most popular frameworks they use. Good quality data is readily available to support decision making and to minimise the risk of abortive work on tenders and frameworks.



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