

KCC Scheme for Financing Schools – Procurement Thresholds and Gifts and Hospitality Consultation

For Community, Voluntary Controlled and Foundation Schools

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**Introduction**

Under the terms of the School Standards and Framework Act 1998, Local Authorities (LAs) are required to produce and maintain a scheme for financing schools.

The Scheme for Financing Schools sets out the financial relationship between the LA and the maintained schools that it funds. The Department of Education has published guidance on the provisions which a local authority’s scheme must, should or may include. Local Authorities do not need to follow the format of the guidance, except for the text of directed revisions. In making any changes to the Scheme, other than directed revisions, local authorities must consult all maintained schools in their area and receive the approval of the members of their school’s Funding Forum representing maintained schools.

Section 2.10 of the Scheme sets out the responsibilities for purchasing, tendering and contracting requirements. This consultation sets proposed changes to the text within that section. We also propose an addition to the Scheme for Financing Schools to clarify school responsibilities around Gifts and Hospitality.

The Scheme applies to all nursery, community (inc. community special), foundation (inc.

foundation special), voluntary controlled and voluntary aided schools and pupil referral units

(PRUs) in Kent. Academies are not covered by the Scheme.

A copy of the Scheme is available to all schools electronically via Kelsi and any approved revisions will be notified to each school covered by the Scheme, via an e-bulletin. The current Kent Scheme for Financing Schools can be found [here](https://www.kelsi.org.uk/__data/assets/pdf_file/0008/52289/Kent-Scheme-for-Financing-Schools.pdf).

Any proposed revisions to the Scheme must be submitted to the Schools’ Funding Forum for

approval by members of the Schools Funding Forum representing maintained schools. Where the Forum does not approve them or approves them subject to modifications that are not acceptable to the LA, the LA may apply to the Secretary of State for approval. It is also possible for the Secretary of State to make directed revisions to the Scheme after consultation. Such revisions become part of the Scheme from the date of the direction.

**Procurement Thresholds**

**Background**

In May 2023, the Local Authority agreed to change its procurement rules, to ensure that they were up to date and easily understandable. It also reflects that prices of goods and services have increased significantly. The value thresholds were updated as follows:

|  |  |  |
| --- | --- | --- |
| **Procurement Procedure** | **Previous Threshold** | **New Threshold** |
| Minimum of one written quote required | Up to £7,999 | Up to £24,999 |
| Minimum of three written quotes required | £8,000 - £49,999 | £25,000 - UK public procurement thresholds |
| A competitive tendering process that follows Council defined procedures and/or regulatory procedures where the thresholds for these are met. This excludes works procurements\*. | £50,000 + | UK public procurement thresholds - £999,999 |
| A competitive tendering process that follows Council defined procedures and/or regulatory procedures where the thresholds for these are met\*. | N/A | £1,000,000 + |

Please see link to Council papers here: [(Public Pack)Item 16 (Supplementary) Audit Risk Assessment Agenda Supplement for Governance and Audit Committee, 23/04/2021 10:00 (kent.gov.uk)](https://democracy.kent.gov.uk/documents/s118294/County%20Council%20Report%20Final.pdf)

We propose to extend the rules to schools and as such are consulting on changing the Scheme for Financing Schools.

Currently, Section 2.10 of the KCC Scheme for Financing Schools includes the following text:

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| Schools are required to abide by the Authority's Financial Regulations [KCC-Financial-Regulations.pdf (kelsi.org.uk)](https://www.kelsi.org.uk/__data/assets/pdf_file/0008/148715/KCC-Financial-Regulations.pdf) in purchasing, tendering and contracting matters. Schools should refer to the current guidance included in KCC’s Schools Financial Controls. <https://www.kelsi.org.uk/school-finance/financial-support-and-planning/financial-control>  Schools must assess in advance the professional competence of any contractors in areas such as compliance with health and safety regulations, safeguarding practices and so on, taking account of the local authority’s policies and procedures. Schools must keep a record of their reasons for assessing and selecting particular contractors. This is not only considered good practice under best value but will also provide essential evidence to safeguard schools and the Authority from litigation claims.  Any section of the financial regulations and standing orders will not apply if it requires schools:   * to do anything incompatible with any of the provisions of this scheme, or any statutory provision, or any EU Procurement Directive; * to seek LA officer countersignature for any contracts for goods or services for a value under £60,000 in any one year.   Schools may seek advice on a range of compliant deals via: [www.gov.uk/guidance/buying-for-schools](http://www.gov.uk/guidance/buying-for-schools)  The financial limits regarding the need to obtain quotations and tenders are; for contracts and purchases greater than £8,000 but less than £50,000, three written **quotations** must be obtained. For contracts and purchases £50,000 and over, no fewer than three competitive **tenders** must be sought.  In addition European Union Directives, enacted in UK Law, set limits for public contracts above which specific procedures are required to be followed. The procedures cover the advertising of contracts, the rejection of suppliers, technical specifications, evaluation, selection and award criteria.  All procurements for goods, services and works above the financial thresholds are covered by the legislation (Public Contract Regulations 2015).  The current levels at which these apply are for goods and services, £213,477 and for works, £5,336,937. |

**Gifts and Hospitality**

In addition, a recent Internal Audit raised concerns around the use of Credit Cards in schools. There has also been a number of irregularities involving inappropriate use of school funds in relation to gifts and hospitality as well as payments to staff. School funds are delegated to schools for the purpose of the education of the children within the school.

Currently, the Scheme for Financing Schools does not make specific reference to Gifts and Hospitality.

**Pre-consultation and Engagement**

On 2nd February 2024, the proposed consultation was discussed with the Schools Funding Forum. The minutes of that meeting can be found [here](https://drive.google.com/drive/folders/1CouNZ4jRB5Dh0SHtUNZoFt4oh8VR8uHx).

On 10th May 2024, Schools Funding Forum will receive an update on this consultation.

**Consultation Details**

This part of the document provides the proposed changes to the narrative for Section 2.10 of the KCC Scheme for Financing Schools, and also the proposal to include a new section in relation to the use of School Funds for Gifts and Hospitality.

***2.10. PUCHASING, TENDERING AND CONTRACTING REQUIREMENTS***

The proposed revised narrative for Section 2.10 is as follows. We are asking for your views as to whether you agree or disagree with the proposed wording change highlighted below and any further comments you may have to the proposals. A link to the consultation questionnaire can be accessed via this hyperlink: [SFFS Consultation Questionnaire.](https://forms.office.com/e/cDjZH6A9s3)

**Proposed Wording**

**Changes to the current Scheme of Financing Schools wording are highlighted in bold.**

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| --- |
| *Section 2.10 PUCHASING, TENDERING AND CONTRACTING REQUIREMENTS*  *Schools are required to abide by the Authority's Financial Regulations* [KCC-Financial-Regulations.pdf (kelsi.org.uk)](https://www.kelsi.org.uk/__data/assets/pdf_file/0008/148715/KCC-Financial-Regulations.pdf) *in purchasing, tendering and contracting matters. Schools should refer to the current guidance included in KCC’s Schools Financial Controls.* [*https://www.kelsi.org.uk/school-finance/financial-support-and-planning/financial-control*](https://www.kelsi.org.uk/school-finance/financial-support-and-planning/financial-control)  *Schools must assess in advance the professional competence of any contractors in areas such as compliance with health and safety regulations, safeguarding practices and so on, taking account of the local authority’s policies and procedures. Schools must keep a record of their reasons for assessing and selecting particular contractors. This is not only considered good practice under best value but will also provide essential evidence to safeguard schools and the Authority from litigation claims.*  *Any section of the financial regulations and standing orders will not apply if it requires schools:*   * *to do anything incompatible with any of the provisions of this scheme, or any statutory provision, or any EU Procurement Directive;* * *to seek LA officer countersignature for any contracts for goods or services for a value under £60,000 in any one year.*   *Schools may seek advice via:* [*www.gov.uk/guidance/buying-for-schools*](http://www.gov.uk/guidance/buying-for-schools)  *The financial limits regarding the need to obtain quotations and tenders are; for contracts and purchases greater than* ***£25,000 but less than the UK public procurement threshold****, three written quotations must be obtained. For contracts and purchases* ***over the UK public procurement threshold****, no fewer than three competitive tenders must be sought. In addition European Union Directives, enacted in UK Law, set limits for public contracts above which specific procedures are required to be followed. The procedures cover the advertising of contracts, the rejection of suppliers, technical specifications, evaluation, selection and award criteria.*    *All procurements for goods, services and works above the financial thresholds are covered by the legislation (Public Contract Regulations 2015).*  ***Schools will continue to maintain and agree their own Finance Policies agreed through their own Governing Bodies. The limits within this scheme should be viewed as upper limits and therefore schools may agree to have a lower set of limits for obtaining three quotes or for when they go out to tender for example: in line with DfE best practice.*** |

The Council does recognise the DfE recommend that schools should be obtaining three quotes for spend under £10,000. DfE guidance is considered best practice. The thresholds set within the Scheme for Financing Schools are considered upper limits and reflect the wider Council’s approach to procurement. Schools may wish to adopt this within their own policies. The financing scheme has been updated to reflect this.

Schools should note that, from 28th October 2024, the Procurement Act 2023 will apply to procurements that commence after this and which are for contracts above UK public procurement thresholds. The new regulations will also introduce some limited requirements on contracts secured below those thresholds. PCR 2015 rules will continue to apply to procurements started and contracts secured prior to this date. Schools can familiarise themselves with these upcoming changes by visiting the  [Transforming Public Procurement](https://eur01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.gov.uk%2Fgovernment%2Fcollections%2Ftransforming-public-procurement&data=05%7C02%7CJody.Catterall-James%40kent.gov.uk%7C821b3a6e66d34508067b08dc6365d2b0%7C3253a20dc7354bfea8b73e6ab37f5f90%7C0%7C0%7C638494536179880567%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C0%7C%7C%7C&sdata=9SkFaaFfrnhyoKwW2DJ47uUvy0L1U42HRjQcuT9py60%3D&reserved=0) website and accessing the bitesize learning material linked.

***2.18. Gifts and Hospitality***

The proposed additional section of the Scheme in relation to Gifts and Hospitality is as follows. Please note this is not currently covered within the Scheme for Financing Schools and therefore this is a new section.

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| *2.18. GIFTS AND HOSPITALITY*  *Schools should have a policy and register in relation to the acceptance of gifts, hospitality, awards, prizes or other benefits that might compromise their judgment or integrity and should ensure all staff are aware of it.*  *School funds devolved by the Local Authority should not be used for providing hospitality or meals for staff. A pool of refreshments such as tea, coffee, milk and sugar for consumption by staff and visitors to the school is permitted (if agreed by governors) and the purchase of these items can be made through the School Budget.*  *If meetings with visitors to the School extend through the lunchtime period, it is usually acceptable to provide sandwiches or a finger buffet and non-alcoholic drinks, all of which may be purchased through the School Budget.* *If more than light refreshments are required, this should be agreed in advance by the Governing Body with reasons for granting approval. Under no circumstances should alcohol be purchased using School Funds.*  *It may be reasonable to provide refreshments and a light meal on School premises at staff training days or as part of a development activity. Food on such occasions should ideally be provided via the School kitchen but should this be unavailable, alternative arrangements can be made with Governing Body approval.*  *School staff need to understand the acceptance of any gift or hospitality could be regarded by a third party as compromising the integrity of a public servant. If in doubt, the offer should be declined. A modest gift of promotional nature given to a wide range of people and not to an individual may be deemed as acceptable and not recorded in the Gifts and Hospitality register.*  *When making gifts, the school must ensure the value is reasonable, is within its scheme of delegation, the decision is documented, and achieves propriety and regularity in the use of public funds.*  *Schools’ budgets should not be used to purchase gifts for staff and this includes spa days, bouquets of flowers and gift vouchers. Where schools would like to reward staff, for example for long service, staff may be awarded with a certificate or a collection from staff can be held in the school.* |

We are asking for your views as to whether you agree or disagree with the proposed wording change outlined below and any further comments you may have to the proposals. A link to the consultation questionnaire can be accessed via this hyperlink: [SFFS Consultation Questionnaire.](https://forms.office.com/e/cDjZH6A9s3)

**How to get Involved and Find Other Information**

You can share your views on the consultation through the online consultation response form, which can be accessed via this hyperlink: [SFFS Consultation Questionnaire](https://forms.office.com/e/cDjZH6A9s3).

If you have any questions about the consultation, these should be sent via email to the following address: [schoolfunding@kent.gov.uk](mailto:schoolfunding@kent.gov.uk). Responses should be completed by 5pm Friday 19th April 2024.

**Consultation Timeline and Decision-making Process**

The consultation opens on Monday 18th March 2024 and closes on Friday 19th April 2024. The table below provides details of all known key dates:

|  |  |
| --- | --- |
| **Date** | **Event** |
| Wednesday 24th April 2024 | Consultation Launched |
| Wednesday 8th May 2024 (5pm) | Consultation Closes |
| 10th May 2024 | Schools’ Funding Forum receives a report on the consultation responses and is asked to make formal decision to agree the proposed changes to the Scheme for Financing Schools |