

PURCHASE OF ICT EQUIPMENT

The key elements of a successful purchase of ICT equipment are the following:

1. Specification

Any purchase must be linked to a detailed specification. Where possible the specification should be set out in outputs i.e. 'what do I want to do with it' and, therefore, the standard of performance required from a computer rather than inputs e.g. computer of a particular make and/or size.

The specification required will vary as to whether the purchase involves:-

- individual computers
- software
- a network of computers
- an ICT suite.

In all cases Q&I are in a position to give advice on solutions which best address curriculum issues and the Schools ICT Services can give advice on the best technical solutions.

If related building work is needed please consult with the Corporate Property Landlord Unit and follow all the procedures for Building Work re C.D.M Regulations, TEC Certificates, Insurances, Asbestos, etc.

The specification for computers must comply with the Electromagnetic Compatibility Regulations (The CE Mark).

2. Purchase of Computers

Schools ICT Services (SICTS) have already carried out a major tender exercise for a wide range of computer equipment. Consequently, schools can purchase directly from the SICTS (rather like YPO) without the need for their own tender or quotation exercise. Schools ICT Services offer two methods of payment either outright purchase or purchase with payments spread over a number of years. There is of course an interest charge for this latter approach.

In any event SICTS can provide advice on how best your requirements may be met. Their recommendation may involve purchasing items which are not part of their framework arrangement.

Schools, as an alternative, can include the SICTS (framework tender price) as one of their 'minimum 3' quotes or tenders - see Section 3 below.

3. Methods of Procurement

A copy is enclosed of the "rules" on tenders and quotations. This is an extract from the LMS Procedure Rules.

The key choice is between:

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| Quotations | (if overall purchase price of less than £50K) |
| Tenders | (if overall purchase price is more than £50K). |

There are detailed rules to follow but the key difference is that a school can select who is given the opportunity to quote whereas a general advertisement in a "trade journal" is needed as the first stage of a tender process.

In particular it should be noted that:

- Schools can receive quotations and tenders by email provided
 - you use SCMS (the Supplier Contract Management System – contact Norman Hazlewood on 01609 533505 for details) or
 - the purchase price is less than £5,000.

If the purchase price exceeds £5,000 there is scope to use email for quotations, but this has to be approved by Veritau, in line with LMS Contract Procedure Rule 13.1. Contact Ian Smithson if you would like us to review a proposed system.

- Quotations and tenders obtained by visiting supplier's websites are not acceptable.
- Quotations and tenders should be opened at the same time by at least two people. In the case of tenders, one of those must be a member of the Governing Body.
- A record of the opening procedure should be made and signed by the individuals present, recording the total of each quote/tender. This, along with the quotes and/or tenders, should be retained for audit purposes.
- A tender other than the lowest may be accepted, but only after consideration has been given to the matter by the Governing Body.

(Further details on “the rules” are provided in School Finance Manual).

4. Fair Competition

Fair competition is achieved by following the rules set out in the enclosure. In particular it is very important to establish, in advance, the basis of tender or quotation evaluation. This could be a simple matter of lowest price or as recommended a predetermined combination of price, quality, support, etc, which is in a scoring system. This can then establish the Most Economically Advantageous (MEA).

5. Leasing

Leasing is an alternative to outright purchase. It is often pursued by potential suppliers of equipment as their representatives can often earn substantial commission on a leasing deal. The advantage of leasing is that it spreads payments over a number of years. This can be attractive to those schools with low balances. The disadvantages are the extra cost in interest charges and the likelihood that when it comes to replacing the equipment, which is subject to the leasing deal, there will be little alternative other than to go back to the same company or alternatively there will be some substantial financial penalty in switching to a new supplier.

Under LMS Procedure Rules all potential leasing deals are to be cleared, in advance, by the Assistant Director – Finance & Management Support who also normally consults the Assistant Chief Executive – Legal & Democratic Services. Schools in any event are not permitted to enter into any leasing deal where ownership can transfer to the school at the end of the leasing period. This form of lease known as 'finance lease' creates difficulties for the local authority (and therefore schools) in that the deals can count against borrowing limits and create other potential accounting issues.

6. Recording of Expenditure

Where expenditure on ICT equipment and/or software exceeds £5,000 (excluding the use of leasing) then it is necessary to record this as capital expenditure within the school accounts. Schools should not, however, breakdown any projects into chunks which are

less than £5,000 to circumvent the guidance relating to capital expenditure. It is likely that schools will need to make capital adjustments within their accounts to fund this expenditure. Further information can be found in Section 4.7 of the School Finance Manual.

7. Software Purchase

Where software is being purchased at the same time as IT hardware, pre-loaded on the machines, schools must satisfy themselves that appropriate licences have been supplied to them prior to payment being made.