

SCHOOLS' FUNDING FORUM

SUBJECT:	Procurement and Gifts and Hospitality Consultation
AUTHOR:	Jody Catterall-James, Schools High Needs and Early Years Manager
DATE:	10 May 2024
SUMMARY OF REPORT: To request Forum approval of the amendment to the Scheme for Financing Schools..	
FOR:	Decision

1. Background

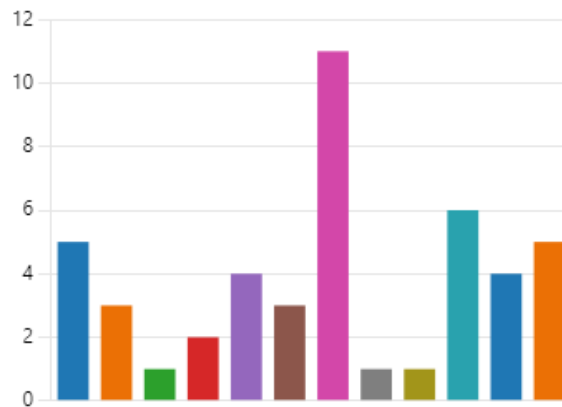
- 1.1 In May 2023, the Local Authority agreed to change its procurement rules, to ensure that they were up to date and easily understandable. It also reflects that prices of goods and services have increased significantly.
- 1.2 In addition, a recent Internal Audit raised concerns around the use of Credit 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 budgets are delegated to schools for the purpose of the education of the children within the school.
- 1.3 The scheme for financing schools sets out the requirements of maintained schools regarding their delegated budgets. This report recommends updating the Procurement rules within the Scheme to match those of the Local Authority and inclusion of an additional section on Gifts and Hospitality.
- 1.4 A consultation was held with all Community, Voluntary Controlled and Foundation Schools, and PRUs between Wednesday 24th April 2024 and Wednesday 8th May 2024, and the results of that consultation are shown below.

2. Responses to consultation

- 2.1 We had 46 responses to the consultation.

District:

Ashford	5
Canterbury	3
Dartford	1
Dover	2
Folkestone and Hythe	4
Gravesham	3
Maidstone	11
Sevenoaks and Swanley	1
Swale	1
Thanet	6
Tonbridge and Malling	4
Tunbridge Wells	5



Type of school provision:

Primary	31
Secondary	9
All-through	1
Special	3
PRU	2



3. Procurement amendment to the Scheme for Financing Schools

- 3.1 The Scheme for Financing Schools will be updated in Section 2.10 PURCHASING, TENDERING AND CONTRACTING REQUIREMENTS to the following (changes highlighted in bold)

Section 2.10 PURCHASING, 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/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 via: 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.

3.2 Out of the 46 responses received, 43 agreed with the proposed revised text above, 2 disagreed and 1 responded 'don't know'.

3.3 Additional comments were provided as follows:

I think it makes sense as inflation has eroded the purchasing power of money in recent years and a higher limit makes sense.

Seems clear. Would be useful to include reference to the DfE recommendation as best practice within the wording.

I think you need to add clearer signposting, with a link, to the UK public procurement threshold figures
Additional clarity should be given over the DfE guidelines of £10k and below for quotes - as against the proposed KCC proposal . Best practice and limited knowledge will always drive a school to ensure the number of quotes at the lower values gives adequate detail to ensure quoted works are in line with need though.
It needs an inclusion for instances when it is not possible to get enough quotes, this can happen for anything
It would be good to have a hyperlink to show the current UK public procurement threshold which I am understanding to now be £999,999 as against £50,000. It would also be good for the revised schools finance policy to reflect these changes so that schools are clear on the value which is being recommended, if it is below the UK public procurement threshold.
We welcome the simplification of procurement rules, the alignment of tender thresholds with UK public procurement thresholds, and raising value thresholds in acknowledgement of the effect of inflation, however the increase of requiring only 1 quote up to £24,999 is a significant rise, not in line with inflation, and we feel creates too much risk around what is a large spend, especially for smaller schools. We would support a smaller rise, to about £10k, to ensure governing bodies have confidence in the procurement processes at an operational level.
No, we would discuss with the governors what they would like the limits to be.

4. Gifts and Hospitality amendment to the Scheme for Financing Schools

- 4.1 The Scheme for Financing Schools will be updated with the following addition. Please note this is not currently covered within the Scheme for Financing Schools and therefore this is a new section.

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.

4.2 Out of the 46 responses received, 23 agreed with the proposed revised text above, 20 disagreed and 3 responded 'don't know'.

4.3 The following comments were received:

Within the school we do not over use this facility and are very aware that our budget is for the children and it is public funds.
I think that this is a reasonable approach as set out and will clearly set out the position for KCC Schools to follow.
This is very clear and the exceptions seem fair.
I think this is good idea
Staff wellbeing is a huge area of need as is recruitment and retention. Working in a special school can be very stressful and staff often move on to better paid jobs in industry. Staff are often injured at work. We have purchased £50 gift cards for staff at xmas this made a huge difference to staff wellbeing especially as many staff are in significant financial difficulty / single mums.. As a school we raise also raise our own money as we should be allowed to use this money how we choose (e.g. staff hospitality) by having only one bank account we would not be able to do this. Additionally retaining high quality senior leaders in education is difficult, we are in competition with academies who offer many rewards to staff, including hospitality / well being events. I believe that schools should have the autonomy to spend money they fundraise (e.g. we have an air bnb that we lease out) on staff as they see fit.
At the moment I spend a huge amount of my own money throughout the year on gifts for volunteers who support the school such as the Chairs of the PTA. I understand that we are looking after public funds but we should be able to have a small ring fenced amount which we are able to use for things like this. I don't agree that we should be completing a gift and hospitality register for when parents give staff gifts above a certain amount. I don't agree that we should ask Governors to agree if we are able to provide teas and coffees for staff. This should be a decision the HT and perhaps monitored by the governors.
We are in a teacher recruitment crisis so having some way of trying to entice staff to stay rather than leaving is a good thing. The Staff Wellbeing Group have asked for consideration

be given to providing them with subsidised meals, gym membership etc just to help us with the recruitment and retention of staff. We are also required to support staff from a wellbeing perspective and this draconian suggestion about gifts and hospitality is not in keeping with the issues schools are facing with recruitment and retention. Investing small amounts of the school budget on staff recruitment and retention and wellbeing is not, in my view, a waste of tax payers money. Staff work tirelessly during the year without any additional money being paid to them - so much of what goes on in schools is 'goodwill'. This will destroy that. I totally disagree with the proposal.
This is not taking in to consideration the wellbeing of staff and need to support staff who already go over and above. Staff already pay for a significant amount of resources out of their own money due to falling budgets. School's do not spend money lightly on these areas
Being a small school we occasionally (very rare) will use this for thank you gifts as in flowers. We certainly don't abuse the funding and are very mindful of any spending that we do as we are very aware that it is public funds.
Should a section be added referring to funds being used via self generated income, we purchase gifts for volunteers, we held a Christmas drink with governors but the funds came from our lettings income.
Staff wellbeing should taken into consideration when making these changes.
I fully agree with the proposed wording with the exception of "School funds devolved by the Local Authority should not be used for providing hospitality or meals for staff." Staff school meals are widely used by schools to facilitate the supervision of students at lunch breaks in school dinner halls. Removing this as a feature will be far more difficult & costly, as schools would need to find suitable midday meal supervisors (in a difficult climate for recruitment). This should be a school-led decision. There are huge benefits to students, particularly in SEN schools like Goldwyn for students with SEMH, in having staff sitting with students and eating together at lunch time. The benefits of such far outweigh, and justify the costs, of staff meals in schools.
Having to get governor approval for every little bit of spend on hospitality is not practical. We would suggest that there is a limit for the year say £2000 that is approved by governors at budget setting time. Anything over that can be approved by governors on a case by case basis.
I think the values need to be capped as perceptions around the word 'reasonable' can be interpreted very differently across schools.
Whilst i understand the main driver for the inclusion of this section, school budgets include multiple additional funding sources other than devolved funds from the LA eg income from lettings or donations (which based on the proposed wording could be used for hospitality or meals for staff). I also think the proposed wording it too prescriptive/detailed on this subject, which appears out of kilter with the rest of the Scheme, which tries to stay at a more strategic level. Finally i think its fine to ask maintained schools to have a policy and register on this subject, but leave it for schools to make the appropriate judgements.
Agree in principle however I feel that bouquets of flowers should be excluded from this section. Generally these flowers are presented to staff in front of children which as a way of showing our appreciation for the work they have done. Perhaps there should be a cap on the price spent per bouquet?
I agree , however, where schools raise additional income from say lettings or staff services being purchased by other KCC schools and providing their is no negative effect to budgets, a proportion of this income should be attributed / set aside to staff well being., with a cap of say £20 per single gift: above this staff collection would be needed.
I agree with the principle - I question why it is not possible considering whole school wellbeing and mental health is such a big initiative we are unable to include small tokens within this policy (within reason). It adds to staff engagement, enjoyment and ultimately retention which reduces costs and ensures value for money in our staffing and recruitment. I question whether it needs to be so descriptive (whilst I totally understand not giving spa days

etc) and wonder whether an allowance could be built in for the items suggested within staff wellbeing and recruitment and retention.
The difficult area becomes that of staff bereavements and significant illnesses. As the employer it is sometimes necessary to send flowers which we wouldn't do a staff collection for as the information maybe very private and thus not able to share. To show this level of compassion is sometimes needed as the employer. A certain amount of voluntary donation comes into the school via I13 and to be able to buy these very occasional one off gifts to contra against these donations is extremely valuable. We do not run a voluntary fund in recognition of ensuring the appropriate use of ALL funds but to lose this little bit of staff wellbeing would be tricky. If it was written in the Scheme for Financing Schools we would of course have to adopt this practice fully so perhaps it is best left out and schools are individually held to account if they breach this area significantly. A very tricky grey area.
My concerns are with the proposed section on 'Gifts and Hospitality' related to school budgets being used to purchase gifts for staff. Small amounts expended on gifts / flowers / vouchers can be a very important part of showing staff that they are cared for. This helps retain and motivate members of staff. Providing a school ensures that they are fully compliant with HM Revenue & Customs rules under the Trivial Benefits Scheme, there should be no prohibition from the making of gifts. It is important that school funds are used for the benefit of the children. The biggest part of any school's budget is on salaries. The giving of gifts under the Trivial Benefits Scheme will, by definition, be a tiny part of a school's employment costs but can have disproportionate benefits with staff motivation. A dynamic approach to the management of staff can make an enormous difference within a school and the proposals on gifts and hospitality, as currently worded, would remove one of the tools by which this can be achieved. I must question why these proposals are being made. Far from saving money, the indirect costs of motivating staff by way of (for example) higher salaries or taxed bonuses will significantly exceed the tiny costs of making positive gestures to foster staff welfare.
In general this is fine, except it needs a way, which is monitored and regulated the governors to make small gifts to staff, e.g. for more than 30 years service or similar.
Schools should have the ability to send flowers to staff who suffer bereavements or serious illness.
I agree with the vast majority of the section but believe there should be a paragraph clarifying that school cooked meals can be provided to staff who eat and work with the children over lunchtime. Providing a school made lunch to staff who eat it in the lunch hall with the children actually saves money as additional midday staff are not needed. The paragraph also needs to take into account that staff eating school lunches with the children is part of the curriculum as we are required to teach children how to use a knife and fork. It can also form part of the behaviour policy by building relationships with the children and as many children with SEN or attachment needs, need support during this time; modelling eating at a table and as 'part of a family' can be part of their bespoke curriculum.
While we agree with the general principle of the section on hospitality and gifts, we have two objections: Firstly the complete prohibition of gifts to staff limits the school's ability to recognize outstanding contributions of staff members who go above and beyond. We would prefer that a modest limit be set on gifts to staff members, which could be on a per-gift, or annual basis, and is clearly justified. Secondly, the word "alcohol" should be amended to "alcoholic drinks" in the statement "under no circumstances should alcohol be purchased using School Funds." as alcohol is the active ingredient in many sanitation products including hand gel and first-aid swabs, which schools should not be prevented from purchasing.
Most schools would want to have the option to send a small token such as flowers for a bereavement in exceptional circumstances or similar. Or to a retiring governor, after several years or service. Will this still be available? I appreciate the need to ensure that payments and gifts are not misused.

We understand the requirement to include within the Scheme for Financing Schools a section regarding Gifts and Hospitality however preventing a school sending flowers for compassionate reasons following an accident or operation or a family bereavement is not in the interests of promoting staff wellbeing. A small gesture from the school approx £30 for a bunch of flowers following long term absence or a death in the family is seen as a kind gesture and well received from staff. To remove this does not enable the school and would no doubt reduce staff wellbeing.
The Governors wish to see the threshold at anything above light refreshment with any requirements above this to be agreed in advance by the Governing Body
No, this already mirrors what we do with regards to hospitality and gifts purchased by the school. It isn't totally clear whether this applies to gifts received from parents/families though "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. "

5. Recommendation

- 5.1 The maintained school representatives of the Forum are asked to approve the additional wording to the Scheme for Financing Schools in relation to Procurement.
- 5.2 The maintained school representatives of the Forum are asked to approve the additional wording to the Scheme for Financing Schools in relation to Gifts and Hospitality.