

National e-Procurement Project

e-Procurement in schools, an issues paper for Local Authorities

Strand 3.3 Preparing for e-Procurement

Title:	e-procurement in schools, an issues paper for local authorities
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1. Introduction:

The purpose of this paper is to outline the key issues that confront authorities interested in bringing schools into their existing e-procurement system. Addressing tactical issues and key drivers for authorities, the paper aims to identify essential tasks authorities should undertake when approaching schools.

Schools procurement

To find out more about schools procurement, look here:

<http://www.dfes.gov.uk/vfm/pdf/FinalProcurement.pdf>

Schools purchase many of the same items as local authorities but are usually not able to purchase for the same prices as local authorities because they lack the ability to create enough critical mass to drive down prices from preferred suppliers. Schools who chose to join local authority e-procurement initiatives can receive the price benefits on common purchases that the local authority enjoys, whilst the local authority can gain better understanding of school's requirements and gain additional leverage in their negotiations with suppliers.

2. What are your drivers?

If you choose to integrate schools purchasing into your e-procurement system it is unlikely that you will be able to motivate schools unless the authority passes on all the net savings made by a schools purchase back to the school itself. However, if your authority gains no money for including schools on the system, what are the key drivers for involving schools?

Likely drivers for authorities are:

- Spend information; schools that choose to procure electronically with the Authority will be able to provide detailed spend assessments, giving the authority greater ability to leverage pricing arrangements with suppliers.
- Compliance 1; Schools who have agreed to collaborate with authorities and buy 'on contract' can be monitored for maverick spend.
- Compliance 2; where authorities oversee budgeting for schools, the information provided by schools allows authorities to identify where schools purchasing can be improved and in-line with Government best value requirements.
- Efficiency; by standardising schools procurement procedures the task of auditing and budgeting for schools spend will be easier

3. Identify a business case

Because the key drivers for bringing schools into e-procurement are linked more directly to softer benefits such as control of spend it is difficult to generate hard financial business case for involving schools in your solution. However, this does not mean there aren't worthwhile benefits to be gained and an outline business case will be useful.

N.B. To make your business case viable it is necessary to identify which schools will benefit most from e-procurement and target your efforts accordingly.

Business Case

OGC have published a guideline to creating a business case as part of their gateway review process: this guideline can be found here:

<http://www.ogc.gov.uk/sdtool/kit/workbooks/businesscase/buscase.html>

Outline the costs of bringing schools on board, considering the following costs:

- *New technical functionality*
Will you need any specific functionality for schools?
- *The cost of integration*
Determine what level of integration you want between your e-procurement system and the school's legacy system, determine the cost of any extra development required.
- *Updating infrastructure in schools (if necessary)*
Do schools have the necessary infrastructure (e.g. broadband) to allow them to send and receive orders?
- *Extra resource*
The LEA and each school you work with will require resource to help them move towards e-procurement, ensure that you adequately assess this need.
- *Communications programme*
Develop a programme to ensure that all schools are at least aware of the positive opportunities available to schools through e-procurement.
- *A change management programme*
Schools purchasing staff will need training and monitoring during periods of up-take.
- *Cost of bringing on specialist schools suppliers*
Schools will need to purchase specialist materials, their suppliers may need to be bought onto the system at cost to the authority.

Try to estimate the benefits you can achieve by bringing schools on board. It may be difficult to off-set these costs against the benefits of greater compliance in school's spending, but firm benefits such as meeting Best Value targets may be sufficient to provide the authority with a case for advancing with e-procurement for schools.

4. What are the key issues for schools e-procurement?

Technical issues

Most schools use Capita's 'SIMS' for their legacy software, at the time of writing this software had no commercially available purchasing module, thus full integration with most e-procurement systems is not possible and some double-keying will have to occur. One possible compromise is for schools buyers to report purchases made on the e-procurement system as single outgoing on their legacy system, thus minimizing the requirement to double key data.

Purchasing issues

Let schools know about the benefits of strategic sourcing and the benefits that can be gained by purchasing collaboratively. However, be aware that schools will need to be brought onto the system one by one, which will inevitably reduce the immediate impact on any specialist schools suppliers you may need to bring onto the system.

The process of invoicing, delivery and goods receipting can all cause problems, delivery can be expensive to rural schools, goods receipting will probably require new processes for the school and invoicing may need to be consolidated to avoid significant amounts of data re-entry. Process alignment work will have to be undertaken by both parties, and this will probably need to be repeated for each individual school.

People issues

Buyers in schools have a varied skill set that will mean that experience of IT and purchasing may need to be addressed.

Schools staff work hard to achieve best value in their purchasing, though it is unlikely that they will be able to compete with the authority's prices; they understand the schools needs best and know how to purchase most effectively for their school. Let them know that by switching to e-procurement, they will be able to continue to work to make the right purchasing decisions but with more savings for the school.

5. Next steps

Develop a communications plan

Once you are comfortable with the benefits of bringing schools into your e-procurement system, develop a communications plan to engage schools purchasing staff in the benefits of the authority's system. It is worth noting that authorities have no facility to mandate schools to join the authority's e-procurement system and that any communications plan must communicate the benefits of joining a system.

A good communications plan should not raise unrealistic expectations that encourage schools to think that the work required to enable a school to procure electronically is easy. Make sure that schools are given a balanced argument as to the difficulties and issues against the benefits prior to sign-up.

Allocate resource

Allocate a member of staff as liaison for schools e-procurement, this staff member should be responsible for managing the steps to uptake for schools at each key stage.

Approach schools directly

Try to arrange a meeting of bursars and key LEA staff, introduce the benefits of the system and why the authority has implemented it. Give examples of prices that the schools could be achieving if they work with the authority.

Create a dialogue

Establish individual lines of communication with any school that appears interested in e-procurement, they may need a good deal of convincing prior to joining the system, where possible persuade bursars to come and visit the authority and see the system in use.

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