



Department
for Education

Schools Commercial: Performance of Initiatives

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Introduction

In 2017 the Schools Commercial Team published a [Schools' Buying Strategy](#), intended to support schools in their buying decisions and allow them to maximise the resources that could be invested in education for their pupils. The strategy indicated schools often face a complex marketplace when procuring goods and services, and that market provision is not always accommodating to school buyers' needs. As a result buyers can face high costs and time-consuming processes.

The strategy included a range of initiatives to address these issues; to support buyers to be smart consumers and to have the right skills and relationships, and to ensure buyers have access to best value. The strategy identified five strands to support schools in this space:

1. The promotion of approved frameworks
2. The promotion of an Energy Efficiency Loans Scheme
3. The pilot of School Buying Hubs
4. The provision of the Risk Protection Arrangement (RPA)
5. Access to buyers networks

Each initiative is designed to simplify the buying process for schools and to offer a viable route for accessing value for money when purchasing goods and services.

These initiatives are part of a wider [School Resource Management \(SRM\) portfolio](#). The SRM Portfolio draws together activity across the Education and Skills Funding Agency (ESFA) and the Department for Education (DfE) aimed at securing efficiency and long-term value from schools' spending, making every pound count. It includes a suite of tools, practical support and guidance for schools and academies to help reduce costs on regular purchases and recruitment, improve their access to financial information and give School Business Professionals (SBPs) access to the support that they need to manage their costs effectively for the benefit of pupils.

Summary of Initiatives

Promoted Frameworks:

DfE currently approves and recommends a selection of frameworks, via the [Find a Framework](#) portal. Schools can use the portal to access frameworks covering a range of spend areas, for example: Utilities, ICT, and Facilities Management. As outlined in the 2017 strategy, schools could access discounts of 10% on energy spend and 40% on multi-functional devices (printers, scanners and photocopiers) spend by using the promoted frameworks. Schools can also save time through using the promoted frameworks, which are more tailored to schools' needs than market alternatives and are designed to simplify the procurement process.

Salix Energy Efficiency Loan Schemes:

DfE also promoted an [energy efficiency loan scheme](#), delivered and marketed by Salix Finance. Schools used the scheme to access interest-free loans to help pay the upfront costs of energy efficiency improvements, such as low-energy lighting, insulation and boilers. The scheme supported schools by saving money on energy bills, via reducing energy consumption and reducing total carbon emissions.

For example, one primary school utilised the scheme to fund multiple energy efficiency measures, including a ground source heat pump. The project is estimated to reduce the school's carbon emissions by 77%, and save the school over £5,000 per year.

The scheme expired on 1st April 2021.

Schools Buying Hubs:

Launched in 2017, two pilot [Buying Hubs](#) currently operate for schools in North West and South West England. Schools in each region can use their Hub to access specialist advice and support with upcoming contracts, leases, and purchases on non-staff goods and services. Specialist support can benefit schools by saving both time and money on procurements and allows schools to make savings by effectively buying on a regional basis.

For example, a MAT made estimated savings of £1.5m by changing to a new catering contract following support from their Hub. Also, a SEN college saved 60% over the lifetime of a new multi-functional devices contract by using a promoted framework recommended by their Hub. Over 2,000 schools have engaged with their regional Hubs as of December 2020.

The Risk Protection Arrangement for Schools (RPA):

The [RPA](#) is an alternative to commercial insurance for academy trusts and schools. Under the RPA, the UK government covers the losses instead of commercial insurance. It was launched in September 2014 and covers four main classes of claims: Property Damage and Business Interruption, Employers Liability, Public Liability, and Travel. RPA is available to both academy trusts and schools, and members opt in to the scheme through the DfE portal. A per pupil deduction is taken from members' General Annual

Grant or Dedicated Schools Grant, with this deduction set on an annual basis and the same for all members. The rate for 2021-22 was recently announced at £19 per pupil.

Buyers Networks:

A National Network Leaders Forum was launched in June 2017 to provide peer-to-peer support for School Business Professionals (SBPs) and allows SBPs to share knowledge about [buyers networks](#) at a local level. The primary aim of the networks is to provide a platform for SBPs to share advice and knowledge about the sector, to compare prices, and share tips and best practice. The networks also act as a first line of trusted support that SBPs can access when they are in need of advice.

Performance Data

Performance Data for Promoted Frameworks

Spend Performance

The table below indicates the total value of spend by schools on promoted frameworks from 2017-18. Further details on methodology can be found in the Performance Methodology section.

Table 1: Recorded spend data for Promoted Frameworks from Financial Year (FY) 2017-18 to 2019-20. Spend data is supplied directly from framework providers.

| Description | Spend |
|---|---------|
| Recorded spend by schools through DfE Promoted Frameworks in FY 2019-20 | £129.3m |
| Recorded spend by schools through DfE Promoted Frameworks in FY 2018-19 | £97.4m |
| Recorded spend by schools through DfE Promoted Frameworks in FY 2017-18 | £54.1m |

As outlined in the [2017 strategy](#), schools can access savings by using DfE Promoted Frameworks compared to the average market rate for similar goods and services. For example, a trust was able to save over £450k over the lifetime of a multi-functional devices contract through using the promoted framework.

Frameworks are promoted in other categories too, with another trust saving 15% on temporary staff expenditure, and another school able to save £100,000 per annum through an ICT framework. Savings made by schools can be re-invested in student learning, with a primary school using the savings made from a promoted framework to fund new art materials and more after-school clubs. It is important to note however that as average alternative market rates for goods and services continuously evolve over time, savings estimates will vary depending on the point in time chosen and will differ by school.

Performance Data for Salix Energy Efficiency Loan Schemes

The tables below indicate the total value of estimated savings made by schools through the scheme from 2017-18, and total number of new projects committed in each year. Further details on methodology can be found in the Performance Methodology section.

Table 2: Savings through projects committed through the Salix Finance Loan Schemes from FY 2017-18 to 2019-20 – including lifetime savings made in the year through projects committed in previous years.

| Description | Estimated Savings |
|--|-------------------|
| Savings through Salix Finance loan schemes across FY 2019-20 | £20.9m |

| | |
|--|--------|
| Savings through Salix Finance loan schemes across FY 2018-19 | £17.4m |
| Savings through Salix Finance loan schemes across FY 2017-18 | £13.7m |

Table 3: Number of new projects committed for schools through the Salix schemes from FY 2017-18 to 2019-20.

| Description | Number of New Projects |
|--|------------------------|
| Number of new projects committed for schools across FY 2019-20 | 488 |
| Number of new projects committed for schools across FY 2018-19 | 565 |
| Number of new projects committed for schools across FY 2017-18 | 519 |

Performance Data for School Buying Hubs

The tables below indicate the total value of estimated contract term savings the Hubs have helped schools to achieve from inception, and the number of schools who have engaged with the Hubs. Further details on methodology can be found in the Performance Methodology section.

Table 4: Increases in realised contract term savings the Hubs have helped schools to achieve. Savings are the difference between the price paid and a benchmark price of the new contract/lease/purchase.

| Description | Estimated Savings |
|--|-------------------|
| Increase in realised contract term savings delivered by the School Buying Hubs across FY 2019-20 | £9.2m |
| Increase in realised contract term savings delivered by the School Buying Hubs to FY 2018-19 end | £2.4m |

Table 5: Total number of schools who have engaged with the Hubs. To qualify, schools must have actively opened a case with the Hubs.

| Description | Number of Schools |
|--|-------------------|
| Number of schools who have engaged with the Hubs to FY 2019-20 end | 1,649 |

Performance Data for RPA

The table below indicates the total value of estimated savings made by schools through the scheme from 2017-18. Further details on methodology can be found in the Performance Methodology section.

Table 6: RPA membership and savings from FY 2017-18 to 2019-20 in insurance spend by RPA members and non-members*, evidenced through AAR spend data against the baseline spend in insurance prior to RPA's introduction.

| Description | Estimated Savings | RPA Membership (average over FY) |
|---|-------------------|----------------------------------|
| RPA savings in FY 2019-20 to Members | £88.7m | 5,981 academies |
| RPA savings in FY 2019-20 for non-Members | £47.1m | -- |
| RPA savings in FY 2018-19 to Members | £76.4m | 5,218 academies |
| RPA savings in FY 2018-19 for non-Members | £43.3m | -- |
| RPA savings in FY 2017-18 to Members | £64.9m | 4,343 academies |
| RPA savings in FY 2017-18 for non-Members | £41.5m | -- |

*non-members are not part of the RPA but are still able to benefit from reduced insurance costs because since the RPA was introduced premiums have reduced across the commercial insurance market

Performance Data for Buyers Networks

The table below indicates the proportion of Local Authorities with an SBP Network in place as at March 2020.

Table 7: Coverage of Local Authority areas with a local SBP Network

| Description | Proportion |
|--|---|
| Number of Local Authority areas with an SBP Network in place, as at March 2020 | <ul style="list-style-type: none"> 136 LAs covered by a registered network 16 LAs with no registered network coverage |

For a Local Authority to be covered, there must be at least one network within the Local Authority available for School Business Professionals to access. Where a network agrees to be published on the [gov.uk directory](https://www.gov.uk/directory), any SBP within the Local Authority can approach the network to join. SBPs can then use the networks to share knowledge and best practice around the sector.

Case Study: National Network of Special Schools (NNoSS)

NNoSS is a national network available for all SBPs working in special schools, hospital schools, and alternative provision schools across England. The network acts as a dedicated space for SBPs to collaborate and drive efficiencies with colleagues facing

similar and sometimes unique issues and challenges, for example when procuring sensory equipment. The network also acts to supports the wider Special Education Needs and Disability (SEND) and Alternative Provision (AP) sectors. As at January 2021 over 150 SBPs have signed up to the network, spanning over 80 Local Authority areas.

Performance Methodology and Data Quality

Promoted Frameworks:

Methodology: The framework providers may agree to supply the Department with information on the total value of spend through the promoted frameworks made by educational establishments. This spend is then captured and monitored internally. The majority of frameworks are contractual agreements where the school makes payments each month or each quarter for the good or service. Schools may also be able to make one-off purchases on certain frameworks at any given time. Date of transaction must be supplied, along with total value of spend, so the Department can accurately monitor spend on frameworks over any given time frame.

For certain frameworks, only quarterly spend may be available (i.e. how much the school spent on the framework over three months rather than in-month). Should this happen, efforts are made to proportion the spend evenly across the three months to achieve consistent month-by-month spend reporting across all frameworks.

Only certain educational establishments are in-scope. This includes academy schools and maintained schools, single-academy trusts and multi-academy trusts, and excludes any Higher or Further Education establishments. Any spend on frameworks by schools outside of these boundaries will not be captured and included.

Through the lifetime of the 'Find a Framework' portal over 40 frameworks have been promoted and spend data recorded. Over 10 frameworks have expired since being promoted. If a framework expires new schools will not be able to access the framework, though schools which had signed up to the framework prior to its expiry may continue to use the agreement. Therefore all related spend (on expired frameworks) will be captured should schools continue to use the framework post-expiry and realise the benefits.

As disclosing information on individual frameworks may prejudice a suppliers' commercial interests, spend information on individual frameworks cannot be published.

Data Quality: A number of checks are carried out on data submitted by framework providers as part of the data reconciliation process. Transactional spend data is tracked and where an alteration to spend in previous months has occurred, e.g., item was not procured or changes in procurement date, spend reports will be backdated to reflect these changes.

This process ensures DfE report on the most up to date and relevant information and reconciles with supplier submissions. These changes impact our understanding of school spending patterns which in turn help shape our understanding of school spending behaviours in terms of seasonality trends and demand.

Salix Energy Efficiency Loan Schemes:

Methodology: The scheme worked by funding schools to help save money via energy efficiency improvement projects. The funding was provided via an interest-free loan, paid back through the predicted savings on energy usage.

To calculate savings, schools applying for the loan must complete a compliance tool as part of their application. Applicants must input information on pre-project and post-project annual kWh consumption, energy type and project type, current and forecasted energy price. Schools must provide evidence around how this information has been calculated, for example through detailed lighting survey calculations with quotes and product specifications stated. Based on this information, the provider will use the information to calculate energy savings for individual projects, including savings made on energy bills in future years as a result of the project until project expiry. For the figures quoted in the Performance section, annual savings will include all savings made through new projects committed in the year, plus savings made in the year through projects committed in previous years.

Data Quality: Data is collected on a monthly basis from Salix Finance in order to monitor performance of the framework.

The DfE works with Salix Finance to help calculate individual projects' annual savings projections based on supplier estimations. These estimates are taken into account along with the lifetime of the projects to estimate the true impact on energy savings over time. As projects are quoted to schools, some opportunities can later be retracted by schools. As schools engage with the provider to find solutions and maximise benefits, the scale and scope of demand from the school can also change. These changes or retractions in demand can impact on performance. Therefore, to manage data quality effectively, the DfE continues to backdate savings estimates based on latest changes in estimations.

School Buying Hubs:

Methodology: A school can access the Buying Hubs to request specialist support with non-staff related contracts, leases, and purchases. The Hubs will then either offer advice or provide hands-on support to schools with the request if required. If a school is at or past the award stage of a new contract-lease-purchase as a direct result of the advice or support by the Hubs, then realised savings can be claimed. These are savings that the school will make over the lifetime of this new contract-lease-purchase, relative to counterfactual scenarios.

As each case is different, there is no uniform approach to calculating savings. Under the preferred method, the awarded price of the new contract/lease/purchase (following advice or support from the Hubs) is compared to the benchmark price of previous spend on the contract/lease/purchase. For example if a school changes its catering supplier. If there has been a significant change to the service requirements of a contract such that the previous price is no longer relevant, then a comparison of the winning bid to the average of all bids evaluated in the procurement can be used. Comparison of awarded price to the incumbent supplier renewal price can also be used – for example when the Hub supports a school with Utilities contracts.

However if the contract/lease/purchase does not replace an existing agreement, awarded price will be compared to the benchmark of recommended retail price or average retail price, i.e. if a school purchases laptops for the first time. In some circumstances, if previous spend is unknown, the school or Hubs may provide an estimate of previous spend as the benchmark, which will be compared to the awarded price to calculate a saving. If average retail price or recommended retail price is unknown and there is only one quote from the tender, an agreed DfE savings rate will be applied to the awarded price to calculate a benchmark spend. The difference between the awarded price and

this calculated benchmark spend will then act as the saving amount. The savings rate will differ by buying category.

Data Quality: Each month the two Hubs must supply data on all activity through the Hubs to date. This data will hold information on all opened requests-cases made by schools, including benchmark price, rationale for benchmark price, and saving estimates for all 'realised' cases. This data will then be processed internally, and any realised cases with no new contract start date assigned to the case will be rejected and will not contribute to savings figures. As each case will have different circumstances, the Hub must outline the methodology for calculating savings and any estimates can be backdated if the methodology is not deemed satisfactory by the DfE.

In some circumstances, an agreed DfE savings rate will be applied to spend to calculate savings. These savings rates are refreshed accordingly based on market research and cases where previous spend is available and where savings were subsequently calculated comparing new and previous spend.

Due to earlier alterations in the data collection process regarding time of procurement support activity, increases in savings delivered prior to March 2019 cannot be broken down into FY 2017-18 and FY 2018-19. As with other initiatives, the DfE would backdate savings estimates should any alterations be required.

RPA:

Methodology

Savings to RPA members are calculated by tracking the average per pupil insurance spend by RPA Members through Academies' Accounting Returns (academy spending data) and Consistent Financial Reporting (maintained school spending data). This spend is then assessed against the baseline spend prior to the introduction of RPA, which was £57.67 per pupil. The latest spend data (from 2018-19) indicate that RPA members are paying the cost of RPA at £18 per pupil plus additional commercial insurance not currently covered, for example Motor and Engineering inspections.

In addition to savings made by RPA members, savings to non-members are also tracked in the academy sector by using the same method as above. Insurance spend data since 2013-14 provides evidence, supported by engagement with the educational and insurance sector, that since the RPA was introduced premiums have reduced significantly across the commercial market in response to RPA's market shaping impact. This is particularly noticeable as the RPA's share of the market has increased to 72% of all academies.

The original baseline continues to be used as, whilst academy trusts and maintained schools that join now will have been paying less in premiums than 3 years previously, re-baselining for each year's cohort would understate the market impact of the RPA as detailed above.

Savings are captured for each year that the academy trusts are members of the RPA. Opt In and Out data is monitored on a monthly basis through the Education and Skills Funding Agency (ESFA) datasets.

Data Quality

Academies' Accounting Return data - academy accounting officers are required to detail all spending by individual spending line (which contains the benchmarking return) for each year to the ESFA via their external auditors. This data which is used for this analysis is available typically for 1 or 2 academic years prior to the current year.

Consistent Financial Reporting data – This data contains all spending by individual spending lines for maintained schools. Although schools are responsible for their own CFR returns, many work closely with their local authority on their return before it is submitted to the Department. In some cases, local authorities have agreed with schools that they will prepare and submit the returns. This data is available typically for the financial year prior to the current year.

The data from the above covers the entirety of the school populations. Inevitably there are some outliers where different interpretations of the spend categories are used, for example negative values or potentially the value of insurance claims included in the insurance spend data. For this reason the RPA analysis uses a trimmed mean of 5% to reduce outliers in its calculations.



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