Procurement Act helps school leaders stretch budgets

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With inflation still pressuring school budgets, and pupil needs growing in complexity, the 2025/26 academic year presents a challenging financial landscape for school and trust leaders.

But there is also opportunity.

The **Procurement Act 2023**, which came into force this year, marks a major shift in how schools can buy goods and services—**removing barriers to flexibility**, **improving transparency**, and **opening up access to a wider marketplace**.

Now is the moment to rethink how your school approaches spending—from heating to insurance to IT to estates.

Why the Procurement Act 2023 Matters for Schools

Previously, many schools felt boxed in by large frameworks or restricted tender routes that prioritised compliance over value. The new law:

- Streamlines procedures into **fewer, simpler routes**
- Encourages procurement based on **value for money, not just lowest cost**
- Enables easier use of **dynamic purchasing systems**, spot buying, and local suppliers
- Improves access to **innovation and social value** providers

For school business professionals, this means **greater flexibility**, faster routes to market, and more scope to negotiate—**without falling foul of regulation**.

Where the Smart Savings Are in 2025/26

Rising costs can't always be avoided—but they can be better managed. Across our network, schools are applying new strategies in key areas:

1. **Energy & Utilities**
   - MATs are reviewing energy contracts with flexible tariffs or solar offsets
   - Some are moving to *energy as a service* (EaaS) models to avoid capital outlay
2. **Insurance & Staff Absence**
   - Schools are auditing policy overlap (e.g. duplicate medical/absence cover)
   - Others are pooling risk via trust-wide agreements to lower premiums
3. **Procurement Collaboration**
   - Regional clusters of schools are exploring **aggregated purchasing** for IT, paper, catering, and FM services using **new multi-supplier DPS systems**
   - Schools are creating *buying collaboratives* with standardised specs and shared compliance tools
4. **Income Generation**
   - Lettings, wraparound childcare, and CPD delivery to local schools are being scaled for revenue
   - Some are exploring grants for green infrastructure to lower long-term costs

Budget Planning Days That Work

Whether you're in a single school or a central MAT team, **a well-structured budget planning day** can be transformational. It moves stakeholders beyond line items to shared ownership of key decisions.

Here's a structure used successfully in schools and trusts:

Morning Session: "Where Are We Now?"

- Current budget overview: carry-forwards, risks, shortfalls
- Review cost drivers (energy, staffing, SEND, IT, estates)
- Present procurement audit findings: where are we overpaying?

Midday Workshop: "What Are Our Options?"

- Scenario planning: impact of 2–5% cuts or additional grants
- Collaborative budget modelling tools
- Prioritisation matrix: what's essential, what's scalable, what's stoppable?

Afternoon Roundtable: "Where Do We Want to Be?"

- Align budget to strategic plan and school development priorities
- Map procurement pipeline for the year
- Allocate responsibilities: bids, tenders, contract reviews

Use this day to also review how the Procurement Act's flexibilities can be applied to planned purchasing, giving SLT and governors confidence that due diligence and value are aligned.

Key Takeaways for School Leaders

- **Don't default to frameworks**—check if open or dynamic procurement options now offer better terms.
- **Audit your major spend categories** annually—not just for cost but for outcomes.
- **Plan collaboratively**—finance leads, heads, estates, IT, and curriculum must co-own the budget conversation.
- **Use your contracts as strategy tools**, not just transactions.

Final Thought

Procurement is no longer just a compliance function—it's a **strategic lever**.
And with the new legislation now active, school leaders have more control, not less.

By embracing smarter procurement practices and embedding shared planning processes, schools can stretch every pound—and still invest in what matters most.