

### 3. Understanding risk

**Do you understand and manage risk, without being so risk averse that you stifle innovation?**

Ask yourself:

- If we accepted a higher level of risk, could that give us a better range of options?
- What is the project/programme/departmental appetite for different risks (e.g. financial, reputational, operational, and political)?
- Are we able to identify and track the strategic risks involved – without micro-managing them?
- Could we manage a higher level of risk and how could relevant experts help us?
- What might be the implications of a higher level of risk for the SLT or Academy Board?

#### Example

A project has been defined that offers considerable value for money, but through options that have never been tested before. The Project Board confirms that it is willing to accept the associated risks and approves processes to manage them. Despite this, a high risk materialises and, consequently, the project does not deliver the expected benefits. The Senior Responsible Officer regards the project as a failure and blames the Project Manager.

**Lesson: Driving efficiencies is likely to increase risk. Management should consider this but be open to failure as well as success (so long as reasonable mitigating actions are taken).**

### 4. Accessing expertise

**Do you know what expert support is available to you, and recognise when to call on it?**

Ask yourself:

- Do I know who to call on for help and when?
- What advice and support can specialist colleagues provide to support better decision-making?

#### Example

A contract for services includes a clause for payments should a certain event happen. At the time this was thought unlikely, however, now the likelihood has increased significantly. Would you appreciate that this could impact the School's finances?

**Lesson: There are often 'unknown unknowns' where expert advice should be sought.**

**For advice on Public Sector Procurement Regulations contact**  
**CG.Communications@education.gsi.gov.uk**

### Learning Opportunities

**The DfE is creating a variety of learning and development opportunities facilitated by School Business Managers to increase commercial awareness across the education sector including:**

- Commercial Awareness e-learning modules
- Bite Size workshops and video tools.
- Would you like to know more about the Train the Trainer programme?

For more information contact  
[helen.lumb@education.gsi.gov.uk](mailto:helen.lumb@education.gsi.gov.uk)



Department  
for Education

# How commercially aware are you?

## The Essential Guide



## Commercial awareness

### Why do we need to increase our financial and commercial awareness?

Many of us have seen public sector projects or policies fail to do what they were intended to do, take longer than expected, cost more than planned or have unforeseen repercussions for government, departments and the taxpayer.

This is recognised by The Department priorities for 2014 which include:

- Reduce bureaucracy and improve accountability
- Foster a decentralised culture of self-improvement

Commercial Division is developing Procurement Learning Materials for all school. This will include guides such as this, bite-size information sessions, free resources for face to face training events, workshops for volunteer schools to hold train the trainer events to create local procurement sessions run by you! We will support you and signpost to e-Learning opportunities and further information and guidance.

**This leaflet considers key procurement areas and questions to ask and highlights training available to you.**

For further information, contact DfE Commercial Division ([CG. Commercial@education.gsi.gov.uk](mailto:CG.Commercial@education.gsi.gov.uk)) For information on how to follow the correct procedures for buying goods and services for your school visit [Buying for schools](#) on GOV.UK

## 1. Cost consciousness - Focusing on costs not budgets

### Do you treat taxpayers' money as if it were your own, and ask the right questions?

Ask yourself:

- Do we need to do this at all? If so, are there other ways we can achieve the desired outcome?
- What else could we, or another part of the school, do with the resources instead?
- Who else might be doing this or something similar, so we can share or join-up?
- Are the costs involved reasonable in both the short and longer term?
- How do the costs compare with what others are paying for similar services?

**Example** – A school wanted replacement playground equipment in a very short timescale. The SBM requested 3 quotes and included dismantle and removal of the old equipment. The equipment was delivered and installed on time. Later on, they found that another local school was working with 2 other schools on very similar equipment, and more equipment could have been bought at a lower cost.

**Lesson: Do we recognise the trade off of time, quality and cost in specifying goods and services? Get advice from Commercial Experts early on in the process**

## 2. Specifying services clearly

### Are you clear about the core outcomes you are seeking and the relative costs?

Ask yourself:

- Am I clear how this project will deliver anticipated outcomes and how I will monitor?
- Are a broad enough range of options considered in the business case?
- Does my specification give opportunities for innovative and cost efficient solutions?
- Is there flexibility to adapt if things need to change and do we understand the associated cost implications?
- Does the supplier understand the expected performance level and consequences of not meeting it?
- Are my stakeholders happy to accept additional costs from optional requirements – what does 'good enough' look like to them?

#### Example

An IT supplier bids to provide a service for £100,000 per year and guarantees 98% system availability. Another supplier can offer 99.5% availability for an extra £50,000 per year.

What would be the impact if the system went down? Is it worth an extra £50,000 to avoid this risk, or is 98% good enough?

**Lesson: All Schools need to focus on cost and value for money.**