

Public sector contracts

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Over the last decade there has been a general move away from the traditional grant-funding of services by public sector agencies and a generally increasing trend towards the tendering and commissioning of public services.

This trend means that public services (that have traditionally been delivered by the local authority for instance) are increasingly being outsourced to other sectors. Local authorities and public sector organisations become the commissioners of certain services and service delivery is put out to tender for other providers to compete for and win the contract. More and more voluntary organisations secure funding through bidding for contracts.

The bidding process

There are usually two stages involved in bidding for a contract:

Stage 1: Pre-qualification Questionnaire (PQQ)

The first stage is a filtering process. It is a questionnaire which is used to check the suitability of potential service providers. The public sector body will use the questionnaire to create a shortlist of candidates that they will invite to tender.

Each PQQ (sometimes known as an Organisational Questionnaire) will vary according to the size of the contract and the type of service. However, there are some key areas that they commonly cover – such as the financial systems and track record of an organisation to effectively manage and deliver the contract. The results are usually assessed through a scoring system (such as points of 0-5) based on how well your organisation meets the requirements, standards and experience required. If you are shortlisted, you will receive an Invitation to Tender (ITT).

Stage 2: The tender document and presentation

Once you have been invited to tender, you will need to produce a tender document that will demonstrate your organisation's experience, competency and winning edge over others to successfully deliver the contract. Each tender (and possible presentation) will usually be assessed on three key factors: **price, quality, and reliability of the provider**

You will usually be sent information on how your tender will be assessed (the scoring criteria and weighting) with your ITT (Invitation to Tender).

Writing the tender document - Imagine you are writing an application for a job – be methodical, make sure you answer every question and give evidence. Do not make any assumptions about the commissioner's knowledge of your organisation. Try to highlight your particular expertise and strengths in delivering the service, such as user involvement or local knowledge. Evidence your good work through evaluation reports, impact of beneficiaries. Stress the benefits you offer beyond

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Factsheet

the contract specification. These benefits are your added value, which might be the extra resources provided by volunteers, your unique skills or knowledge, or your ability to raise additional funding from charitable sources.

Costs - It is important to establish the full cost of the service. Address any direct costs of delivering the service (such as staff time) but also any indirect costs (such as administrative support). Though remember that it is a competitive process and your costs must be proportionate to what you are delivering. If you are a charity, you must check whether you should include **VAT**. Seek independent advice on whether you should register for VAT.

You may also need to check with the commissioning body if **TUPE** will apply to the service. TUPE is a type of regulation introduced in 2006 that protects the rights of employees who are transferred from one employer to another. Under TUPE, the old employer has to inform and consult with staff who are affected and the new employer is obliged to maintain certain terms and conditions of employment.

Following the submission of the tender document, you may also be required to give a presentation or interview. Prepare your presentation carefully. You might be given a list of questions you need to answer as part of the presentation. You must answer all the questions in your presentation and if possible, give a typed written response to the panel which responds to the question point by point. You may wish to structure your presentation around these five key areas (unless you've been given a prescribed format): **Your organisation, your experience, the context of your work in relation to the bid, your plans for delivery, and the intended outcomes**

Once a decision has been made, the commissioning body will inform each applicant about whether they have been successful. Unsuccessful organisations will then have an opportunity to challenge the decision (usually a month). After this, the public body and the successful organisation will negotiate the details and agree the terms of the contract. It might be worth asking for feedback if you are unsuccessful, so that you can improve for next time.

Key Words

Commissioning – the process of defining a particular need, identifying certain criteria and securing a service to address the need

Contract – a legally binding agreement to provide goods or services or in exchange for a consideration (usually money)

Procurement – the specific part of the commissioning process that refers to the method of purchasing services

Provider – a supplier of goods or services

Purchaser – a buyer of goods and services

Specification – a description of the services to be delivered under contract

Tender – a written proposal outlining how a supplier would deliver and meet the requirements outlined in a service specification and the price it would charge

TUPE – The Transfer of Undertakings (Protection of Employment) and conditions (such as pay, annual leave, pension entitlements)

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To bid or not to bid

Deciding whether to bid for a contract is an important decision. You need to make sure it is right for your organisation and that you are able to deliver the specified outcomes. Think about the potential service users, the size and length of the contract, and how relevant these are to your organisation's aims, values and strategy. Read the specification carefully, check that the terms of the contract are fair and reasonable, and consider any potential risks to your organisation that are involved.

Tips from commissioners

DO

- Use other examples which demonstrate transferable skills if you haven't got direct experience of delivering the service before
- Highlight how your service/ organisation fits in with government policy, the policies of the commissioning body, and the service's strategic objectives
- Show that you want to deliver the service and that you will treat it as unique - add in fresh ideas if you have delivered it in the past
- Focus on the user's needs and the intended outcomes for them
- Check all the requirements are fully covered and that you understand any contractual issues
- Check your bid document - ask someone else to read it as a 'critical friend'

DON'T

- Don't assume the panel know your organisation – provide as much relevant detail as possible
- Don't use jargon – unless they do. You need to ensure there is a shared understanding of jargon before using it
- Don't be afraid to ask questions - You can phone but this will need to be emailed afterwards as questions and answers have to be circulated to all bidders (anonymously)

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Where to go to find tender opportunities:

- **Local Authority websites** - usually have a procurement section which includes commissioning strategies and tender opportunities
- **'The Chest'** - an e-business portal set up by the North West Centre of Excellence. Register your organisation for free and you will be alerted to any relevant tendering opportunities from the Councils across the North West region - www.thechest.nwce.gov.uk/
- **Business Link** – links you to a portal that publishes lower-value (typically below £100,000) contract opportunities, created by the government to provide small businesses with access to lower-value public sector contracts. www.businesslink.gov.uk/
- **Official Journal of the European Union (OJEU)** – tenders that fall within certain European procurement laws (for instance of a certain value), have to follow certain rules, which includes advertising. These types of contracts have to publish their notices on this website - <http://ted.europa.eu/TED/main/HomePage.do>
- **NHS Supply2Health** – an online resource that advertises opportunities to provide commissioned by the NHS in England - www.supply2health.nhs.uk
- **Newspapers or journals and other websites** linked to your area of work

Further links and support:

- **Pathways through a maze: Procurement guide** - www.navca.org.uk/procurementguide
- For any further information, guidance and support, please visit www.vaoldham.org.uk

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