

TENDERING FOR PUBLIC CONTRACTS – A GUIDE FOR SMALL BUSINESSES IN ENGLAND



The public sector spends tens of billions of pounds each year and is always looking for new suppliers. However small your business, there are always opportunities to be a supplier to this market. Even if you are already supplying one part of the public sector, it is worth looking for opportunities in other areas.

This Guidance is specifically aimed at small businesses in England, but you may still find it helpful if you are based in a different part of the UK.

DO SMALL BUSINESSES REALLY HAVE A CHANCE OF WINNING PUBLIC SECTOR CONTRACTS?

In 2004-05, small and medium-sized businesses won 59% of the total value of local authority contracts and 22% of central government contracts. Even if your firm is a 'micro' (has ten employees or fewer), you can still be successful. Sixteen per cent of all the businesses that have ever won European Union (EU) contracts are micros.

WHERE ARE OPPORTUNITIES ADVERTISED?

Opportunities for contracts with the public sector are advertised in a variety of places. Information on contracts below the thresholds set in

the EU Procurement Directives is available at www.supply2.gov.uk and in advertisements in trade journals and national or regional newspapers.

Some public sector organisations may not advertise lower-value contracts at all. You may benefit from identifying the appropriate person in an organisation and start by giving them information about your business.

SUPPLY2.GOV.UK

Launched in April 2006, Supply2.gov.uk (also known as Supply to Government) is a Government-backed web portal with access to other internet sites that you can use to search for lower-value contracts, typically worth under £100,000. All public sector organisations, including central and local government, are encouraged to publicise their contracts on the site. The aim is to open up this market to all businesses, especially small firms, and make it easier for businesses to work with public sector organisations.

You can use Supply2.gov.uk to search for contract opportunities in your local area, or the area you do business in, for free. If you pay a small subscription, you can also get access to contract notices in larger regions or nationally. You can browse for contract opportunities or, to save time, you can register for a free daily email alert that will send you notices relevant to your business.

As well as contracts advertised by government departments, you can get access to research and development contracts from the Small Business Research Initiative and you can use a link to Constructionline, the Government's national register of pre-qualified construction and construction-related suppliers (pre-qualified means that certain information about you has already been checked).

Together, Constructionline and Supply2.gov.uk help buyers by providing a link between advertised contract opportunities and a list of pre-qualified construction suppliers, reducing the need for them to gather this information. This saves you the cost of repeatedly supplying information to registered buyers.

Each contract notice on Supply2.gov.uk contains a work description, the date it was put on the site, the closing date for bids, details of the organisation offering the contract, a unique reference number, the approximate value (in sterling) of the contract and contact details, including a named person.

On the site you can also create a profile of your business and put it on the supplier information database. This is a free service allowing you to promote your business direct to thousands of buyers.

To help you win business, you can use the Supply2.gov.uk resource centre. This gives you information on everything you need to know about tendering (competing) for public sector contracts.

Supply2.gov.uk has been developed by the Small Business Service (SBS) with support from the Office of Government Commerce (OGC) and is managed by BiP Solutions. The service is available at www.supply2.gov.uk and www.businesslink.gov.uk

OFFICIAL JOURNAL OF THE EUROPEAN UNION

Almost all public sector contracts worth more than the value set in the EU Procurement Directives must be published in the daily supplement to the Official Journal of the European Union (OJEU, formerly OJEC). This provides information on current requirements and invites suppliers to express an interest, or to tender directly in some cases, depending on the contract procedure involved. It also sets out information about contracts that have been awarded.

There are many exceptions to this rule, including a number of services that do not need to be advertised. However, some departments have made it their policy to advertise more widely in OJEU than they have to.

There are several ways of getting access to OJEU:

- Tenders Electronic Daily (TED) is the online version of OJEU. It uses subject and country codes to give you direct access to notices that may interest you. Although this site may appear a bit intimidating at first, once you have found a search that returns the type of contracts you need you can save the search criteria for future use. However, many businesses find it easier to use the tender alert services offered by Supply2.gov.uk, Business Link and Euro Info Centres or through commercial organisations. There is a charge for many of these services.
- You can get copies of OJEU (on a CD-ROM) by paying a subscription or you can buy a copy from The Stationery Office.
- The Stationery Office also has a Scanfax Service that is one of a number of OJEU scanning services that will fax you specific extracts from OJEU.

SELLING WITHIN THE EUROPEAN UNION

If you want to sell to other countries in the EU, the first step is to assess which markets are open to you and whether or not you can meet their needs. As well as looking in OJEU,

UK Trade and Investment has a wide range of market information ranging from country profiles to reports on individual sectors. For more details, see the UKTI website at www.uktradeinvest.gov.uk

BUSINESS LINK

Business Link provides the information, advice and support you need to start and maintain your business and to help it grow.

Whatever your business needs, Business Link can put you in touch with the expert help you require. There are advisers in your local area who can deliver the Business Link service, supported by a national website (www.businesslink.gov.uk) and a national phone line (0845 600 9006). Similar services are offered through Business Gateway and Highlands and Islands Enterprise in Scotland, Business Eye in Wales, and Invest in Northern Ireland.

GOVERNMENT DEPARTMENTS

Government departments and their agencies must follow the EU Procurement Directives and advertise contracts over certain thresholds in OJEU. These thresholds (limits) change over time so to stay up to date with the values that apply to the contract opportunities you are interested in, visit the OGC website at www.ogc.gov.uk

As a rough guide, the thresholds tend to be around £100,000 for central government supply and service contracts. Remember, these values are for the life of the contract – a contract worth £100,000 over three years may be worth only £33,000 a year.

However, if you are looking for contracts below the thresholds, or your product or service is particularly original, you can use Supply2.gov.uk to search for contract opportunities. Alternatively, some departments have 'selling to' pages on their websites, or you could choose a department or a number of departments and contact them directly.

EURO INFO CENTRES

The European Commission has set up Euro Info Centres (EIC) throughout the UK to provide information and services for businesses. These include a full OJEU library service and an alerting service for Tenders Electronic Daily. Most centres have been set up within other organisations including, for example, business development agencies such as Business Link, university libraries and regional Chambers of Commerce. You can find your local EIC by visiting the EIC website at www.euro-info.org.uk

SMALL BUSINESS RESEARCH INITIATIVE

The Small Business Research Initiative (SBRI) is designed to:

- encourage and increase the demand for research and development from small businesses; and
- give them the opportunity to show that they can carry out and deliver high-quality research and development in response to the needs of government

Government departments have been instructed to take part in this initiative, and will aim to buy in at least 2.5% of their research and development requirements from smaller businesses. The UK Research Councils are taking part via their own arrangements. For more information on this initiative, visit the SBRI page on www.supply2.gov.uk

SUBCONTRACTING OPPORTUNITIES

Many of the highest-value government contracts go to large companies. However, small companies can still play a part in these contracts, perhaps as subcontractors or by forming consortia (associations) with other companies. There is no single way of finding out about subcontracting opportunities, although the OGC has worked with larger suppliers to government departments to make the process of subcontracting more transparent.

Public sector organisations may give you information about their main contractors on their websites, or you might identify and contact a supplier who has won a major contract (for example, through OJEU).

In recent years, Public Private Partnership (PPP) and Private Finance Initiative (PFI) contracts have become more popular. Although it may not be appropriate for small or new businesses to take on these high-value and long-term contracts, there are many opportunities for subcontracting and consultancy work. You can get guidance on both PPP and PFI from the OGC and HM Treasury.

APPROVED SUPPLIER LISTS AND ACCREDITATION

Many public sector organisations (in particular local authorities) hold lists of potential suppliers for certain types of work, usually for lower-value contracts below the thresholds set in the EU Procurement Directives.

If an organisation has such a list, it must still advertise any contract above the relevant EU value. The nature of these lists varies between organisations. However, the lists should be regularly reviewed to include new suppliers and to make sure that the existing suppliers continue to provide good value for money. If your firm is accepted onto a list, it does not necessarily mean that you will be invited to tender for contracts straightaway. If a buyer uses a third party to accredit suppliers, you may have to pay a fee for becoming an approved supplier. These fees can vary.

The Government promotes the use of Constructionline to public sector organisations, to reduce resources and time wasted by both suppliers and buyers at the pre-qualification stage of tendering for construction-related contracts.

OGCBUYING.SOLUTIONS

A framework agreement is a general term for an agreement with buyers. The framework sets out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement. The Office of Government Commerce's trading agency, OGCBuying.solutions, offers framework agreements in six main areas – business solutions, consultancy services, facilities support, information technology, payment cards, and resourcing services. A number of 'managed services' are also provided covering the supply of energy, a managed telephone service (MTS), 'e-procurement' solutions and the Government's secure intranet (internal websites). Further details are available on the website at www.ogcbuyingsolutions.gov.uk

Framework agreements are available to use within government departments and across the whole of the public sector. They are offered and awarded through an open competition, which starts with an advertisement in OJEU, and are managed in line with the EU Procurement Directives.

Certain goods or services do not need to be advertised in OJEU (for example, legal services). With these, OGCBuying.solutions will advertise in at least one relevant publication. Any potential supplier can show an interest by responding to an advertisement. Framework agreements are awarded for a fixed period. During the life of the framework agreement other suppliers cannot be added to the list.

Framework agreements do not prevent small businesses from winning public sector contracts – small businesses currently make up around 50% of the suppliers who have framework agreements with OGCBuying.solutions. Many more small businesses are successful subcontractors to other framework agreement holders.

CONSTRUCTIONLINE

The Government encourages public sector organisations to use suppliers accredited by Constructionline for all construction-related contracts. Constructionline is the Government's national register of pre-qualified construction and construction-related suppliers. Using Constructionline helps contractors and consultants by reducing their need to keep on providing the same information and by putting their information at the fingertips of over 1500 buyers.

Constructionline reduces the need for you to fill in pre-qualification forms for every tender. You fill in one application form when joining Constructionline and then send in updates when necessary and renew your registration every year. Constructionline gathers over 95% of the standard pre-qualification information public sector buyers need so you can focus on other areas of the tendering process.

Over half of the 12,500 or more firms registered with Constructionline have a turnover of less than £1 million a year, so the service can help small firms. Sole traders or small firms can join together and register as one supplier to bid for contracts which need combined skills. This helps you to get access to and make a valuable contribution to larger supply chains. There is an advice line on presenting your skills in your registration information, and there is help for new start-up businesses. Registration fees are on a sliding scale, depending on the size of your firm, and begin at £70 a year.

Why register with Constructionline?:

- Over 1500 public and private sector buyers can obtain your details.
- It reduces your paperwork and administration. Buyers using Constructionline commit to ask you only for your Constructionline reference number and any non-standard information relating to the contract they are offering.
- If you meet the buyer's standards, it puts you on a level playing field with larger organisations.

To register with Constructionline, go to www.constructionline.co.uk and click on the 'apply' button.

PUBLIC SECTOR PROCUREMENT POLICIES

Some public sector organisations are beginning to buy in goods and services to help them meet their wider aims (for example, to boost the region's economy or improve the steps they take towards

environmental issues). If this is the case, it may be worth looking into the 'added value' your bid may have to the buyer. If you can show that you have thought about the effect of your company's involvement, and developed relevant policies, this may be looked upon favourably.

ELECTRONIC TRADING

Government departments and agencies have targets aimed at increasing their levels of electronic business. One of OGC's priorities is to help departments and agencies achieve these targets by using the internet in the procurement process. If your business is online, you will find more opportunities and quicker and easier methods of doing business.

You may find it useful to know about some recent government initiatives including the Government Procurement Card, the Supply2.gov.uk web portal, eSourcing, the e-government marketplace 'Zanzibar', and eAuctions.

GOVERNMENT PROCUREMENT CARD

The Government Procurement Card (GPC) is a branded Visa card which can cut out the need to send out purchase orders or deal in paper-based payment systems. Buyers place orders directly with suppliers, by phone, fax or email, over the internet, through an electronic ordering process or by visiting them. Once the order is accepted, approval to release the goods or service is given and a delivery is made.

The GPC has been introduced across central government and the wider public sector and has been traditionally used to buy lower-value goods and services directly from suppliers, although the value of contracts is steadily increasing.

The advantage to you when public sector organisations use GPC is that it removes a lot of the paperwork and associated costs, because you receive faster payment and your credit control costs can be reduced. There is also a reduction in invoice queries and the need for duplicated invoices. Payment is usually made within two to four days.

SUPPLIER ROUTE TO GOVERNMENT

Supply2.gov.uk (www.supply2.gov.uk), launched in April 2006, is a Government-backed internet web portal with access to other sites advertising lower-value public sector contracts.

E SOURCING

OGCBuying.solutions' eSourcing service allows public sector organisations to advertise opportunities to suppliers online and conduct secure tender processes. This system can reduce your bid costs as you should not need to print and courier tender documents to buyers. You can register to take part in these opportunities as long as you have an internet connection and an email address.

ZANZIBAR –

THE ELECTRONIC GOVERNMENT MARKETPLACE

The Zanzibar Managed Service is a 'purchase to pay' system and an online marketplace that allows public sector buyers and their suppliers to exchange quotations, orders and invoices over the internet. To trade on Zanzibar, you need to be invited to register by a public sector buyer who wants to work with you and is using the Zanzibar system. You will also need an internet connection and an email address.

E AUCTIONS

OGCBuying.solutions' eAuctions (Electronic Reverse Auctions) Framework allows buyers to negotiate securely with suppliers over the internet. You will need an internet connection and an email address.

PAYING ON TIME

The Government has introduced laws to give all businesses (no matter what their size) and public sector organisations a legal right to claim interest if another business or public sector organisation pays its bills late. You can find more information in a guide called *Better payment practice – your guide to paying and being paid on time*, available from DBERR Publications or Business Link.



GOVERNMENT PROCUREMENT CODE OF GOOD PRACTICE

The OGC has developed a code of good practice which sets out the Government's values for working with suppliers. It is aimed at being a code of conduct for government staff, and a commitment to suppliers. The code is built around four central values – fairness, honesty, efficiency and professionalism. Each value includes specific actions and standards of business behaviour. You can download the code on the OGC website at www.ogc.gov.uk

SMALL BUSINESS CONCORDAT

All local authorities have been asked to adopt the Small Business Concordat. The Concordat is a voluntary code of practice that sets out the actions local authorities will take to make their contracts more accessible to small and medium-size businesses.

The main commitments of the Concordat ask authorities to:

- publish a corporate procurement strategy
- publish guidance on how suppliers should do business with them
- advertise contracts using a range of publications to encourage diversity and competition
- apply their tendering processes fairly
- offer meaningful feedback to suppliers after the procurement process

The Concordat, Good Practice Guide and a list of the authorities that have adopted the Concordat are available on the SBS website at www.dti.gov.uk/bbf/small-business/index.html

FREEDOM OF INFORMATION ACT

The Freedom of Information Act gives a person or organisation the right to ask for any information held by a public authority. The public authority must tell the person or organisation (normally within 20 working days) whether it holds the information. If so, the authority must supply it (unless the Act does not apply to the information), and in the way the person or organisation has asked for it (if possible). Your request must be in writing (letter or email), and you must give a name and address for correspondence and describe the information you are seeking. It is worth noting that while the Act gives people the right to recorded information, public authorities do not have to create information in response to requests. You can get more information on the Act, including what information it does not apply to, on the Information Commissioner's website at www.ico.gov.uk

COMPLAINTS

Once you have signed a contract, you should refer to OGC's Dispute

Resolution Guidance if you need to complain. Anyone who has put in a tender can challenge the public authority's decision on awarding the contract, within the ten-day 'standstill' period, in the High Court (in Scotland the Court of Session) if they think the authority has not kept to the provisions of the EU Procurement Directives, as the Directives have been included in UK law as a number of Regulations.

INFORMAL COMPLAINTS PROCEDURE FOR EU CONTRACTS

The Public Procurement Network has been set up to help businesses facing problems with a procurement procedure abroad. It is aimed at both suppliers who are familiar with trading in the EU and those bidding for an overseas contract for the first time. You can get more details on the network on the OGC website at www.ogc.gov.uk

GUIDANCE ON SORTING OUT DISPUTES

OGC's Dispute Resolution Guidance gives a summary of your main options if you are in dispute with your customer.

USEFUL LINKS

- Department for Business, Enterprise and Regulatory Reform (formerly Department of Trade and Industry) – www.dti.gov.uk
- Small Business Service – www.sbs.gov.uk
- Office of Government Commerce – www.ogc.gov.uk
- OGCbuying.solutions – www.ogcbuyingsolutions.gov.uk
- Constructionline – www.constructionline.co.uk
- Supply2.gov.uk – www.supply2.gov.uk

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Expert public procurement consultancy for Buyers and Suppliers at your service



PASS – HELPING YOU MEET KEY OBJECTIVES

The key objective of public procurement professionals is to ensure that the most suitable supplier is selected to provide goods and services on terms which are likely to offer the best value for money. The PASS service helps you meet this requirement and deliver contracts that offer best value-for-money terms with suppliers who will execute them efficiently.

PASS CONSULTANCY

BIP's *Procurement Advice and Support Service (PASS)* provides organisations with access to experts in public procurement practices and procedures, thus helping you develop and deliver effective and efficient procurement. Our team offers a range of services to meet your specific needs. Whichever area you wish evaluated and improved, we have the experts to help.

The PASS consultancy's mission is to help you deliver the best in government procurement through:

- Practical solutions to improve procurement performance
- Innovative approaches to knowledge transfer within government
- Joined-up government
- Improved performance indicators
- Strategic direction and performance
- Opportunities offered by e-government
- Capacity to deliver change to meet identified needs
- Continuous improvement of services and challenging poor performance
- Sustainable development within decision-making processes and delivery of services
- EU-compliant processes
- Best practice procurement training

PASS TRAINING

Our consultants can provide you with bespoke training packages to suit your needs. Consultancy and training is available for the following: environmental purchasing, partnering, evaluation, e-government, supplier debriefing, UK legal processes and precedents, contract management, EU-compliant tendering and much more.

PASS ONLINE GUIDANCE

The PASS service provides online guidances on all aspects of the public procurement process and legal requirements: www.bipsolutions.com/html/briefing.php

PASS – EFFECTIVE DISPUTE MANAGEMENT

Contractual and procurement-related disputes are time-consuming, expensive and unpleasant. They can destroy client/contractor relationships, can add substantially to the cost of the contract, and can nullify some or all of its benefits or advantages. They can also have an impact on value for money. It is therefore in everyone's interest to work at avoiding disputes in the first place. Inevitably, however, disputes do occur and when they do the importance of a fast, efficient and cost-effective Alternative Dispute Resolution (ADR) procedure cannot be overstated. If a dispute arises, it is important to manage it actively and positively and at the right level in order to encourage early and effective settlement. Unnecessary delays and inefficiency can lead to rapid deterioration in relations and entrenchment of opinions. ADR through PADRE mediation involves the use of a trusted expert third party and is an effective alternative to litigation. PADRE mediation is provided by experts in contracting and public procurement. If you would like more details on how PADRE can help your organisation and become your mediation service of choice, telephone the PASS team on **0845 270 7055** or email pass@bipsolutions.com.

PASS HEALTH CHECK

The PASS service can help your organisation examine its current procurement organisational structures, strategies, processes, practices and related strengths and weaknesses. It delivers a detailed *PASS Mark Health Check Outcome Highlight Report (OHR)* that outlines areas of strength as well as those requiring further attention, and provides an outline *Project Initiation Document (PID)* designed to deliver a more effective and efficient tendering process that will help you achieve optimum performance and better value-for-money procurement.

PASS IN-HOUSE PRESENTATIONS

PASS consultancy can provide you with in-house presentations directed to buyer or supplier. Each presentation will be bespoke to your requirements, whether they be with regards to improving your tendering practices or your procurement strategy or processes. Contact: pass@bipsolutions.com



The *PASS Mark Health Check* is a process-based evaluation technique that helps identify how your company can develop more effective processes when tendering for public sector contracts.

For further information on the **PASS** service, contact our **PASS Team** on **0845 270 7055**, email pass@bipsolutions.com or visit www.bipsolutions.com/pass/