

# OVERVIEW OF SELLING TO GOVERNMENT

**S**elling products or services to government bodies is an important opportunity for all businesses – local government alone spends £25 billion a year on goods and services.

The Government is committed to helping small and medium-sized businesses compete successfully for public sector contracts. Public sector bodies ranging from central government departments and the NHS to local authorities and the armed forces all place orders with businesses, so there may be contracts of interest to you.

Public sector organisations can make good customers. They have to be fair and honest in the way they choose suppliers and pay promptly within agreed contract terms.

They also have to employ tendering processes that are transparent, provide essential information to potential suppliers and ensure a fair chance for small businesses.

This guidance explains where you can find out about potential contracts, outlines the kind of procurement process you may have to undergo and tells you where to find out more.

## WHAT OPPORTUNITIES ARE AVAILABLE?

Businesses have a wide range of opportunities to sell to public sector organisations. Whether you sell stationery, office furniture, medical supplies, IT equipment, catering services or training courses, there's likely to be a market for your product or service within government.

*Potential customers could include:*

- central government departments and agencies
- devolved administrations in Scotland, Wales and Northern Ireland
- local authorities
- National Health Service
- police service
- armed forces
- universities
- colleges
- prisons

Key central government departments which purchase from business include the Department for Transport, the Department for



Communities and Local Government, the Ministry of Defence, the Department for Education and Skills, the Department for Environment, Food and Rural Affairs and the Department of Trade and Industry. Agencies range from HM Revenue & Customs to the Employment Service and the Identity & Passport Service.

Local authorities can be a good source of orders for small and medium-sized businesses. Many of these organisations have booklets or websites which set out their specific needs and explain how you can become a supplier.

You should also remember that acting as a subcontractor to a large company which has won a high-value contract can be an effective way of getting government orders.

## WHERE TO FIND OUT ABOUT CONTRACTS

Opportunities for public sector work are advertised in a wide range of places, including government department websites. But some low-value contracts don't need to be advertised at all.

One of the best places to find public sector contracts worth less than £100,000 is [Supply2.gov.uk](http://Supply2.gov.uk). This is a new Government-backed service designed specifically to give businesses easy access to lower-value contract opportunities offered by the public sector.

Suppliers can register to receive details of contract opportunities in their chosen local area for free, or across the whole of England for only £99. [Supply2.gov.uk](http://Supply2.gov.uk) also allows suppliers to register their details so that potential buyers within government can contact businesses directly when they are looking for a product or service. Find contract opportunities on the [Supply2.gov.uk](http://Supply2.gov.uk) website at [www.supply2.gov.uk](http://www.supply2.gov.uk)

You can also find out about public sector contracts located outside the European Union on the UK Trade & Investment website.

For contracts within the EU, those worth more than the relevant EU threshold – currently £100,410 for central government and £154,477 for all other public sector bodies for services and supplies or £3,861,932 for works – must be advertised in the Official Journal of the European Union (OJEU). Some public sector bodies choose to advertise lower-value contracts here too. From 31 January 2006 Scotland has opted for lower thresholds at which contracts must be published – £94,000 for goods and services and £3.6 million for works contracts.

Contracts below the EU limits are sometimes advertised in the national, local or trade press. See details of regional and local newspapers at the Newspaper Society website.

Your trade association may be able to tell you about relevant trade publications. Find details of your nearest trade association at the Trade Association Forum website.

Some government departments may advertise contracts on their own websites; however, over time the national opportunities portal [www.supply2.gov.uk](http://www.supply2.gov.uk) will be the best place to look for opportunities.

Some contracts may not be advertised at all. To find them you will need to target public sector organisations that may be interested in your product or service and make their buyers aware of your business.

Many public sector organisations – particularly local authorities – have approved lists of potential suppliers to tender for contracts below the EU limits. They must review these regularly to include new suppliers and check current suppliers are providing value for money.

There are also commercial outlets that charge a small fee to search for contracts for you. See details on searching for government contracts on the Business Information Publications website.

## THE PROCUREMENT PROCESS

When bidding for a public sector contract you will probably have to go through a fixed procurement process with a set timetable. The more the contract is worth, the more time-consuming the process is likely to be.

Complex projects are negotiated under the competitive dialogue procedure, which may take longer than the set timetable process.

It is essential to give all the information required and to meet the relevant deadlines at each stage of the process.

Once you have identified a potential contract, assess whether your business can carry it out – and whether it makes financial sense to do so. Contact the organisation involved for more information on what the contract involves.

Some contracts involve a formal Expression of Interest – a pre-qualification stage used to identify realistic candidates for the contract. You may be asked for information about the financial position of your business and details of your experience and references.

See an example of a typical Pre-Qualification Questionnaire on the Office of Government Commerce website.

If you get through the pre-qualification stage, you may then receive an Invitation to Tender or notice inviting you to bid for the contract.

These bid documents set out the key criteria you need to meet, and tell you how to submit your tender. You will need to show that you can fulfil the contract and meet all the client's needs. Do ensure at all stages

that you give a response for each question you are asked. If you are unable to complete all the questions, contact the organisation to discuss this.

Contracts are awarded on the basis of value for money – which means getting the right balance between the price and quality of the product or service you are offering. It can also involve factors such as lifetime costs and maintenance arrangements.

Remember that all contracts with public bodies are subject to the Freedom of Information Act and information must be disclosed to anyone who asks for it, unless it is exempt (for example, as a trade secret). You can download guidance on contract information that is exempt from the Freedom of Information Act at the Information Commissioner's website.

Therefore, when you provide information to a public body, you should clearly indicate which information is commercially confidential. If the information is particularly sensitive, you might want to ask for a non-disclosure agreement to be part of any negotiations. See the OGC's guide on non-disclosure agreements.

Remember that the price you offer in a tender will be binding if your bid is successful.

If you are unsuccessful in a tender and want to find out why, public sector bodies must give you feedback within 15 days if requested. Information about the contract is subject to the Freedom of Information Act, so you have a right to ask for detailed information about the bidding process – but you may have to pay for it.

For more information on the tendering process, see the OGC guide on how to tender for a contract.

## EU RULES ON PUBLIC SECTOR CONTRACTS

As mentioned above, European Union rules apply to public sector contracts above specified values. The rules are designed to ensure free and fair competition for public sector contracts.

They set down procedures and standards for choosing tenderers and awarding contracts. Read the EC Directive on public sector procurement on the Office of Government Commerce website.

You should consider searching the Official Journal of the European Union for suitable business opportunities.

Only three types of procedure can be used to award contracts. With the open procedure, a contract is advertised and all interested parties are asked to return tenders by a set date. This procedure is often used by local authorities.

The restricted procedure is a two-stage process. At the first stage the contract is advertised in the OJEU and interested suppliers are asked to express an interest in the contract. The public sector body then selects a shortlist of successful parties to submit tenders.

The negotiated procedure is also a two-stage process but can only be used in very limited circumstances. At the second stage the public sector body can enter into contract negotiations with one or more suppliers.

A competitive dialogue procedure is to be used in accordance with the rules on restricted and negotiated procedures. The purchasing authority can shortlist three candidates for dialogue.

Candidates should give as complete information as possible in their tenders as there are strict limits on post-tender discussions.

## FRAMEWORK ARRANGEMENTS

Public sector bodies use framework arrangements when they want to make repeat purchases of goods over a fixed period at a fixed price.

Once a supplier has successfully met the criteria of the initial tender, no further tender processes need to be held for the duration of the framework arrangement. The reduced administrative work benefits both parties.

However, a contract is only formed when an order is placed, and only lasts as long as the order. The public sector organisation is not committed to buying any goods from the supplier. Framework agreements are subject to certain safeguards and can be for a maximum length of four years.

## THE ROLE OF E-PROCUREMENT

Public sector organisations are increasingly using e-procurement for contracts in order to boost efficiency. The European Union's rules affect e-procurement.

*e-Procurement involves the use of electronic methods in every stage of the purchasing process, including:*

- advertising contracts
- managing contracts
- evaluating tenders
- paying suppliers
- reverse auctions – where the lowest bidder wins
- dynamic purchasing systems – an open electronic catalogue where prices can be updated without introducing a new tender

*e-Procurement can benefit suppliers in a number of ways, for example by:*

- reducing paperwork
- improving efficiency
- helping you process orders more quickly
- speeding up payment

An example of e-procurement in action is the use of the Government Procurement Card. This Visa charge card allows central government departments and agencies to purchase low-value goods and services directly from suppliers. This can either be in person, over the phone, by fax or email or possibly through a website.

The card removes much of the paperwork normally involved in supplying public sector organisations. It also speeds up payment as your account is credited within two to four days.

Another example is the increasing use of reverse e-auctions, a procurement technique that utilises secured internet-based technology. Bidders compete against each other, in real time, on the basis of either cost alone or the most economically advantageous tender. For more information on e-auctions, see the OGC guide on e-marketplaces, online auctions and exchanges. Resolving public sector tendering problems

Competing for a public procurement contract in the European Union is a demanding process. However, there are a number of ways in which you can maximise your prospects of winning a contract. A competitive bid is essential as are best quality goods and services. You also need to ensure that you have the required export potential, by assessing the readiness of your business as a whole and that of your product or service.

Approaching export support services such as UK Trade & Investment or Business Link will help your business realise its export potential. Thorough market research will also ensure you are well informed about your target market or sector.

While there are many steps you can take to make the tendering process go smoothly, you may also experience obstacles that are beyond your control. If problems do arise, you may choose to lodge a complaint with a national court or other type of review body. However, this approach is formal and can be time-consuming.

An informal alternative is the Public Procurement Network (PPN). This is a free service which is designed to resolve misunderstandings and discrimination claims quickly before a procurement contract is signed. If approaching the PPN does not solve the problem, you can choose to take more formal action or use the SOLVIT system, an online problem-solving network, which is monitored by the European Commission.

## RELATED GUIDES ON BUSINESSLINK.GOV.UK

- Tender for a contract
- Price lists, estimates, quotations and tenders
- E-marketplaces, online auctions and exchanges
- Exporting – an overview
- Government help for exporters
- Researching overseas markets
- Market research and market reports

- Non-disclosure agreements
- Securing your e-commerce systems
- Intellectual property protection overseas
- Trading in the European Union

## RELATED WEBSITES YOU MIGHT FIND USEFUL

- Download the guide on tendering for government contracts for small businesses from the Small Business Service website (PDF) [http://www.sbs.gov.uk/SBS\\_Gov\\_files/services/tender.pdf](http://www.sbs.gov.uk/SBS_Gov_files/services/tender.pdf)
- Find out about supplying products or services to government at the Supply2.gov.uk website (registration required) <http://www.supply2.gov.uk>
- Download the guide to central purchasing bodies from the Office of Government Commerce website (PDF) [http://www.ogc.gov.uk/embedded\\_object.asp?docid=1004565](http://www.ogc.gov.uk/embedded_object.asp?docid=1004565)
- Find out about public sector contracts located outside the EU on the UK Trade & Investment website (registration required) [https://www.uktradeinvest.gov.uk/ukti/appmanager/ukti/our\\_services?\\_nfls=false&\\_nfpb=true&\\_pageLabel=opportunities](https://www.uktradeinvest.gov.uk/ukti/appmanager/ukti/our_services?_nfls=false&_nfpb=true&_pageLabel=opportunities)
- Download guidance on contract information that is exempt from the Freedom of Information Act from the Information Commissioner's website (PDF) <http://www.informationcommissioner.gov.uk/cms/DocumentUploads/Pub%20Sec%20Contracts.pdf>
- Download a guide to the competitive dialogue procedure from the OGC website (PDF) [http://www.ogc.gov.uk/embedded\\_object.asp?docid=1004572](http://www.ogc.gov.uk/embedded_object.asp?docid=1004572)
- Download guidance on framework agreements from the OGC website (PDF) [http://www.ogc.gov.uk/embedded\\_object.asp?docid=1004569](http://www.ogc.gov.uk/embedded_object.asp?docid=1004569)
- Read about the new EC Directive on public sector procurement on the OGC website [http://www.ogc.gov.uk/index.asp?id=1002882&app=press\\_release.asp&process=full\\_record&recordid=112](http://www.ogc.gov.uk/index.asp?id=1002882&app=press_release.asp&process=full_record&recordid=112)
- Find out about e-procurement at the OGC website <http://www.ogc.gov.uk/index.asp?id=2361>
- Download the guide to e-auctions from the OGC website (PDF) [http://www.ogc.gov.uk/embedded\\_object.asp?docid=1004570](http://www.ogc.gov.uk/embedded_object.asp?docid=1004570)
- Download the guide to dynamic purchasing systems from the OGC website (PDF) [http://www.ogc.gov.uk/embedded\\_object.asp?docid=1004566](http://www.ogc.gov.uk/embedded_object.asp?docid=1004566)
- Find out about how UK companies trading internationally are supported on the UK Trade & Investment website <http://www.invest.uktradeinvest.gov.uk/index.cfm>
- Download guidance on the Public Procurement Network from the OGC website (PDF) [http://www.ogc.gov.uk/embedded\\_object.asp?docid=1003815](http://www.ogc.gov.uk/embedded_object.asp?docid=1003815)
- Find out about SOLVIT on the Europa website [http://europa.eu.int/solvit/site/index\\_en.htm](http://europa.eu.int/solvit/site/index_en.htm)

*Reproduced by permission of the European Commission*

## DISCLAIMER

This Guidance has been produced by BiP Solutions Ltd to provide assistance to those engaged in public procurement. The Guidance has been published in good faith by BiP and BiP shall not incur any liability for any action or omission arising out of any reliance being placed on the Guidance by any organisation or other person. Any organisation or other person in receipt of this Guidance should take their own legal, financial and other relevant professional advice when considering what action (if any) to take in respect of any initiative, proposal, or other involvement with public procurement, or before placing any reliance on anything contained therein.



# 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](http://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](mailto: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](mailto: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](mailto:pass@bipsolutions.com) or visit [www.bipsolutions.com/pass/](http://www.bipsolutions.com/pass/)