

The information below is an overview of requirements and for further more detailed information, support and guidance etc please contact the BVA Group Development team via telephone 01256 423816 or email admin@bvaction.org.uk (please quote "BVA Group Assistance" on title).

www.bvaction.org.uk

Tendering and Procurement

In the current environment there is a rapid shift from grant funding towards procurement of statutory sector services. It is important to recognise that tendering differs significantly from Trust or grant funding. The statutory sector is procuring or purchasing services with public funds and is bound by European procurement law. There are fixed procedures that must be followed, and a radically different relationship between funder and service provider. The Group development team at Basingstoke Voluntary Action can provide support to suit your needs and help you to ensure that your organisation is 'tender ready'.

What are Commissioning and Procurement?

The voluntary sector has provided services such as children and families support, youth projects, environmental services and specialist healthcare for the public sector for many years. This has traditionally been done through grants or Service Level Agreements (SLAs). For several years we can the government has stated that it now wants the voluntary sector to deliver more public services because of our experience and knowledge of community/local needs. Commissioning, Procurement, Contracting and Tendering all refer to the formal process for public service delivery

What is Commissioning?

Commissioning is the process that the public sector organisations use to assess the needs of an area and how to meet those needs (and create a specification). Anyone commissioning public services *must* consult, and it is often easier to challenge a failure to consult than a failure at the procurement stage. The consultation leads to the 'commissioning plan'. Consultation should include: providers and clients; market testing. Public sector organisations can include central Government departments (for example, Department for Education or the Skills Funding Agency), the Police, Primary Care Trusts, Local Authorities and Universities and Colleges.

What is Procurement?

Procurement means the purchase of goods or services by a public sector organisation from another, external organisation. The procurement department 'score' the pre-qualifying questionnaires (PQQs) and tender documents to ensure that the best provider is awarded the contract, and the services are good value for money and of the required quality. There are strict rules that ensure that the staff 'procuring' services are separate from those 'commissioning' in order to ensure open and fair competition. Gone are the days when deals were made on the golf course.

What is Tendering?

- When Commissioners have decided on the service that they want to purchase, and a specification has been created the next stage is called the Tendering Stage, and

potential providers can submit tenders for the Contract, this can be in several stages, including:-

- The public sector organisation may have *Approved Provider lists* (for example the Skills Funding Agency); try to find out if this is the case for the services you deliver and investigate how to become an Approved Provider. The process is similar to the PQQ (described below).
- **Pre-qualifying questionnaire (PQQ)**; often the first stage which scores your organisation for risk; the questions are designed to allow the procurement to decide whether your organisation is one they can contract with. Recent legislation requires that the purchaser provides the full scoring criteria and feedback.
- **Invitation to Tender (ITT)**; usually where you have been successful in the PQQ stage; questions will be more specific to the specification and designed to test your capacity and capability to deliver the services required
- Sometimes you will be required to attend a *formal interview and/or presentation* to assist in reaching a final decision.

How are Contracts different from grants or SLAs?

Whereas grants and SLAs may have conventionally been renewed every year on a formal or informal basis, contracting is a legally binding process holding both parties responsible for standards in service delivery, monitoring, reporting and payment. The relationship between funder and service deliverer is contractual. The purpose of procurement is to deliver *policy*, and in contracting with you the public sector is transferring *risk*, to you. Procurement is about compliance, policy and risk.

Things to Consider

You need to consider the legal implications of entering into a contract, for example does it constitute trading and does your Constitution allow it? You will be competing against some experienced organisations and monitoring and reporting methods may be very different.

- Do you have the skills and experience to manage a Contract?
- Do you have a good track record and evidence of delivering the services advertised? Can you evidence a good 'match' for the type and size of contract?
- Do you have good monitoring and evaluation systems in place?
- Do you have the appropriate quality assurance systems to demonstrate your robustness? The European regulations say that the purchaser can use certain accreditations as a signifier of quality; and suggest a hierarchy of accreditation.
- Do your policies and procedures meet the standards set out by current legislation?
- Are your governance procedures robust? Can you evidence the involvement of your trustees?
- Is your organisation big enough to take on the contract? As a general rule of thumb the size of the contract shouldn't be more than 20% of total turnover – and conversely if less than 4% may be scored very low as there's an assumption that the contract will be of too little importance to the organisation.
- Do you have a Risk Management system and procedure in place?

Acknowledgement to Kent Voluntary Action for this informative overview.