



**NEWARK &
SHERWOOD**
DISTRICT COUNCIL

A Brief Guide

To

Public Sector Tendering

Introduction

Public sector organisations can make good customers. They have to employ tendering processes that are transparent, provide essential information to potential suppliers and ensure a fair chance for small businesses. They also have to be fair and honest in the way they choose suppliers and pay promptly within agreed contract terms.

This brief guide explains what to include in your tender, how to write it for the best chance of success and outlines the kind of procurement processes you may have to follow.

Also provided is a checklist of tasks in the form of an Action Plan to help you prepare to bid for public sector business.

Finally, at the end of the guide, you will find links to a number of the main advertising portals where you can search or register for public sector contract opportunities, often at no cost.

Should you bid for a tender?

Preparing tenders can help you to win big orders but it can be time-consuming, cost money and tie up valuable resources. If you don't get the contract, the money and time spent is usually lost - so consider the key points below before setting out to tender.

Key points to consider before tendering

- Get hold of the bid documents and analyse them.
- Make sure you can match the technical, skill and experience requirements.
- Do you meet the necessary requirements – e.g. environmental and diversity?
- How much will it cost to prepare your bid?
- Would the work fit in with your strategy and positioning of your business?
- Estimate the costs of fulfilling the contract and whether or not you'd make enough money to justify it.
- Assess how the contract would affect your other work, staffing and ability to take on other new business.

You also need to consider how important the customer is to your business. Is this a good potential client or one you don't want to offend by not tendering? Consider how it would look from the client's point of view.

Find out what the client wants

In order to gain a clearer understanding of a potential client's requirements, see if you can arrange a meeting or have a telephone conversation with them before you start work on the tender. You should always raise questions by phone or email if tender documents are unclear - on anything from deadlines to how you'd get paid.

Make sure the client is serious and that you're not there just to make up the numbers or to test the market. Sometimes customers may just be fishing for ideas they'll then use for themselves. You can prevent this from happening by requesting customers to sign a non-disclosure agreement before presenting your tender. But don't forget many clients genuinely want you to make a **creative contribution** and provide ideas.

What to put in your tender

Make sure you match the bid specification and answer all the questions. Summarise your bid and explain why it answers the client's needs. Write this last but put it at the beginning of your tender.

Crucial rules for your tender documentation

- **Focus on the client** - talk about their needs and how you can solve their problems. When you write about yourself, it's to prove you have the skills, experience and organisation to fulfil the client's requirements.
- Help the client by coming up with **ideas** - from alternative ways of doing things to how to tackle possible worries about future maintenance and staffing implications.
- If the client has provided a **qualification document**, make sure that you cover everything in the document.

- **Value for money** and not price alone decides most bids. Try to bring something to the work that can't be done by the client or your competitors. Emphasise business benefits, service improvements, risk reduction, low maintenance, quality, reliability, previous satisfied customers, lifetime costs etc.
- Analyse all the cost and **pricing factors** of the contract. Don't ignore fixed costs such as pay for staff who could be working on something else.
- Consider whether to include some **protection of your information** from future disclosure under the Freedom of Information Act. You may wish to indicate which information you consider to be a 'trade secret' or is likely to prejudice your commercial interests if disclosed. You could also include a non-disclosure agreement.
- **Contract management** - show you have the resources to do the work in a cost-effective way to meet the client's needs, hit deadlines and respond flexibly to changing situations.
- Show you have thought about – and can manage - potential financial, commercial and legal **risks** that could cause contract failure.
- Give details of **your team**. Emphasise strengths - CVs or tailored biographies should highlight successes with similar projects as well as qualifications and experience.

Writing your tender

Once you have decided to bid, you'll need to decide how you'll manage the bid:

- Who gathers information and does research?
- Who co-ordinates all the material you need?
- Who writes the drafts?
- Who checks them?
- How will the rest of your firm's work get done?

A good starting point is to make a list of all the questions you would ask if a company was submitting a tender to provide a product or service to you.

Clients will expect you to:

- state the purpose and origin of the bid
- summarise your work as a contractor, past experience and credentials for this job
- say how you'll carry out the work, and how and when you will meet the client's needs
- explain the benefits and value for money of your bid
- detail when and how goods and services are to be delivered, and provide a timetable
- demonstrate your team's skills, experience of similar work and their responsibilities if you win the contract
- explain how you will manage the project
- give details of your pricing and any aftercare arrangements within the price
- be practical and identify potential problems, but do not make promises that are clearly impossible for you to deliver

Include a **covering letter** that responds to the bid invitation, summarises your main message and explains how the documents are organised.

You should also be aware that information from your tender may be disclosed in the future under the **Freedom of Information Act**. This gives anyone, including your competitors, the general right to see information held by public authorities - including the information in your tender. 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.

Tips on editing your tender

It is well worth spending some time looking at the presentation of your tender. Here are some tips on editing and supplying your tender:

- Keep sentences and paragraphs short, punchy and business-like.
- Use bullet points and headings to break up text.
- Decide on a typeface, layout and type size - not too small - and stick to them.
- Make sure everything is consistent. Are CVs all presented in the same way?
- Be careful when cutting and pasting text to make sure the format stays the same.
- Make sure you have developed a logical argument.
- Read everything again. Then get a colleague to read it - checking for meaning, typing mistakes and omissions.
- Use appendices for supporting additional information.
- Produce a front cover with the project title, date, name of the organisation requesting the tender and that of your own firm.
- Number paragraphs and provide a contents page so material can be easily found.
- Consider getting it printed and bound professionally - if the client has asked for hard copies rather than submission via email.

Above all, make sure the tender is delivered on time - it is unlikely that organisations will consider your tender if it arrives after the closing date. You may want to deliver it yourself, by hand, to ensure it arrives safely, or by courier for secure delivery. Alternatively, contact the organisation to check they have received it.

Prepare a price for a tender

Although value for money can be an important component of many tenders, the way you **price your bid** can also make the difference between winning or losing business.

Although price is important, there are many other factors that your potential customer may be looking for, from your ability to meet their operational needs to your environmental credentials. The more you can find out in advance about their requirements, the better you can tailor your tender accordingly.

You're committed to the price you submit in a tender if it is accepted. Before you price a tender, **check the instructions** in your client's bid specification. These will usually detail how the costs should be displayed so that bids are easier to compare.

You may be asked to provide:

- a breakdown of component costs at each stage of the project – e.g. weekly or monthly
- staff time and costs
- management time and costs
- administration time and costs
- estimates of reimbursable expenses

Even if a detailed breakdown isn't asked for, it's in your interest to provide one. It can help you to win contracts by showing your client you're offering good value.

In your tender document, your overall price should be set out in both words and figures. It should be clear which currency you are dealing in and whether your price includes VAT. You should also state how long your prices will be valid for. It can sometimes take a long time for tender decisions to be made - by which time your costs may have increased.

It is a good idea to add a **contingency** for any unexpected costs or additional work that may arise. Explain where and why you have included this in your bid.

Win contracts at the right price

Pricing a tender for the first time can be difficult as you will have no benchmark or idea of what competitors might bid. Price is important when submitting a tender, but don't lose sight of the quality you will provide when deciding on it.

Clients often consider the **lifetime cost** of the products and services they buy. This includes their initial purchase cost, along with other factors such as maintenance costs, downtime costs (if there's a breakdown) and the cost of consumables and disposal.

Make sure you **don't bid too low** just to get your foot in the door. Clients will be suspicious of abnormally low bids – they may doubt the level of quality you can deliver for such a price. Remember that once you have committed to a very low price, you may find it difficult to increase your prices with this client in the future. It is therefore better to price your tender realistically, and ensure that you focus on the benefits that you can provide to a customer. Get this right and many customers will be willing to pay the price required, even if it is slightly higher than your competitors.

Try to think about the value of your goods or services from the **customer's point of view**, not your own. If you are the only quality provider of something a client really needs, it may be more valuable than you think. Your price should reflect this.

What opportunities are available?

All businesses (including small and medium-sized enterprises) have a wide range of opportunities to sell to public sector organisations. Whether you sell stationery, office furniture, medical supplies, IT equipment, catering services, training courses or other services, there's likely to be a market for your product or service within government. There are also opportunities for sub-contractors to benefit from high-value public sector contracts that have been won by other, larger businesses.

Potential customers could include:

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

Key central government departments that purchase from businesses include HM Revenue & Customs (HMRC), the Department for Transport, Communities and Local Government, the Ministry of Defence, the Department for Education, the Department for Environment, Food and Rural Affairs and the Department for Business, Innovation & Skills (BIS).

The tendering process

One of the key ways in which the public sector buys - or procures - goods and services is via tender. The tendering process involves the buyer - in this case a public sector organisation - setting out their requirements. Potential suppliers can then submit a bid showing how they could meet those requirements and at what cost. Public sector bodies have strict procedures they must follow when procuring - to ensure the process is fair and open to scrutiny.

Local authorities - such as councils – can also 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 sub-contractor to a large company which has won a high-value contract can be an effective way of getting government orders.

The procurement process

When bidding for a public sector contract, you'll probably have to go through an official 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's 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 relevant organisation 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.

If you get through the pre-qualification stage, you may then receive an **Invitation to Tender** or contract 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'll need to show that you can fulfil the contract and meet all the client's needs. Make sure at all stages that you give responses 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 being offered. 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).

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.

Remember that the price you offer in a tender will be binding if your bid is successful. If you're unsuccessful in a tender and want to find out why, public sector bodies must give you feedback if requested. Information about the contract is subject to the Freedom of Information Act, so that you have a right to ask for detailed information about the bidding process – but you may have to pay for it.

Procurement regulations for public sector contracts

Public procurement regulations apply to all public sector contracts over set values, or 'thresholds'. The Regulations are designed to ensure free and fair access to, and competition for, public sector contracts. They set down procedures and standards for choosing tenderers and awarding contracts.

Normally, all public contracts that are above threshold must be advertised in the *Official Journal of the European Union (OJEU)* via a contract notice. These notices are published in the online version of the OJEU - Tenders Electronic Daily (TED). The Contracts Finder service also publishes contract notices taken directly from TED.

Procurement procedures

There are several procurement procedures used to award contracts - the Contract Notice will state which one is being used.

The most common procedures are:

- The **open procedure**. In this procedure all interested parties are asked to return tenders by a set date. These are evaluated and contract(s) awarded to the winning party/parties. This procedure is often used by local authorities.
- The **restricted procedure**. In this procedure this is a two-stage process. In the first selection stage (often involving a Pre-Qualification Questionnaire) a short list of suppliers is identified. In the second stage, suppliers are invited to respond to an Invitation to Tender (ITT) and the tenders evaluated. Finally, the contract(s) is/are awarded.
- The **competitive dialogue procedure**. This procedure is used for more complex procurements. Following the OJEU Contract Notice and a selection process, the authority negotiates with companies to develop suitable solution(s) and on which chosen companies will be invited to tender. After the ITT is issued no further negotiation is allowed, only discussion about clarifying or fine-tuning the tender. An award is subsequently made.

Framework agreements

Framework agreements are set up by public sector bodies with suppliers to provide goods, works or services according to certain requirements – e.g. price, quality, quantity. Frameworks can be arranged centrally by one public body for itself and/or for a number of other public bodies. Those bodies that are party to the framework can then order (or 'call-off') the goods, works or services if and when required. If there is more than one supplier, then a mini-competition may be held to identify the best supplier. A contract is only formed when an order is placed for a specific requirement. The public sector body is not committed to using the framework. Framework agreements are subject to safeguards and do not normally last for more than four years.

E-procurement

Public sector organisations are increasingly using **e-procurement** for contracts in order to boost efficiency. 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. It can:

- reduce paperwork
- improve efficiency
- help you process orders more quickly
- speed up payment

An example of e-procurement in action is the use of the **Government Procurement Card (GPC)**. This Visa or MasterCard charge card allows central government departments and local authorities to purchase low-value goods and services directly from suppliers. This can either be in person, over the phone, fax or by email or 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 on the most economically advantageous tender.

Action Plans

Checklist for public sector type business opportunities

Task	Key Questions	Priority (1=High; 5=Low)
1. Are you committed to doing business with the public sector? Why?	What are your objectives from the public sector?	
	Have you set any goals/targets?	
	Have they been communicated to your employees?	
2. What areas are you particularly strong in?	What are your Unique Selling Points? (USPs)	
	Where do you have some competitive advantage	
	Do you need to find partners to increase this?	

Finding opportunities

Task	Key Questions	Priority (1=High; 5=Low)
3. Are you registered on the right portals?	Draw up a list of portals (see Sources of Business Leads section below) that appear relevant and register on them.	
4. Are you getting alerts?	Check profiles are installed for your business	
5. Are you dealing with your alerts?	Do you have a process for handling them? Who looks for them? Who responds? How? Who gets feedback? etc.	
6. Which opportunities are you going to go for?	Do you have a system to assess which tenders to go for?	

Policies, Insurance, References & Financials

Task	Key Questions	Priority (1=High; 5=Low)
7. Do I have all four Policies?	Health and Safety	
	Equal Opportunities	
	Quality Management	
	Environmental	
	Any Other Policies?	
	Accreditations?	
8. Do I have enough Insurance cover?	Professional Indemnity?	
	Public Liability?	
	Employers Liability?	
	Any other Insurance?	
9. Do I have references and written testimonials?	At least three recent ones. Relevant to the tenders you will be bidding for.	
10. Do I have verification of financial robustness?	Accounts. How many years?	
	Cash flow forecast	
	Accountant's letter	
	Bank letter	

Pre-Qualification Questionnaire – Bid Pack

Task	Key Questions	Priority (1=High; 5=Low)
11. Do I have a Bid Pack to use?	Prepare a single document with all your information from which to 'cut and paste'	
12. Does the Bid Pack do justice to the company?	Are your Unique Selling Points very clear?	
13. Can the Bid Pack be improved to increase competitive advantage?	Have I learnt from previous bid attempts?	

Bid Writing Processes and Expertise

Task	Key Questions	Priority (1=High; 5=Low)
14. Who will head this?		
15. What training have they had? Do they need?		
16. Gather data required and do background research	Are there any areas of the tender that need clarification? Is there a bidders' conference or opportunity to meet with the client?	
17. Identify tender weighting criteria and relevant importance – price, quality, experience, after-sales.	What are they looking for? What is important to the client? How will they award the business?	
18. Structure bid in an attractive, concise, complete but informative style	How easy is it to read the bid and pick up the key points? Have you showcased your talents adequately and truthfully?	
19. Only provide the data that is requested and plan to meet the deadlines in good time.		

Closing the deal – the presentation stage

Task	Key Questions	Priority (1=High; 5=Low)
20. Who presents?	How good are your presentations?	
21. How do you prepare?		
22. Who needs to be there?	Would operational people who will manage or undertake the work add value, authenticity and reassure if appropriately prepared?	
23. What could have been improved?	Is there room for improvement? Does your presentation team need training support?	

Debrief

Task	Key Questions	Priority (1=High; 5=Low)
24. Ask for feedback	What worked well? Even better if?	
25. Is this the right market for me?	What is success rate like? Is the business suited to different markets? Cost v Return on Investment?	
26. What else would give competitive advantage?		

Collaboration with other SMEs

Task	Key Questions	Priority (1=High; 5=Low)
27. Does this market and my business warrant considering collaboration?	Who could I collaborate with? Is there a business fit? Would it improve my chances and be a win/win?	
28. How can you maximise the opportunities by collaborating?		
29. Have you tried to work with other companies on a tender?		

Sources of business leads

The following are a selection of what opportunities might be out there and most of the services are free to access or to register for e-mail alerts.

Lead Source	Description of Content	Site Address
EastMidsTenders	Provides details of contract opportunities across the East Midlands region and beyond.	https://www.eastmidstenders.org/
Source East Midlands	A collection of Councils who have come together to advertise their contract opportunities. Covers from Derbyshire in the North to Northamptonshire in the South and across to Lincolnshire.	http://www.sourceeastmidlands.co.uk/links
Supplier and Contracts Management System (SCMS)	Provides business opportunities across the Yorkshire and Humber region.	https://www.yortender.co.uk/
The CHEST	Provides business opportunities across the North West area.	https://www.thechest.org.uk/cms/cms.nsf/vHomePage/fSection?OpenDocument
South East Business Portal	Tendering opportunities across the 74 councils and nine fire and rescue services of the south east region.	https://www.businessportal.southeastiep.gov.uk/sece/cms.nsf/vLiveDocs/SD-DEVV-6UNGEK?OpenDocument&contentid=1.001
Contracts Finder	Contracts Finder	https://www.gov.uk/contracts-finder
TED-Tenders Electronic Daily (OJEU)	Supplement to the Official Journal of the European Union advertising contracts throughout Europe above a significant threshold value.	http://ted.europa.eu/TED/main/HomePage.do
Public Tenders	Latest public sector tender announcements. Most opportunities are taken from TED.	http://www.publictenders.net/
Sell2Wales	Welsh Assembly Government initiative to advertise Welsh public sector contracts.	http://www.sell2wales.gov.uk/

Public Contracts Scotland	Details of contracts with Scottish Local Authorities, NHS Scotland, the Scottish Government, Agencies, Higher and Further Education and Emergency Services. Free to register.	http://www.publiccontractsscotland.gov.uk/
Blue Light emergency services e-tendering	E-Tendering solution available to all Emergency Services.	https://www.bluelight.gov.uk/
Republic of Ireland e-Tenders Public Procurement portal	Helps you find and publish tender notices on government and public sector procurement across Ireland. Free to register.	http://www.etenders.gov.ie/
Supplying to the NHS	One of the portals used by the NHS sector.	https://www.supplying2nhs.com
Supplying to the NHS	North of England Commercial Procurement Collaborative is an NHS online market place for NHS Trusts to advertise for goods and services.	https://in-tendhost.co.uk/noecpc/asp/Home
Due North	Due North run a number of e-procurement portals for public sector clients. This is a site that links to the current range which can then be accessed. Registration is usually free of charge.	http://www.due-north.com/index.php/suppliers