

**Procurement** is the process of purchasing goods from an external organisation.

For the voluntary sector, this has come to mean the delivery of services under contract to local authorities, primary care trusts, further and higher education establishments or other public bodies (that may include the police, fire service and other government agencies and departments).

Procurement, including open and competitive tendering for public contracts, is here to stay now that European Union Procurement Directives and UK legislation is in place. The third sector is seeing their traditional grants and service level agreements with governmental organisations being replaced by binding public service contracts.

Whilst some third sector organisations will see these changes as an opportunity to develop their services, others will see them as a threat. Some will engage with public service procurement, others will not.

Government grants and contracts account for an increasing proportion of income for the third sector, as public bodies are encouraged to 'outsource' and purchase more services from the voluntary and private sectors rather than deliver them directly.

One argument in favour of procurement is that the voluntary sector provides added value when it delivers public services as the organisations are more connected to the service recipients.

Critics note that procurement is a form of privatisation and that voluntary sector organisations delivering public services may lose their independence.

Whatever your viewpoint on procurement, it may be an option for voluntary organisations to consider, but it will not be for everyone.

## **Deciding whether procurement is right for you**

There are a lot of questions to consider when deciding whether to get involved in providing services to the public sector. You and your organisation should spend some time considering the issues before applying or tendering.

- **Your organisation's aims** - you should consider whether contracting for public sector business fits with your overall aims as an organisation, and whether there are any conflicts that would arise. You should remember to refer to your organisation's constitution to ensure that your organisation would not be working outside the objectives of your group. Also ask yourself, are you chasing the money rather than chasing your aims?
- **Your organisation's activities** - are you already delivering or can your organisation deliver a service that the public sector needs or wants to buy? Can you supply that service at a higher quality or more efficiently than competitors? Can you supply it at a competitive price?
- **Your capacity** - do you have the necessary systems, staff and management in place to allow you to go through the tendering process and to deliver the service under contract?
- **The impact** - what impact will a change to public procurement contracts make to your organisation? Will there be a significant difference between staff working on contracts and staff working on grant-funded work? Will there be an impact on your service users? Will this change your organisational culture?

- **Financial and legal considerations** - consider the length of the contract, the costs that will be covered (i.e. in terms of Full Cost Recovery) and whether you will continue to raise money and deliver services other than those under the contract. Are you moving from grant-dependency to contract-dependency? Does entering into a contract agreement make you liable for VAT or other taxes? You should also consider whether carrying out the contract would constitute trading and if this does not fall within your primary purpose, do you need to set up a trading subsidiary, such as a social enterprise? The Charity Commission produces guidance to help answer these questions.
- **Consortia working** - governmental bodies are aiming to achieve efficiencies and economies through procurement. One way they are achieving this is by reducing the number of contracts they have with service providers. When procuring services they are more likely to offer public service contract opportunities, say for a whole council area, a sub-region or region. They therefore encourage organisations to form consortia where one organisation becomes the lead contractor delivering public services through sub-contracted consortia partner organisations.

Your organisation is therefore encouraged to find out from their local governmental organisations what public service contract opportunities are likely to arise and where and how they will need to be delivered. Will consortia be necessary? If the answer is yes (for example, your organisation may be able to deliver part of a contract, but you need partners to deliver the rest of it) then start as soon as possible to explore and form your consortium. As many governmental organisations only allow four working weeks from advertising the tender opportunity to the deadline to receive tender submissions (referred to as 'close of tender') this is far too little time to build a successful consortium. So start to form your consortium well in advance of tenders being advertised, as consortium-building can be complex, involve solicitors and accountants, as well as management time and effort. If you would like support to build consortia please contact the CVS Collaborative Working Officer on 01234 354366 who will be pleased to assist you.

### **Finding procurement opportunities**

A good start would be to find and maintain good contacts at the public sector bodies doing work that you are involved in. Indeed, many statutory authorities employ service commissioning and procurement officers. You should make sure they are aware of you and your work, so that if there are likely to be opportunities for procurement of public services in your area of work, you will get to hear about them.

To contract with the public sector, you will have to make a strong case for the work you do and market your services. The more thought you give to how your work complements and supports public service delivery, the better. So stay fully informed of public service policy in the field of work.

### **Sources of tender opportunities**

In general, finding out about opportunities and being invited to tender needs a combination of research to identify who is likely to want to buy your services, and networking to build relationships with relevant organisations including staff at public bodies.

There are various places where contract opportunities are advertised; be aware that some of these are likely to be more relevant for organisations working regionally or nationally.

## Local

- **Beds County Council** - [www.bedscc.gov.uk](http://www.bedscc.gov.uk)
- **Bedford Borough Council** - [www.bedford.gov.uk](http://www.bedford.gov.uk)
- **Mid Beds District Council** - [www.midbeds.gov.uk](http://www.midbeds.gov.uk)  
(as from 1st April 2009 the above councils will cease to exist and will be replaced by the 2 new unitary authorities - **Bedford Borough Council** ([www.bedford.gov.uk](http://www.bedford.gov.uk)) and **Central Bedfordshire Council** ([www.centralbeds.gov.uk](http://www.centralbeds.gov.uk)))
- **Bedfordshire Primary Care Trust** - [www.bedfordshirepct.nhs.uk](http://www.bedfordshirepct.nhs.uk)
- **Bedfordshire Police** - [www.bedfordshire.police.uk](http://www.bedfordshire.police.uk)
- **Learning & Skills Council - East of England** - [www.lsc.gov.uk/regions/EastofEngland/](http://www.lsc.gov.uk/regions/EastofEngland/)

## Regional and national

- Newspapers and trade journals
- **East of England Development Agency (EEDA)**. Web: [www.eeda.bravosolution.com](http://www.eeda.bravosolution.com)
- **www.supply2.gov.uk** - enables organisations to register and receive notification of smaller-value procurement contract opportunities (typically below a value of £100,000)
- **Department of Health (DH)** Procurement and Proposals website provides information about purchasing and tenders within the Department of Health and the NHS, and also provides guidance on submitting tenders. Web: [www.dh.gov.uk/en/Procurementandproposals/Procurement/index.htm](http://www.dh.gov.uk/en/Procurementandproposals/Procurement/index.htm)
- **NHS Purchasing and Supply Agency (PASA)**. Web: [www.pasa.nhs.uk](http://www.pasa.nhs.uk)
- **Bluelight** website has tender information from the emergency services  
Web: [www.bluelight.gov.uk](http://www.bluelight.gov.uk)
- **Government Opportunities** website has information on procurement opportunities across government. Web: [www.govopps.co.uk](http://www.govopps.co.uk)

## The procurement process

Each public body will have its own procedures for tendering for contracts.

Local authorities engaging in procurement often follow a 'Best Value' approach which is a shift from just going for the cheapest option to balancing price and quality to ensure value for money. In principle, it is supposed to ensure that services are high quality and responsive to need, not just the cheapest.

The voluntary sector can in theory add value to the delivery of public services through its responsiveness to local need and involvement of local communities. You should recognise, however, that with limited budgets available, the balance may well still be heavily in favour of price.

Once you have found a tender opportunity, you should make sure you have all the relevant tender documents. All public bodies are bound by European and UK Government procurement law and regulations, so both they and you have to follow the stated procedures and deadlines when tendering or negotiating contracts. All procedures required will be openly described so make sure you are familiar with the procurement guidelines of the public body – you can contact the procurement department of the relevant agency for this. Part of your preparation should be to research their contractual requirements to see if your organisation needs to take action before entering into legally-binding contracts. Your organisation will not win a tender without being fully prepared to meet the commissioner's legal and service requirements.

## **Publications**

- **National Council for Voluntary Organisations (NCVO)** has produced various publications and guidance, which are all available online. Web: [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)
- **Before Signing On The Dotted Line – all you need to know about procuring public sector contracts** - an NCVO guide to the rules, procedures and practices that constitute the public sector procurement process. Web: [www.ncvo-vol.org.uk/uploadedFiles/Sustainable\\_Funding/Publications/Procurement\\_Guide.pdf](http://www.ncvo-vol.org.uk/uploadedFiles/Sustainable_Funding/Publications/Procurement_Guide.pdf)
- **Charity Commission Guide CC 37 - Charities and Contracts** sets out the basic considerations to be undertaken when entering into a service delivery contract. Web: [www.charity-commission.gov.uk](http://www.charity-commission.gov.uk)
- **Think Smart - Think Voluntary Sector!** is guidance from the Home Office and Office of Government Commerce on procurement of services from the voluntary and community sector. It is aimed at Government Departments and non-departmental public bodies but may also be useful to voluntary and community organisations. Web: <http://commercial.homeoffice.gov.uk/documents/thinksmart.pdf>
- **CVS Mid and North Beds** have produced 'A Guide to Public Service Contracting with the Third Sector' which is a compendium of current government and third sector publications, toolkits and resources aimed at helping your organisation to engage with procurement. This can be found as a download on the CVS Mid and North Beds website. Web: [www.cvsmidandnorthbeds.org.uk](http://www.cvsmidandnorthbeds.org.uk)
- **Finance Hub Guide to Procurement and Contracting** - a guide to the rules and procedures that constitute public sector procurement. Web: [www.ncvo-vol.org.uk/uploadedFiles/Sustainable\\_Funding/5\\_-\\_Procurement.pdf](http://www.ncvo-vol.org.uk/uploadedFiles/Sustainable_Funding/5_-_Procurement.pdf)