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SME Tender Support Guide

Introduction

The UK public sector spends over £284 billion buying goods and services from suppliers. It is a huge market but there's still a misconception that only large suppliers can compete for this work.

In recent years there has been a drive for public sector organisations to award contracts to SMEs, with the UK government targeting that at least £1 in every £3 should be spent this way. SMEs bring diversity and innovation to the government's supply base.

With the UK leaving the EU, the government has restated its aim of simplifying public sector procurement, and making it easier for innovative businesses to trade with the public sector.

This guide provides introductory information for SMEs new to procurement, bids and tenders and will:

- highlight the advantages of trading with the public sector
- give you a greater understanding of how public sector procurement works
- give you practical ways to get started

What makes up the Public Sector?

The public sector is made up of numerous organisations, including:

- **Central Government** - Departments and their Agencies
- **NHS** - Hospitals Trusts, Clinical Commissioning Groups, Ambulance Trusts, GP Surgeries and all other state run/funded health bodies
- **Local Government** - Councils, Police, Fire and other Local Authority Services
- **Further and Higher Education** - Colleges and Universities (post-16 Education)
- **Schools** - Local Authority, Independent and Academy Nurseries, Primary and Secondary
- **Private/Charity Run Public Services** - Community Interest Companies, Care Homes, Housing Associations, Health and Social Care

It is common for smaller organisations to work together to source their requirements. Purchasing consortia and frameworks which are explained below facilitate and enable that collaboration.

Why trade with the Public Sector?

As a supplier there are several reasons that make the public sector an attractive customer:

- **Guaranteed payment** - they're required by law to pay their invoices within 30 days
- **Stability** - the public sector isn't going to go out of business
- **Transparency** - as publicly funded organisations, they have to adhere to strict guidelines surrounding fairness and transparency. All bids have to be assessed to the same published criteria irrespective of who the supplier is. Bidders have the legal right to their score, feedback and an understanding of how close they were to competitors
- **Fairness** - your bid remains confidential between you and the buying organisation.
- **Long-term contracts** - contracts are often put in place for 2, 3, 4, even 5 years. A contracting authority doesn't undertake the tendering process lightly, they will have to have justified the process internally so there will be a commitment to the contract
- **Reputation** - public sector contracts make great case studies to quote, and give both private and public organisations confidence in your capabilities

So how does it all work?

A tender is an invitation to bid for a project or contract.

Tendering usually refers to the process whereby public sector organisations invite bids for large projects that must be submitted within a finite deadline. Public sector procurement is subject to strict guidelines as to how tenders should be run, the processes and timescales are set to ensure fairness for all suppliers.

Finding Tenders

Public Sector tenders over specific values must be advertised in a tender notice. These are published on the different websites shown in the table below.

Description	Link
English over £120k	https://www.find-tender.service.gov.uk/Search
English under £120k	https://www.contractsfinder.service.gov.uk/Search
Welsh	https://www.sell2wales.gov.wales/
Scottish	https://www.publiccontractsscotland.gov.uk/
Northern Ireland	https://etendersni.gov.uk/epps/home.do
European	https://ted.europa.eu/TED/main/HomePage.do

For lower value contracts, some local authorities and NHS organisations run closed Request for Quotations (RFQ's) to meet their local Standing Financial Instructions or Delegated Authorities and only invite a limited number of suppliers. It is best to contact [local procurement teams](#) to directly register for these opportunities.

Tender Portals

When you find a tender notice you are winterested in, you are likely to have to submit your initial interest via an online tender portal. It is common for the whole tender process to be managed via the portal. Any communication regarding the tender will be via the portal and your bid will need to be submitted to the buyer via the portal. There are a wide range of different portals that are used.

Guidance and supplier help is always available to help with navigating the different portals.

Terminology

One of the things that takes getting used to in public sector procurement is the terminology.

PIN

A PIN, or 'Prior Information Notice', is a published notice which sets out a contracting authority's purchasing intentions. It does not oblige the contracting authority to proceed with a procurement process, but informs the market that they may expect a procurement to be commenced within the next 12 months. Publishing a PIN is not mandatory.



PINs are sometimes used by a contracting authority as a way to seek advice and input from potential suppliers to validate their planned approach or gather market intelligence. This may be conducted via an RFI process.

RFI

A 'request for information' is a process for gathering information from potential suppliers of a good or service. Specific questions are asked by the buyer to further their understanding of an area.

EOI

This term isn't used very often, but it stands for 'Expression of Interest'. If a tender becomes available on an online portal, it's usual to register an expression of interest to confirm you intend to submit a bid.

SQ or PQQ

This is often the first stage of the process - PQQ stands for 'Pre-Qualification Questionnaire', while SQ stands for 'Supplier Questionnaire'. Both documents are similar, and are used as an initial filter for bidders prior to reading the bid documentation. These documents ask questions around finances, insurance, policies in place and other background information. Occasionally it includes some quality questions like method statements.

ITT

An ITT is an 'Invitation To Tender' and this is the main part of the tender. This is usually only offered to those who pass through the Supplier Questionnaire or PQQ stage. This is where the buyer outlines what their requirements are.

Tender Processes

The regulations governing public sector contracting specify several mechanisms that can be used to engage suppliers. The tender notice for each opportunity will clearly state which tender process is being followed. It will usually be either:

- Open (a single-stage bid process)
- Restricted (a two-stage process with an interim stage that you need to pass to get access to the full requirements statement to respond to)
- Competitive Dialogue or Competitive process with negotiation (both are multi-stage processes including round(s) of negotiations in addition to bid documents)

Tender notices are typically published for between 15-35 days to give you an opportunity to see them and register your interest. It is typical to have 25-30 days to submit each stage of the bid response.

A buyer will select which process they use dependent on a few different factors such as:

- number of responses they expect to receive,
- the complexity of what is being tendered,
- how long they have to carry out the tender process.

The cost of producing bid documentation is placed upon you the supplier, and cannot usually be reclaimed - regardless of the outcome of the tender process.

Communicating with the buyer

During a tender process there are very specific rules as to when and how you can communicate with the buyer.

PINs

When a PIN is advertised communication is often requested by the buyer and the notice will explain how they would like that to occur.

During a tender

Buyers involved in any tender are forbidden from discussing details once the notice has been advertised. This restriction is to avoid biasing specific suppliers. All communication with the buyer must be conducted via the tender portal. Attempts to circumvent this can lead to exclusion of suppliers from the process.

Clarification questions

The tender process will include a period for clarification questions. You will have the opportunity to ask questions to clarify anything that you are unclear on. Questions are typically submitted via the tender portal. The buyer will consolidate all of the questions asked, provide written answers and make a copy of all of the questions and answers asked by all suppliers available to all suppliers.

Different Procurement Vehicles

In addition to a contract between a buying organisation and a supplier, the public sector also implements framework agreements and Dynamic Procurement Systems (DPS). Opportunities arising from a DPS may or may not be advertised on the tender portals listed above.

Frameworks

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 must have a defined purpose and can only be used to procure goods, works or services in line with this purpose.

Frameworks can be arranged centrally by one public body for itself and/or for a number of other public bodies. The bodies that are party to the framework can then order (or 'call-off') the goods, works or services as and when, required. If there is more than one supplier, then a mini-competition may be held to identify the best supplier. In essence, it works as a prequalified marketplace reducing the need for each individual public body to conduct a full tender exercise.

Simply being accepted onto a framework does not guarantee you any work, you will need to be successful in a mini-competition to secure work. Frameworks are let for a specific period of time and suppliers can't join the framework after it has been let. To find out when a framework will next be let and you could apply to join it contact the organisation that let the framework.

As a supplier getting onto a framework agreement is a great way of being able to direct your potential clients to a place where they can easily buy from you, without having to do a full competitive tender exercise. Within the public sector buyers are encouraged to use existing framework agreements where available, rather than doing their own full tender.

Before applying to join a framework it is important to understand how the framework will be promoted and, if available, the spend through the previous version of the framework. You want to be sure that it is an active framework where you can expect to gain new business.

DPS

A Dynamic Purchasing System (DPS) is another mechanism that is used to purchase goods, works and services that are both commonly used by an organisation and readily available on the market. It's similar to a framework but has the functionality to add new suppliers during the lifetime of the contract.



and DPS's set up by other parties also can speed up the time in which it takes them to source a new supplier.

Purchasing Consortia

A purchasing consortium is a collective of organisations that procure jointly in order to maximise their bargaining power and enjoy economies of scale. There are many different ones within the public sector, examples include:

- Sector specific consortia such as Crescent Purchasing Consortium (FE Sector) working specifically for schools, academies and colleges
- Local Authority Consortia (e.g. Eastern Shires Purchasing Organisation (ESPO) which is owned by 6 local authorities)

Purchasing consortia typically put in place framework agreements and should be part of your strategy to acquire business within the public sector. Frameworks are often less onerous to be accepted onto and provide access to a wide range of customer opportunities. This provides the opportunity via one contractual relationship to trade with multiple different parts of the public sector.

Crown Commercial Service

An executive agency of the Cabinet Office that operate a number of framework agreements. They are the biggest public procurement organisation in the UK and use their commercial expertise to help buyers in central government and across the public and third sectors to purchase a wide range of goods and services.

Digital Marketplace

The Digital Marketplace is an online service for public sector organisations to find people and technology for digital projects.

Suppliers must apply to sell services. Any public sector organisation, including agencies and arm's length bodies, can buy using the [Digital Marketplace](#).

Purchasing Organisations

As mentioned above smaller organisations and even large organisations use frameworks and DPS's that are let by purchasing consortia to reduce the amount of time and money, they spend on establishing their own contractual relationships. Buyers can benefit from more competitive pricing than they would otherwise achieve on their own. Buying from frameworks

Getting started

Thinking like a public sector buyer

It is important to realise that public sector buyers are very focused on managing risk, especially when purchasing either highly visible goods and services, or items that are critical to their organisation performing its role. We can all think of public sector contracts that have gone wrong and found themselves being discussed in the press. Your buyer is going to be determined that that doesn't happen to them.

Whilst working with SMEs and encouraging innovation are stated agendas, they have to be balanced against the reality of the environment that your buyers are working within.

As a new supplier to the public sector you present as an unknown quantity and you need to think carefully about how you can help the buying organisation overcome their concerns about the risk you might pose.

How best to start

Here are some ideas as to how to get started.

1. Search for Prior Information Notices (PINS)

PINS are often published because a buyer wants to talk to suppliers before going out to tender to validate their planned approach or gather market intelligence.

As an innovative SME these are fantastic opportunities to educate a buyer and shape the tender so that it is aligned to your approach.

2. Look for opportunities to partner with another organisation

Risk management is a big part of public sector procurement. Without relevant case studies and prior experience with public sector clients to point to, you may struggle to win contracts. Partnering with larger organisations that have that track record, and are seen as a safe pair of hands, can give you an excellent way in to start building up your credibility and quotable client experience.

3. Search for suitable lots within a tender

Tenders are often split into smaller lots, this is often done to promote engagement from smaller suppliers. As a new supplier to the public sector, organisations may feel happier with you taking on a smaller part of the overall requirement.

The breakdown of lots within a contract can be found in the contract notice.

4. Join frameworks focused on innovation

Certain frameworks focus on innovative suppliers who are delivering new solutions. For example, the [Crown Commercial Service](#) let two such frameworks.

'G-Cloud' which is open to cloud service suppliers of all sizes.

'Spark' for buying emerging technology products and services, including Internet of Things (IoT), AI and automation, simulated environments, wearables and new improvements in security.

5. Consider Small Business Research Initiatives

Small Business Research Initiatives (SBRI) bring together government challenges and ideas from business to create innovative solutions. Through SBRI, you can apply for funded contracts with government organisations to develop your innovative ideas and help solve a problem identified by a public organisation. A challenge statement is published e.g. "Seeking ideas to address loneliness in Monmouthshire" and suppliers are invited to submit a project to develop solutions that will address this.

Typically, SBRI's feature a two-stage application process whereby a shortlist of suppliers will complete a fully funded 12 week feasibility study. From those suppliers a smaller number will be selected to enter into a commercial contract with the public sector organisation to develop and deliver a proof of concept for their solution.

Public sector organisations that have successfully run SBRI's include local authorities, NHS, Ministry of Defence and the former Department of Energy & Climate Change. SBRI competitions are advertised on national procurement portals mentioned earlier and by [Innovate UK](#).

Bid writing

Common topics

As well as understanding the products and services that you are offering, and how the commercial relationship between yourselves and the contracting authority will work, there are other areas that your tender response will be asked to address.

Key topics that public sector buyers will be asking about include your approach to social value, modern slavery and the environment to name but a few.

Social value

Public sector organisations have to include social value as one of the criteria that they use in their tender process to assess your company. To successfully trade with the public sector you will need to be able to both demonstrate your company's approach to social value and the social value that you will deliver as a result of winning a particular contract.

Online resources, such as the Social Value Portal can help you to identify where you can demonstrate social value and then measure and report on it during the lifetime of a contract.

Policies

Buyers will often ask for evidence of a wide variety of policies or accreditations.

Such as:

- ISO9001
- Health and Safety Policy
- Environment Policy
- Quality Assurance Policy
- Industry specific accreditations

The list above is not exhaustive and different contracts ask for different policies. If you don't have a policy or accreditation in place already always check with the buying organisation as to whether that will invalidate your bid or not. In many cases it will be sufficient to demonstrate that you are working towards accreditation or have similar policies in place.

When describing a policy always ensure that you share not only the policy, but the process by which it is embedded in your company and how and when it is reviewed. All policies should include a policy owner and a review date.

Cyber Essentials

Cyber Essentials is a government-backed certification, awarded to companies who follow the core principles of cyber security outlined by the cyber essentials scheme. This government backed scheme ensures businesses will be guarded against the most common threats faced. Many public sector contracts will require this certification.

Bid Writing – do's and don'ts

Do attend the supplier briefing event

Where a supplier briefing event is held, always attend as you will find out so much more information and get a true sense of what they are looking to buy. You'll understand their current problems and be able to craft your response to address those specific points. Anything that a public sector organisation puts out that is written down will have been vetted by their legal team. Speaking to them face to face will get the true picture.

Do read the question carefully before attempting to answer

There is temptation to try to promote all aspects of your product or service, however this can lead you to go off on a tangent when writing a response. Read, and then re-read, the question to ensure you are answering the question that has been asked.

Do incorporate the evaluation criteria into your answer

Always read the evaluation criteria, look at what your answer needs to cover to be scoring at the highest level. Make sure your answer is addressing all the points, use the same language in your answer as the evaluation criteria.

For example, if it is asking for added value, make sure you explain what your added value is in your response, being as explicit as possible "The added value to our approach is". Do this for every question.

Do make it easy to read

Space, bullet points, subheadings and easy to read text.

Assessors often have many responses to review, and may struggle to identify the key points when faced with a page of solid text with no spaces and words crammed in everywhere. Make your response it easy to read. Add in pictures to break up the text and show the buyer what you are offering.

Do make it easy to mark

Structure your response to the tender in the same order as the question/s asked. If the question has a number of areas that need to be covered use subheadings to address each area and place them in the same order as you were asked for them. This makes it easy to follow and award marks against. Guide the assessor through your answer.

Don't break the rules!

Word counts and page counts - don't exceed them, the assessors are likely only to mark up to the limit and then not read the rest of your response. In some cases words or pages over the limit may be removed by the procurement team before the assessors even see them. Would you want to work with an organisation that can't even follow a simple word count instruction?



Further Support

This guide provides introductory information for SMEs new to procurement, bids and tenders. If you would like to explore the topic further with Connected Places Catapult please *join our SME network*. Connected Places Catapult also works with many public organisations to drive innovation opportunities, be sure to check our *website for current opportunities*.

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