

# HAVCO BRIEFING

## NEW PROCUREMENT POLICY & THE IMPLICATIONS FOR VOLUNTARY & COMMUNITY ORGANISATIONS

### Background

Procurement has been around for a long time (i.e. since 1986) and from now on all public monies used to buy goods or services above £5,000 have to be tendered for (how the tender process works is explained in this document). This is mainly due to the EU (European Union) and a single market directive that has finally been implemented in the UK.

**The implications are that Service providers will have to comply with a set of quality standards that minimise the risk of the money being misspent.**

All charities need to be prepared to make sure they are up to speed with the required standards if they want to compete for government money to deliver public services. Technically, local charities could be competing to deliver a local service with service providers from other regions of the EU. Partnership working is encouraged, as large contracts (as opposed to many smaller ones) is seen as a cost-effective way of delivery public services.

### A cautionary tale about being prepared and ready for tendering

A big national charity recently lost a contract for 1.8 million pounds (a contract they had had for years with a local authority) because they did not have an Environmental Policy in place! Contracts are won on the basis of how organisations score and this charity lost 2% off their final score and their competitors won by 1%.

### Tendering Procedures - 3 Different Procedures;

**1. Open** – this is when the contract is advertised and any firm(s) responding to the advert are sent full tender documentation, which may comprise of the following:

- Letter of invitation (when and where tenders should be submitted)
- Tender document (includes tendering instructions)
- Specification (sets the standards that will be applied during tender evaluation)
- Pricing document
- Contract conditions
- Quality requirements / method statement questions
- Tender evaluation model (how we intend to evaluate your tender submission and award the contract)
- Questionnaire (to assess Tenderers financial standing and their commitment to equal opportunities and environmental issues)

**NB: This seems to be the way in Haringey who at the moment they do not have a preferred supplier list in operation**

**2. Restricted** – organisations responding to the advert are required to complete a questionnaire to assess their suitability to tender for the contract. If successful they will be sent full tender documentation (similar to that used in an open tendering procedure). The criteria set out in the questionnaire requests the following sorts of information:

- Name, address and company registration number
- Financial details
- Equal opportunities policy
- Environmental policy

- Health and Safety compliance
- Relevant experience
- Capability in response to questions
- Workload and capacity

A shortlist is drawn up of the organisations best able to meet the above criteria, and these firms are sent full tender documents (similar to those used in an open tendering procedure).

**3. Negotiated** – only used in exceptional circumstances, such as where the nature of the service/supplies is such that the specification for the service to be delivered cannot be established.

**What Does this mean:**

*The quality, governance systems, financial viability and risk management of any organisation wanting to tender is much more important than the actual quality of the service delivery.*

The timetable to prepare a tender application is often extremely tight, therefore all the following must be in place if your organisation wants to submit an application:

- ✓ **It is essential that Charities develop suitable policies:**
  - Equal opportunities policy
  - Environmental policy
  - Health and Safety compliance
- ✓ **It is essential that Trustees** (who are required by law to sign the contracts) **have undergone Risk assessment – this must be taken seriously**
- ✓ **It is essential to have a Quality mark:** Minimum - Investors In people / Desirable - ISO9000
- ✓ **It is essential to get into as many preferred providers list as possible.** Preferred providers list are the only way of being eligible to bid for tenders but it is also a recognition of Quality. **NB: Haringey Council does not keep a preferred suppliers list at present.**
- ✓ **It is essential to prepare the way for future partnerships** with equally robust organizations by drawing memorandum of understandings and having formal agreements in place – this is more popularly known as sub-contracting, i.e. a lead partner responsible for the tender with smaller organisations involved in the partnership as sub-contractors.
- ✓ **It is essential to have appropriate Risk Management systems** in place. Risks will be assessed at the following levels:
  - Trustee board
  - Senior management level
  - Operations
  - Service users
- ✓ **It is essential to have a risk register** (there are 24 areas of risk to be covered)
- ✓ **It is essential to get** the credit rating for your organisation. An EQUIFAX report is sufficient – this can be achieved online, visit: [www.equifax.co.uk/](http://www.equifax.co.uk/).
- ✓ **It is essential to establish reputable referees**

## **HAVCO's Role**

- As a local infrastructure organisation HAVCO will provide training for groups to prepare for the contracting culture (i.e. a partnership seminar and workshops, ran in June 2006 will be followed by more events on commissioning/procure and partnership working soon)
- It must engage with funders, such as the Local Authority about their procurement procedures and processes for the benefit of the sector.
- It must encourage funders, such as the Local Authority to ensure that they maintain a mix of funding – i.e. grants as well as contracts, which will enable some small voluntary and community organisations to deliver elements of public service.
- Consortia working should be explored through existing VCS networks such as the Wellbeing Theme Group.

## **Resources & Tools**

1. To find out about Haringey Council's Tendering Opportunities visit:

[http://www.haringey.gov.uk/index/business/sellingtothecouncil/procurement\\_opportunities.htm#attached\\_files](http://www.haringey.gov.uk/index/business/sellingtothecouncil/procurement_opportunities.htm#attached_files)

2. Example of Consortium's Memorandum of Understanding

<http://www.yorkshire-culture.co.uk/images/MOUwithYorkshireForward.doc>

3. General Guidance for Partnership Working

<http://www.ourpartnership.org.uk/index.cfm>