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PROCUREMENT

- Procurement

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What Is Procurement?

In simple terms procurement means the purchase of goods or services. As social enterprises, organisations should not be strangers to the concept of trading in goods and services. Procurement in this sense actually goes further in that the organisation seeks to obtain contracts to deliver public services to their local community and to the wide range of public sector customers and users.

It is important to stress that Social Enterprises tend not to be set up specifically to bid for and win contracts to deliver public services. Although it is true to say that for many, the public sector contract route holds much potential for business growth and development.

There are many types of public sector contract that social enterprises can tender for including:

- Small scale daily supplies of goods and services such as cleaning and catering, care services and grounds maintenance etc.
- New Services that may be the subject of a contract following negotiations with local authorities or other statutory bodies to define or create new activities. A good example of this is the many recycling social enterprises that set up over the last 10 years. Everything from furniture recycling to scrap stores that collect clean industrial waste and offer it as art and craft materials to playgroups and schools etc.
- Procurement of building works and projects such as new community facilities and refurbishment of existing buildings.
- Specialist work such as regeneration initiatives and consultancy.

Is Procurement Right For Your Organisation?

There are a number of issues for the governing body of your organisation to consider when deciding whether the route to business growth and development is through public service contract:

- The most important issue is to ensure that it fits the organisations social objectives
- Does the organisation have the capacity to carry out the tendering process and then deliver on the contract?
- To avoid becoming dependent on one contract, can the organisation cope with other business and possible contracts?
- Will there be an organisational culture change as a result of public service contract?

These and other challenging issues will need to be fully explored prior to making the decision.

It is always beneficial to talk to others who have taken the procurement route to hear how their organisations have delivered on quality public service contracts, allowing for social objectives to be met. Also useful is to look at organisations experience of losing contracts. Too often the focus is on 'success ' and 'what works' and 'best practise' when equal focus should look at things that are not as successful and at what happens when things go wrong. If an organisation has considered the pitfalls as well as the benefits then a balanced decision can and should be reached.

Procurement Process

Understanding the procurement process is of course a key to success in winning business. It is quite logical and there are several specific pointers that you can use to research and prepare for contracts.

There are several steps in commissioning a service or procuring supplies or works. Here is a summary of what they typically are and how they could affect you:

Action By Commissioning Body	Action By Social Enterprise
Review undertaken to establish the Need for a service or to consult on the case for a service	This is the process that leads to a decision - you might have input into this as a stakeholder and prospective supplier. You could even suggest an innovative new service be delivered and make the case for a trial or pilot contract
Decision made to agree the business case for goods, works or service	The commitment is made to spend public money so a contract may emerge to deliver the outcome - be prepared!
Development of a specification is undertaken; how will the commissioning body meet user requirements within budget?	You may be one of the organisations technically able to supply
Initiation of basis for contractor selection; a process begins to set criteria for judgement to be made - at the same time expressions of interest are invited from those suitable to bid	This can be your first step to becoming a contractor - have you become known as a possible contractor to get on the list for a 'call'?
Officers set the award criteria; a judgement between quality and price, which is affected by budget issues, customer expectations and the need to deliver value for money	The detail of this should be confidential, but if you judge it right you will make an appropriate bid - you can ask for a guide to the proportional split between quality and price and undertake research which gives a fair idea of what is wanted; for instance, are you aware of impending budget cuts in this service?

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Contract conditions are set - a combination of the organisation's requirements and written legal basis on which the offer is made	Terms must be agreed on which basis there will be an appointment. If you have offered a method of delivery then this would become a binding part of the contract
The contractor is appointed - Success!	You may be asked to enter into possible voluntary agreements, for instance concerning local labour and training initiatives. Sometimes two or more companies are asked to combine forces to deliver the whole contract - did you explore this possibility in discussions with the organisation?
Debriefing is available to those not appointed and even those who are	Always take up the opportunity for a debriefing to see what you can learn from this, regardless of whether or not you win the contract
The contract management process begins - this is the start of the delivery of the contract	Your relationship begins with a client monitoring officer when you start work. Remember that for some contracts this must be a seamless continuation from the previous arrangements for the service users
Customer service is monitored	Are you prepared for a full inspection of your delivery to ensure complete compliance with the terms of the contract? Will there be complaints if something is missed?
Regular meetings with the client	This relationship is critical as it is the interface with the public body that your staff on the ground and your service manager will have

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The planned improvements included in many contracts are monitored and reported	The commitments to continuous improvements that may have been agreed will be subject to dialogue and if missing, perhaps public debate. How is the investment and service development built into your business plan?
At some point, the service is reviewed for future re-tendering or revision	Will your performance and suitability ensure a place on the shortlist again?

This information was taken from 'Public Procurement: A Toolkit For Social Enterprises' published by the DTI October 2003.

Public Procurement: A Toolkit for Social Enterprises

This toolkit explains the public sector procurement rules, describes the way procurement by local authorities and others is typically carried out and gives real examples from social enterprises of their experiences of winning and losing contracts as part of their business strategy.

The toolkit aims to demystify and describe the procurement process and provide insight into the steps needed to prepare bids and win contracts. It sets out to ensure that those bidding for business, have the best information available to choose if and how to embark on the public sector contract delivery route.

Included in the toolkit are top tips and case studies from those who have faced the process. There are also a series of useful checklists for action, with all the key points to consider, as well as sign posting to other sources of help and advice.

The toolkit can be ordered online at www.dti.gov.uk/publications

Copies can also be ordered via the DTI's Publications Orderline on 0870 150 2500 quoting URN 03/1362.