

Public Sector Tenders and Contracts

Business Information Factsheet

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Introduction

When public sector bodies (such as local authorities and the NHS) need to buy goods or services over a certain value, they must advertise their requirements so that businesses can bid for the contract. This process is known as tendering.

Public sector contracts can be a valuable source of revenue for smaller businesses. In 2024, contracts awarded by public sector bodies to smaller businesses accounted for 20% of the total value of public sector contracts. The average value of each contract awarded to smaller businesses was £32,000.

This factsheet summarises the public sector tendering process and outlines how bids are evaluated. It also identifies some of the main online platforms where businesses can search for public sector contract opportunities.

What is a public tender?

A public tender is a contract opportunity advertised by a public body. Businesses are invited to submit proposals or 'bids' to provide the goods or services that are required. These are evaluated by the public body so that it can award the contract to the business whose proposal best meets its needs.

Not all public sector contract opportunities must be advertised in this way. A public tender is only required when the estimated contract value exceeds a threshold amount. In 2024, the threshold was £12,000 for contracts awarded by central government and £30,000 for contracts awarded by other public bodies, such as local authorities, the NHS and schools.

Throughout the tendering process, public bodies are legally required to follow strict rules designed to ensure fairness and transparency, which enables small businesses to compete on equal terms with larger businesses.

For small businesses, the advantages of bidding successfully for public sector contracts include improved cash flow, since public bodies are generally required to pay invoices within 30 days of receiving them.

The tendering process

Although there are several different types of tendering process, the most common is the 'open procedure'. This is also the most straightforward tendering process, making it more accessible to smaller

businesses.

The open procedure allows any business to respond to an advertised contract opportunity (also known as an invitation to tender) and submit their bid. The advertisement includes a description of the goods or services that are required, the duration and value of the contract, and links that enable businesses to register their interest.

Once registered, businesses can access all of the documents associated with the tender, provide any preliminary information requested by the public body and finally submit their detailed proposal or bid within a specified time frame.

The public body then evaluates all of the bids that it has received and awards the contract to the successful bidder.

Alternatives to the open procedure typically require businesses to be approved in advance before they can register their interest in bidding for a contract. For example, the 'restricted procedure' is a two-stage process in which businesses must first provide some preliminary information. They will only receive an invitation to tender if they are considered to be suitable.

How bids are evaluated

When evaluating bids, public bodies must consider value for money. However, they may also take into account additional criteria, such as the 'social value' that they can achieve by awarding the contract to a particular business.

For example, when submitting their proposals, businesses may be asked to provide evidence that they operate in an environmentally responsible way, or that their delivery of the contract would create additional training and employment opportunities in their local area.

Other factors that are taken into account when evaluating bids include compliance with all regulatory requirements, the technical capacity of the business to deliver the required goods and services to acceptable standards, and the financial stability of the business.

Where to find public sector tenders

Businesses can register without charge on the following government platforms to receive notifications about relevant contract opportunities:

- **Contracts Finder** (www.gov.uk/contracts-finder).
- **Public Contracts Scotland** (www.publiccontractsscotland.gov.uk).
- **Sell 2 Wales** (www.sell2wales.gov.wales).
- **eSourcing NI** (<https://e-sourcingni.bravosolution.co.uk/web/login.shtml>).
- **eTenders NI** (<https://etendersni.gov.uk/epps/home.do>).

Other sources of information include local authority websites and sector-specific tendering platforms such as NHS Supply Chain (www.supplychain.nhs.uk/suppliers). It is also possible to subscribe to commercial services that provide information about both public and private sector contract opportunities.

The Procurement Act 2023

The Procurement Act 2023, which is scheduled to be implemented in February 2025, will make significant changes to the way in which public bodies buy goods and services from businesses.

The Act is intended to help ensure that at least 33% of total public sector spending on contracts goes to smaller businesses.

Changes that will be introduced include simplified bidding processes and the removal of bureaucratic barriers that make it hard for some small businesses to compete. Public bodies will be required to provide feedback to unsuccessful bidders to improve their future chances of success.

There will also be a central digital platform with a simple one-off registration enabling businesses to store core details that they can use for all contracts that they bid on.

For more information about the Procurement Act 2023, go to www.gov.uk/government/publications/procurement-act-2023-short-guides/the-procurement-act-2023-a-short-guide-for-suppliers-html.

Useful resources

'How to Write a Bid'

Crown Commercial Service

www.crowncommercial.gov.uk/information-for-buyers-and-suppliers/start-supplying/how-to-write-a-bid

'VCSEs: A Guide to Working with Government'

GOV.UK

www.gov.uk/guidance/vcses-a-guide-to-working-with-government

'Public Sector Procurement'

Scottish Government

www.gov.scot/policies/public-sector-procurement/guidance-suppliers/

'Winning Welsh Government Contracts'

Welsh Government

www.gov.wales/winning-welsh-government-contracts

'Guidance for Current and Prospective Suppliers'

Department of Finance (Northern Ireland)

www.finance-ni.gov.uk/topics/guidance-current-and-prospective-suppliers

Related factsheet

BIF528 Social Value Act 2012

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