

Where can you get funding to help you be more 'tender ready'?

There is some funding available to help organisations become more 'tender ready'. Futurebuilders England is a government-backed fund that offers loans, grants (in conjunction with loans) and support to help organisations enter into the arena of delivering public services. The minimum investment they make is £50,000 which is usually used to cover capital costs (such as purchasing a new building or developing or repairing an existing building) or development capital (the money needed to support an organisation through the early stages of a scheme, before it can generate income). Additionally, Futurebuilders administers a 'Tender Fund' that makes three-year loans of £3,000 to £50,000 to help organisations tender for specific public service contracts. See www.futurebuilders-england.org.uk for details.



Do you know who you are?

Most organisations would answer 'yes' to this question without thinking twice, and on the surface it does seem to be a silly thing to ask. However, some groups can find it difficult to describe what they do and why they do it simply, quickly and clearly. They are so passionate about their work and the way they do it, that they can lose people in the detail or overload them with a lot of information.



Activity: The 'one minute lift' exercise

Imagine that you are in a lift going up to the top of a tall building with someone you need to impress. You have one minute to tell him or her why your group matters and why it should be supported. You need to explain:

- Who you are.
- What your organisation does – what its unique selling point is.
- Exactly what you need from the person and why she or he should give it to you.

Ensure that your pitch is not too woolly or abstract and that you find a way of helping the person recognise the value to him or her of what you are doing.

Why bother? It is useful to practice. If you get the chance to talk about something you are doing, but there is not much time, you will be ready. It also makes you think again about your group or service and what it is really about. Finally, if you cannot explain it in a minute to somebody who is interested, do you really know what you are doing?



Activity: The 'world map' exercise

Another way of showing who you are is by describing how you fit into a 'world map' of your area (see illustration opposite for an example). Mapping what other services and projects are in your area and getting to grips with how you fit in can help to identify what you might do that no one else does – your unique selling point (USP). It may also throw light on opportunities to pool resources and expertise or to build new partnerships.

To draw your world map:

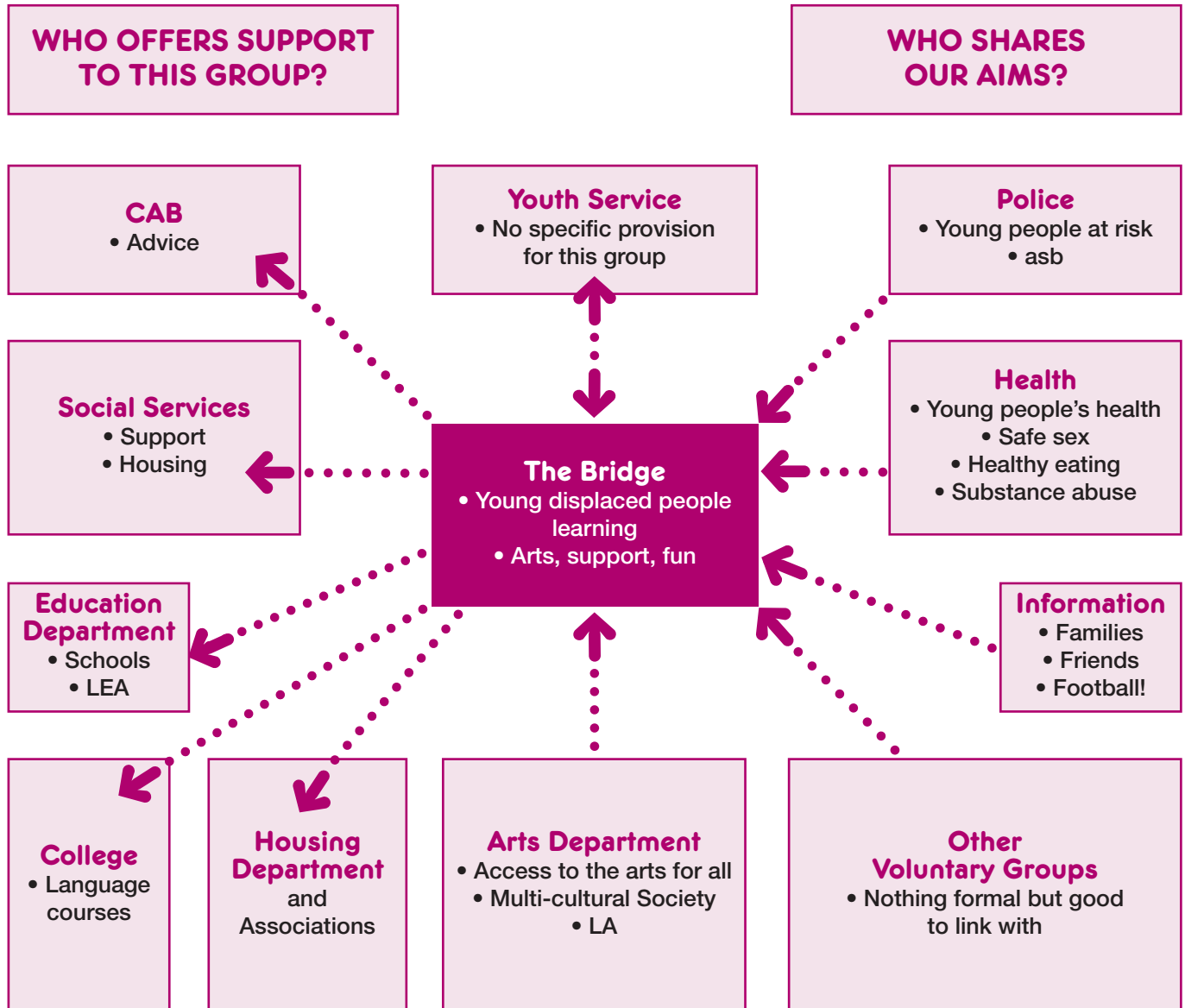
- Get a large piece of paper. In the middle draw a box to represent your group.
- In this box write down the people who use the group, what you do and maybe some one word aims.
- On one half of the paper draw and label all the other provision in the area for your user group.
- On the other half write down other groups, individuals, agencies and businesses that don't directly offer services, but may share some of your aims. For example, local businesses and neighbourhood groups may want younger members of the community off the streets in the evening.

Look at your map. Ask yourself:

- What do we offer our user group that no one else does?
- What gaps are we filling?
- Why are we best placed to do what we do?
- Are there groups we could work with to offer other services to our users/their users?
- Could we share resources or form partnerships with any of them?

Activities come from *A slice of the cake: a guide to helping community groups get money and support*. G:up (Growing Up in the West Midlands) 2007.

World Map: Example



Do you know what your local area wants?

Knowing what your local authority plans to focus on will help you and your trustees to anticipate local service needs and thereby be better prepared to bid if the right contract for you is put out to tender. One way of staying informed and influencing the strategic direction of your local area is to ensure that you are well networked into local fora and decision making arenas. Your local infrastructure support organisation (a CVS, for example) should know who represents the voluntary sector in these meetings and should be able to tell you how you can hear about, and feed into, what is happening locally.

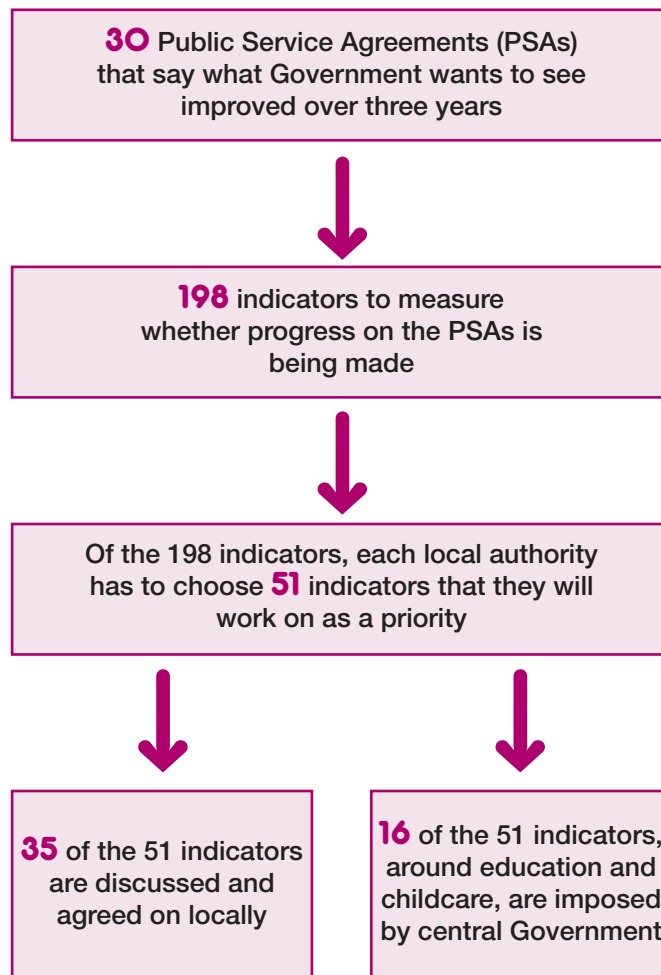
Another key way of keeping up-to-date about your local authority's priorities of work is to become familiar with your **Local Area Agreement (LAA)**. An LAA is a three-year 'contract' between a local area, represented by the local authority, and other partners through the **Local Strategic Partnership (LSP)**, and central Government. It describes how the LSP will improve outcomes for people and communities and sets out specific targets that will be invested in as priority work. New agreements were finalised in June 2008.

The Comprehensive Spending Review set out the priority outcomes that Government wants to achieve in the spending period from 2008 to 2011. These outcomes are expressed as Public Service Agreements (PSAs). LAAs describe how a local area will deliver the PSA outcomes.

There are 30 cross-governmental Public Service Agreements (PSAs) and each PSA has a number of indicators attached to it for measuring progress over the three-year spending review period. An indicator is information that shows whether something is happening. All of these indicators, 198 in total, make up the national indicator set. Although local areas will have to report against all 198 indicators, the bulk of local authority money will go towards work on the 51 priority areas.

Thirty-five of these indicators are discussed and agreed on locally, and 16, around education and childcare, are imposed by central Government. See diagram below.

Public Service Agreements flow chart



Local Area Agreements and children's trusts arrangements should reflect the same priorities. Children and young people's plans will also reflect these priorities and will list others relevant to partnerships within the children's trust.

It may also be helpful to look at your area's commissioning strategy and procurement guide. These should be available on the authority's website or through its procurement officer, who is the first port of call for information. Failing that, you can send a letter to the chief executive's department requesting the strategy and guide. This should help you to better understand the particular priorities of your authority.

Additionally, the Freedom of Information Act gives anyone the right to see information held by public authorities. What this means for you is that you have the right to know:

- Which services are already being provided.
- The targets that are being set.
- The standards of services expected.
- The results already achieved.

Resources

The full set of national indicators can be downloaded from www.communities.gov.uk/publications/localgovernment/finalnationalindicators and you can find out your local area's priorities at: www.localpriorities.communities.gov.uk/LAAResults.aspx

A useful tool to help explain LAAs and national indicators can be found at www.childrenengland.org.uk

The Every Child Matters (ECM) website has a very useful resource that maps out how the different indicators match up with the five ECM outcomes. Visit www.everychildmatters.gov.uk and search 'ECM outcomes framework.'

Do you have the right skills?

Some contracts will require your staff to be educated to a certain level or have specific qualifications. You may also need to show that you have been inspected, for example by Ofsted or another regulator. To fulfil monitoring requirements, you may need to have particular **ICT** systems in place.

Building a relationship with potential procurers well in advance of tendering for a specific contract is one way of ensuring that you have the necessary skills. You can then discuss with them what they expect out of contract holders, including minimum standards of qualifications, and get your staff up to speed or recruit new staff at the necessary level.

Another way is to keep up-to-date with current trends in policy and practice so you know when there are changes in the expectations for people who work with children, young people and families. Being a member of your local **CVS** or of a specialist umbrella organisation, such as Children England, will help you to keep informed.

Resources

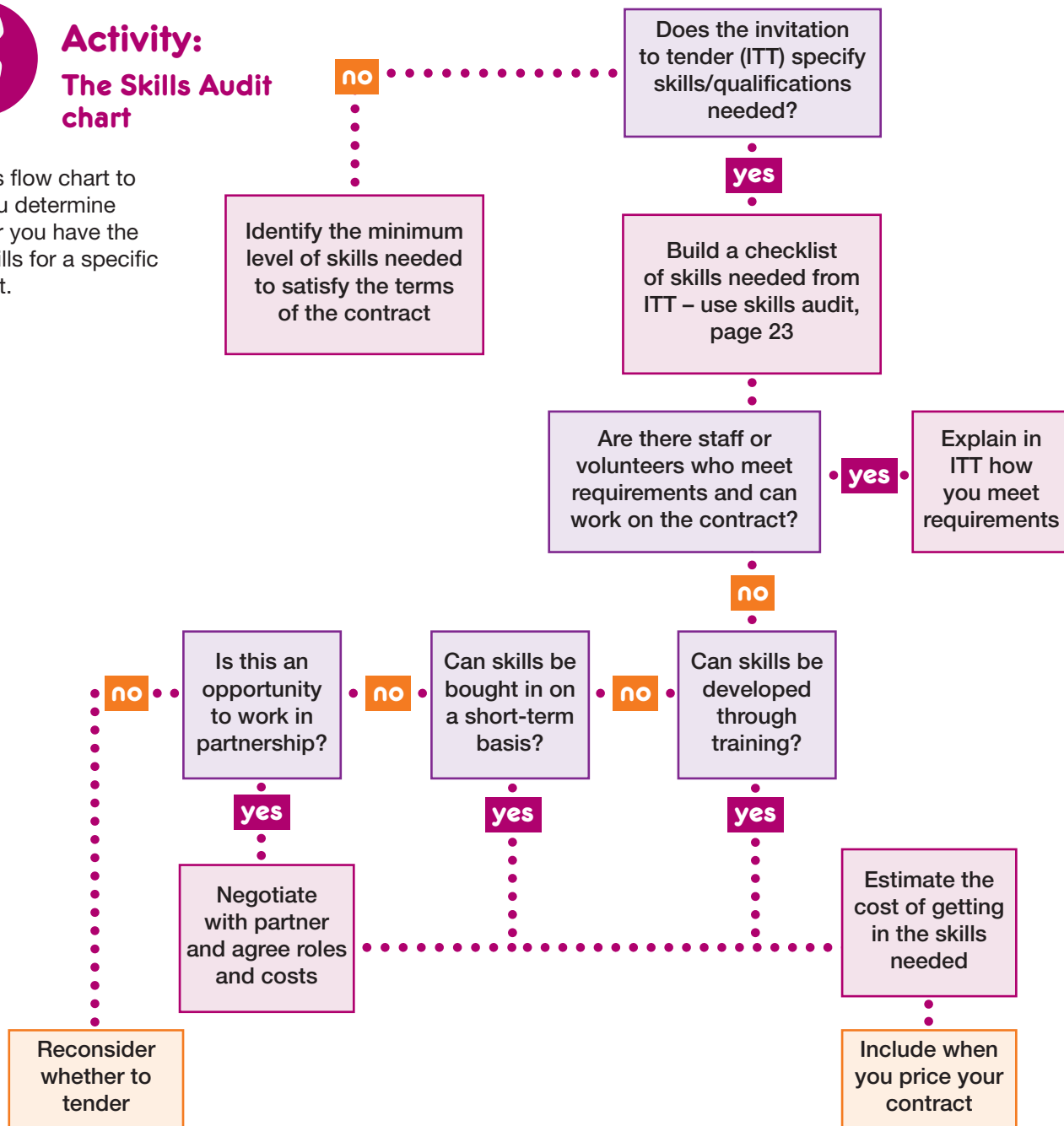
There are a number of resources on the Children England website, www.childrenengland.org.uk, to help their organisations increase the skills of workers, including a beginner's guide and a funding guide to children and families workforce development.

The Children's Workforce Development Council should have up-to-date information on qualifications and guidance on training requirements. www.cwdcouncil.org.uk



Activity: The Skills Audit chart

Use this flow chart to help you determine whether you have the right skills for a specific contract.



Are your finances in order?

Any procurer is going to want to be sure that it is making a sound financial investment when it pays an organisation to deliver a service. You should be sure that your accounts, audited if necessary, are available and in order. You will also want to be sure that your organisation has a good credit rating. A credit rating is a way of scoring an individual, or in this case an organisation, on the likelihood that it will honour its debts and pay its bills. This score is based on the past behaviour of an organisation and a guess about how it will behave in the future. Procurers will often check credit ratings before awarding a tender, and a negative credit history can prevent an organisation from winning tenders.

You can check your credit rating free of charge from the Experian website (details in Resources of this section). Experian reports are widely used and are considered a legitimate, respected tool to help individuals and groups understand their credit history. Once you know the true situation of your organisation's financial past you can start making plans to put right anything that is out of order. There is a lot of advice around to help individuals repair their credit ratings; a quick internet search of the words *fix*, *credit* and *rating* will produce sites with helpful tips. The principles will be similar for an organisation with bad credit: ensure you pay your bills on time; use a credit card for purchasing supplies and materials and pay the balance off each month; pay your debts; and do not apply for credit, including credit cards, big purchases, insurance, etc. from several different sources in a short period of time.

Some points to think about:

- Although three years of accounts may be asked for, they are not mandatory and potential providers should press to have alternative demonstrations of financial standing accepted.

- You need to be cautious in that credit rating organisations may telephone you to do a financial check if accounts are publicly available. Failure to provide that information frequently leads to a low rating.
- If your finances are in order, you may be able to get a letter from your bank to support your tender.

Resources

www.experian.co.uk

www.financehub.org.uk

www.improvingsupport.org.uk/income



Can you calculate your unit cost?

Procurers will often ask tendering organisations to calculate their unit price in order to help them compare different service options. An important distinction needs to be made between **unit cost** and **unit price**. Unit cost is what it actually costs you to run a service, including management time, rent, insurance and any other cost that has to be paid for or used. It is determined by calculating how much it costs to run a service and then distributing that cost proportionately over the activities, or outputs, of the service or the number of clients served. Unit price is what you choose to charge, based on the unit cost and what you think the procurer will pay. The difference between price and cost can be used to make a surplus that can be put into other services and activities or as a contingency to cover something unexpectedly going wrong – often about five percent of the cost. This contingency is part of an effective risk management system (see page 31 for more on risk).

A major difference between grant funding and contracting is that with contracting you are paid a fee for delivering a specified service. What this means is that unlike grant funding where you may be required to show how all money is spent, including providing receipts and returning any under-spend, in contracting you can detail what the procurer will get, i.e. the specification of the service, for a particular price. You may not be required to break down your price into management costs, overheads, project costs etc, and if you are able to deliver the service for less money than you are paid you are not required to give that money back. This does not mean that you can provide less than you promised, as money can be taken back if the service is not delivered to the agreed specification.

In some cases, the procurer might ask to see the details of your price and costs if they feel that it is more than they want to spend or if they are concerned that your costings are insufficient to deliver the service. Be wary of doing this as they may want to cut your price for you, for example by telling you how much your management fees or training budget should be. You need to decide what your bottom line is; that is, what price you cannot afford to go below and how much room you will give yourself to manoeuvre and negotiate. If they want you to lower your price you will then know what, and how much, you are willing to compromise or whether you can come back to them with a reduced service for a reduced price. See page 43 for more on negotiation.

You can do some research into the unit price charged by organisations and agencies for similar services in other places to ensure that what you are charging is competitive and fair.



Activity: What to include in your unit cost

Your unit cost should cover:

- Everything related to the direct running of the project or service, including:
 - Salaries (weighting allowances, national insurance contributions, pension contributions, training).
 - Benefits (bonuses, medical insurance, cars, membership and subscription fees, sick leave, maternity/paternity leave, redundancy costs).
 - Recruitment costs.
 - Travel, materials.
 - Any premises, office, insurance and fundraising costs used solely for the project (telephone, fax, postage, photocopying and photocopier maintenance, stationery and office equipment costs).
- Everything related to direct support (management and administration) of the project, which includes the same categories as direct support costs, as long as it is specific to the particular project.
- If the project shares running costs, such as building or support staff, with either another organisation or projects within the same organisation a proportion of all the above costs is included.
- A proportion of central costs including costs associated with chief executive, finance, personnel, IT, fundraising and marketing, office management and other administrative roles.

- A proportion of costs related to governance and strategic development, including:
 - Audit and statutory accounts.
 - Legal and professional fees.
 - Trustee expenses (includes recruitment, induction, training, travel, accommodation, subsistence, trustee indemnity insurance etc.).
 - Other strategic development costs, such as research and development, support of the membership structure, policy development and corporate planning.

See appendix 3 for a sheet on helping you calculate unit cost.

Resources

See www.cash-online.org.uk/content/1/6/ for a fact sheet on calculating unit costs.

Can you show added value?

'Best value' is the term used to explain how procurers must plan, deliver and improve services in an area in order to ensure that they are delivered in a way that is efficient, effective, economical and appropriate to the needs of the end users.

Best value is often taken to mean 'cheapest' and procurers may prioritise lowest price above best value; it is, therefore, a good idea to think about how your organisation can offer 'added value'.

Added value is about showing how the end users and/or the broader community will benefit more from your service than they would from another service, for the same amount of money.

You can demonstrate added value by:

- Building innovative collaborative relationships and demonstrating how working together can achieve greater results.
- Showing how you have built good working relationships with other statutory providers, such as health or education.
- An existing relationship built over a long term with a specific group of children, young people or families.
- Your track record engaging with groups who are seen as harder to reach.
- What else happens because of the way in which you work. For example, if you use local volunteers to work in your service this could help a local target to reduce numbers of young people not in employment, education or training.

- Building in ways of sustaining the project with reduced or withdrawn public funding, such as a fundraising element for members of a youth club, for example.

Ideally you should link the added value you bring to the award criteria in the tender you are going for, although if you can make a case for contributing to other local priorities, you should demonstrate how you do so.

Health Warning: Trying to show how you add value to a service can lead you to offering to do more/accrue more costs for the procurer than the payment for the service covers. Think carefully about doing this. Is it sustainable? Will it create a precedent that will make it unaffordable for the VCS to deliver such a service in the future? Will it cause you to compromise other areas of your organisation that allow you to deliver the quality of work you currently do?



Can you collaborate?

When two or more organisations work together it is known as collaborative, partnership or joint working. Collaboration comes in many forms. It can range from informal networks and alliances, through joint delivery of projects to full merger, and can last for a fixed length of time or can form a permanent arrangement. What these options have in common is that they involve some sort of exchange, for mutual advantage, that ultimately benefits end users (NCVO Collaborative Working team).

Partnerships do not happen overnight. In order to ensure that any partnership arrangements you enter into are robust enough to survive what may be a complicated, sometimes even messy arrangement, time needs to be given to sort out the details of the relationship. All details need to be examined. Do you mean the same thing when you are talking about specific groups of children; are you trying to reach the same people? Do you know what each means by outreach? Are your methods compatible? Do you know who will take responsibility if something goes wrong?

You may want to explore different ways of working together with other organisations in order to be more 'tender ready'. There are definite advantages to collaborative working, including showing 'added value' (see page 27 for more on **added value**), but there can be significant risks. There are many resources available to support organisations interested in collaborating, some of which are referenced at the end of this section.

It is important to be aware that collaboration, if it is to be successful and effective, represents a cost. If you feel that collaborating, whether that is through forming a formal consortium or a loose partnership, will allow you to deliver a much better service, in other words, that it will provide added value, then it is worth trying to make a case for having the set-up and maintenance of the collaborative relationship appropriately costed and funded when

putting in a bid. This may be easier to do when a good relationship already exists with the commissioner or in the pre-qualification stage before formal tenders are submitted.

If you are entering into any kind of collaboration agreements it is important to formalise the relationship with a written contract. Equally, the parties should write and agree a governing document for the partnership that sets out:

- Aims.
- Responsibilities.
- Procedures.
- Purpose.
- History.
- Financial position.
- Reporting arrangements.
- Profit share.
- Allocation of liability.
- Voting rights.

Do not forget that one organisation will need to be the official contracting party on behalf of the collaboration.

Health Warning: It may be a good idea to seek out expert legal advice when forming partnerships to help protect each party in the event of something going wrong with the relationship.

Health Warning: Strong collaborative relationships can take a long time to organise. Ensure that you have enough time to build and sort out all details of the relationship before tendering for a specific contract.

Resources

NCVO's Collaborative Working team offers guidance on, and examples of, the various documents you should have in place for good partnership working. You can also find helpful information, training dates and resources about all aspects of collaboration in the VCS, including a 'should you collaborate?' decision tree.

www.ncvo-vol.org.uk/collaborate

Renewal.net has a partnership toolkit available for download. You may find some elements helpful to your work, although it is not specifically for children, young people and family organisations and has a neighbourhood renewal focus.

www.renewal.net/toolkits/BuildPartnership/

Although the project is no longer running due to lack of continuation funds, the Our Partnership website is still populated with guidance that you may find helpful if you are thinking about collaboration.

www.ourpartnership.org.uk

Do you have quality assurance kite marks?

Some public sector agencies may want to see that your organisation has a kite or quality assurance mark, such as PQASSO (Practical Quality Assurance System for Small Organisations) or Investors in People. These marks are like certificates, which say an organisation has been through some kind of external assessment and was able to prove that it is well run, effective and a good investment for a funder or procurer.

The Charities Evaluation Service (CES) has everything you need to know about PQASSO on their website (www.ces-vol.org.uk click on 'PQASSO' from the top menu). Going through the PQASSO self-evaluation is not an expensive process (a workbook and CD-ROM will cost around £150 and can be purchased from the CES website) and can help an organisation to better understand and express its strengths and weaknesses. To actually receive the quality mark, however, will cost between £1,000 – £2,000 or more, as it involves a CES assessor reviewing how healthy, efficient and effective the organisation is. www.pqassoqualitymark.org.uk has information about the assessment. The Investors in People quality mark follows a similar process; see www.investorsinpeople.co.uk for more details.

Even if you decide not to invest in a quality mark it is important that you have quality assurance systems in place to help reassure procurers that your organisation is a good investment. You should explicitly state in your bid how your systems ensure quality. You should also gather evidence of:

- Human Resources (HR) policies, such as:
 - Staff and volunteer.
 - Lines of accountability.
 - Support, supervision and appraisal.
 - Codes of conduct.

- Grievance and complaints.
- Safeguarding.
- Health and safety.
- Environmental.
- Strategic planning processes.
- Planning.
- Governance.
- Leadership and management.
- Service user involvement.
- Learning and development.
- Managing resources.
- Communications and promotion.
- Working with others.
- Monitoring and evaluation.

Health Warning: It is important not to race into quality marks, but to think carefully about what you hope to gain by investing in one. Going through the process can be time and resource heavy; ensure that you can properly invest in the process and that what you will get from doing it will justify the resources you put into it.

Have you thought about finding a contracting coach?

Coaching is a one-to-one relationship in which a more experienced colleague passes on skills, knowledge and advice through example and dialogue. Coaching is different from mentoring in that it is shorter-term and focused on immediate goals. If you have never been involved in tendering for public service contracts, you may want to get help from another organisation that has already successfully gone through the procurement process.

Unfortunately, the competitive nature of tendering for public services may mean that the organisations that have the most in common and would have been natural supporters may no longer feel able to be open enough to enter into this kind of relationship. It may be more

appropriate to seek out a similar organisation that does not work in the same area or a local organisation that will not be competing for the same contracts.



Activity:

Checklist – Dos and don'ts of working with a coach

- **DO** have something prepared ahead of time to make the most use of the time given by the coach.
- **DO** be open and honest with your coach.
- **DO** spend some time thinking about what skills and understanding you already have and where your gaps are.
- **DO** ask your coach to read your tender with critical eyes.
- **DO** ask for feedback on your tender.
- **DO** take on board your coach's suggestions.
- **DO** work on your tender in between sessions with your coach.
- **DO** agree the the boundaries of the coaching relationship before you start.
- **DON'T** be pushed into doing something that is not right for your organisation.
- **DON'T** take criticism personally.
- **DON'T** expect your coach to write your tender for you.