



How to Understand Defence and Blue Light Contracts

About this guide

The public sector marketplace can be a daunting proposition for businesses that are just starting out. However, while there are strict rules and procedures which determine how buyers go about their procurement activity, these help to ensure a fair and transparent marketplace – enabling organisations like yours to participate successfully.

If you are interested in supplying to defence or blue light organisations, or the wider public sector, understanding how the process works is important. This guide is a starting point – further resources can be found in your Tender Ready Toolkit or [click here](#) for external resources that can help you.

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1. What are Defence and Blue light?

Supply2Defence exists to help organisations like yours win business in the Defence and Blue light sectors. But what do these sectors cover?

Defence primarily relates to the UK Ministry of Defence (MOD). The MOD is one of the UK's largest customers and has a huge and diverse range of requirements. Of course, many of these requirements are military in nature – and contract opportunities for these are often won by large multinational corporations. They often require specialist subcontractors, so opportunity exists to be part of a wider supply chain even if not a direct supplier.

However, the MOD also has extensive requirements for common goods and services. These are things that it needs to run operationally – everything from cleaning and facilities management services to construction, IT, clothing, furniture and other equipment. If you think of the MOD as a large organisation with thousands of employees, it's easy to picture the array of requirements it will have. One of the largest parts of the MOD is the Defence Infrastructure Organisation (DIO), which manages all the MOD's buildings and estates and is responsible for everything from military housing to aircraft hangars and training facilities. It's the largest organisation of its type in the UK, and spends vast sums to maintain and build new facilities each year.

Supply2Defence publishes all UK MOD contract notices, ensuring you will never miss the opportunity to bid for such tenders.

Blue light refers to first responder services – typically the police, fire and ambulance services, but also coastguard and search and rescue organisations. Such organisations have many similar requirements to the MOD, and being successful in one area can help build your company's reputation and stature in the other. Like the MOD, Blue light organisations are focused on responding quickly and effectively to complex and rapidly evolving situations. They require goods and services that support rapid response – so quality, reliability and durability are key considerations for buyers, apart from value. And like the MOD, these organisations employ thousands of people who need to be trained, equipped and supported as they go about their work.

Supply2Defence publishes all Blue light contract notices, enabling you to easily identify where your organisation can be part of this valuable supply chain.



2. What is a public sector contract?

MOD and Blue light organisations are subject to procurement rules, in the same way as the rest of the public sector. Procurement within defence is subject to slightly different regulations, but the same principles of transparency and fairness apply.

The entire public procurement process starts with one essential component: a need or requirement.

A public authority (or buyer/contracting authority) will identify something they need and they'll look for suppliers to fulfil that need. To do this, they publish a contract (or tender) notice.

Essentially, it's the public sector version of a wanted ad. And it's where your journey to winning new business begins.

3. What is a contract notice?

A contract notice is how a public body formally announces an opportunity. It's your first opportunity to understand what the buyer wants and, if you understand how to read a notice carefully, it provides all the information you need to bid successfully for the contract.

Public sector contracts are described as either 'Below OJEU' or 'OJEU'. The OJEU is the Official Journal of the European Union where all tenders from EU member states with a financial value above a certain threshold must be published. Small businesses or new entrants to the public sector may find below OJEU contracts more attainable when starting out.

- 'Below OJEU': Also known as non-OJEU or Low Value, these are contracts where the estimated value is less than the relevant Official Journal of the European Union (OJEU) threshold – as of 1 January 2020 this is almost £123,000 for most supplies and services contracts from central government.
- 'OJEU': Contract notices advertising requirements with a value higher than the relevant OJEU threshold.



4. More about thresholds

Any public sector organisation publishing a contract notice over a certain value (known as a threshold) must advertise it in the OJEU. There are different thresholds in place depending on the type of contract being awarded and the sector the contract is being advertised for. Notices published in the OJEU are subject to different legal procedures from those which are not.

For regular public sector contract notices to provide goods, works or services, the current thresholds are:

| Public Contracts Regulations 2015 | | | |
|--|---------------------------------------|--------------------------|-------------------------------------|
| Public Contracts (Scotland) Regulations 2015 | | | |
| | Supply, Services and Design Contracts | Works Contracts | Special and Other Specific Services |
| Central Government | £122,976 €139,000 | £4,733,252 €5,350,000 | £663,540 €750,000 |
| Other Public Sector Contracting Authorities | £189,330 €214,000 | £4,733,252 €5,350,000 | £663,540 €750,000 |
| Small Lots | £70,778 €80,000 | £884,720 €1,000,000 | N/A |

In addition, the Public Contracts Regulations 2015 introduced a new category called 'Social and other specific services'. This covers a wide range of service contracts and the advertising threshold for these contracts, irrespective of who the contracting authority is, is £663,540/€750,000.

However, some contracts in more specialised sectors require their own thresholds.

The Utilities Contracts Regulations 2015 and Defence and Security Public Contracts Regulations 2011 are used for utility companies operating in the energy, water and transport sectors and defence and security related organisations and authorities, respectively.

Due to the specialised nature of these industries and marketplaces, the following specific thresholds are used:

| Utilities Contracts | | | |
|----------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|
| | Supply, Services and Design Contracts | Works Contracts | Special and Other Specific Services |
| Utilities Authorities | £378,660 €428,000 | £4,733,252 €5,350,000 | £663,540 €750,000 |
| Concession Contracts | | | |
| | Services or Works | Special and Other Specific Services | |
| All Authorities | £4,733,252 €5,350,000 | £4,733,252 €5,350,000 | |
| Defence and Security Contracts | | | |
| | Supply, Services and Design Contracts | Works Contracts | Special and Other Specific Services |
| Defence and Security Authorities | £378,660 €428,000 | £4,733,252 €5,350,000 | N/A |

5. What is in a notice?

The contract notice will usually contain the following information:

- The name and contact details of the buying organisation (also where the requirements are to be delivered, which may be different), plus instructions on how to obtain the full contract documents
 - Who will be entitled to use the contract (particularly if the contract is being placed on behalf of a group of public bodies)
 - The type of contract on offer (supplies, works or services) – depending on which category is used, different thresholds will apply.
 - The main commodity being procured
 - Any other items required which are not covered by the main object category
 - The tendering procedure which will be followed – typically most notices use either 'Open' or 'Restricted' procedure. Open means that all suppliers may bid and go straight to writing a full tender bid, whereas 'Restricted' is a two-stage process under which all applicants complete a Selection Questionnaire and only a small number (often about six) are then selected and invited to submit a full tender
 - The criteria that suppliers will have to meet – price and quality are the main criteria upon which buyers will assess a bid. This will be displayed in % terms in the notice – eg 60% price, 40% quality. There are strict rules about how buyers determine this ratio
 - Whether there's an alternative way of meeting the requirements of the contract notice
 - The total quantity or scope of the contract (One item or many? A one-time service or an ongoing package?)
 - The value of the contract
 - The economic, financial and technical capacity that will be expected of successful bidders
- The notice could provide more information than this, and that's great news for you. The more information offered, the better

6. Other types of notice

Prior Information Notice (PIN)

Buyers may issue a Prior Information Notice (PIN). A PIN can be used in three ways by most authorities, but not all. The first use for a PIN is merely to issue Notification to the market. This may be to identify an upcoming opportunity or could be an invitation to an open day to discuss the authority's requirements. The second use for a PIN is for a contracting authority to advise the market that it intends to reduce the tender timescale for an upcoming opportunity. If the authority intends to use it in this fashion, it must publish the PIN at least 35 days before it publishes the OJEU notice, but using a PIN in this manner allows them to reduce the tender timescale by 20 days.

A PIN may also now be used as a 'Call for Competition' in both the Restricted Procedure and the Competitive Procedure with Negotiation, but only by non-Central Government bodies. This means that the buyer will not publish any further contract notice after the PIN so contractors will need to read the full text of the notice and respond accordingly.

- who the buyer is
- what's required
- the anticipated contract value
- the type of contract
- scheduled date for start of award procedure

PINs allow you to prepare to bid for the contract before the procurement process officially begins. The more prepared you are in advance of the contract being published, the better your eventual chances of success will be.

Framework Agreement

In some cases, a public sector authority will identify a need, maybe on a repetitive basis, but may not yet fully understand the full extent of what is required – for example, how long the need may last or how many suppliers may be needed to provide a solution. In this case, a contracting authority may publish a Framework Agreement, either on its own or in collaboration with other buyers. This is an arrangement where the buyer selects suppliers and sets the terms and prices for a period in advance (often up to 4 years in the future), selects suppliers and then calls on those suppliers to deliver the specification when required.

Framework agreements are commonly set up to cover things required on a routine basis like construction and maintenance, various forms of consultancy, office and IT supplies, facilities operations and so on.

Although there is never a guarantee of work even if you are part of a Framework Agreement, being awarded a place on a framework shows that your business is keen to work with the public sector. The use of Frameworks is increasing, so it is important to look out for these if you wish to bid for the requirements they cover.

Dynamic Purchasing System (DPS)

The use of Dynamic Purchasing Systems is also increasing. A DPS is a completely electronic system used by a buyer to purchase commonly used goods, works or services. It is similar to a Framework Agreement but with one key difference – new suppliers can join at any time. The objective is to provide buyers with a range of pre-qualified suppliers, cutting down on the time and effort required in the procurement process.

Contract Award Notice

An award notice gives information about a public contract which has been awarded to a supplier. It should include the following information:

- the date the contract was awarded
- the award criteria
- the number of offers received
- the name and address of the successful tenderer(s)
- the value of the contract

Award notices can be incredibly useful for a supplier. By understanding who is winning contracts you can track your potential competitors and build a clearer picture of the overall marketplace.

Perhaps more importantly, an award notice could alert you to potential further opportunities. For example, if an award notice is published to build a new school and your firm can supply teaching equipment you can use the award notice to contact the winning supplier to find out if future subcontracting opportunities will be available to provide the equipment your firm specialises in.