Consortium Bidding

Consortium bidding is where two or more parties submit a joint bid for a procurement exercise. They come together specifically to bid for the opportunity.

Consortium bids can be a good opportunity for SMEs (small or medium sized enterprises) and third sector bodies to bid for contracts or frameworks that normally they would not be able to.

Organisations normally submit a consortium bid when:

- they do not possess all the skills or resources needed for a particular procurement exercise
- the procurement opportunity is a project which is too large for a smaller company to bid on
- they are bidding for a procurement exercise where collaborative approaches between parties are encouraged

Consortium Examples

- Goods recycling projects with a consortium of a local council, waste transport and waste recycling centre organisations.
- Software installation with a consortium of installation and training organisations.
- Road building project with a consortium of surveying, construction and equipment hire organisations.
- Health and social care service delivery requiring a partnership working approach.

Benefits

There are many benefits that may occur through consortium bidding projects. Some of these come directly from the bidding process (or delivery of a contract) while others support the development of the organisation(s) and market involved in the

longer term.

The suppliers involved in a consortium:

- share risk
- share resources
- expand their skills and market knowledge
- are encouraged to problem solve and think outside of the box/their normal comfort zone. This could lead to innovation in the market
- potentially increase the future number of bids made
- facilitate future expansion/access to new markets
- increase innovation and social value opportunities

Ultimately a consortium bid may be able to service a contract or framework agreement that you otherwise may not find a supplier for in the current market.

Risks

As with any project, there can also be risks to the contract or framework agreement these can include:

- additional time required to support partnership working which could result in possible additional management, personnel, and tendering costs
- possible breach of contract by a consortium partner that may affect all other consortium members
- differing values/disputes between consortium partners
- unclear roles and responsibilities which could lead to issues when handling queries or complaints

How to Consider Consortium Bids?

Any procurement exercise can receive bids from a consortium. However if these is a specific reason why you cannot accept and consider a consortium bid, this should be stated within the Contract Notice with a reason why.

There is no limit to the number and size of the organisations involved in a consortium bid. The organisations involved in a consortium can have a differing legal status e.g. a consortium with three organisations where one is a limited company,

another is a registered charity and the third is a private sole trader.

For a tender, it is beneficial if a lead organisation is nominated to represent the consortia e.g who can co-ordinate the bid and be responsible for any communications with you such as responding to clarifications.

When submitting a bid the lead organisation of the consortia must state that this is a consortium bid within their Single Procurement Document (SPD). All the partners involved in the consortium must complete a separate SPD for their organisation. The lead consortium organisation must collect all SPD's and submit them as part of the bid.

Whether a legal entity is required for the consortia will be dependent upon the contract which is being procured and will be decided by you as the buyer. Please note: current legislation does not require a legal entity to be formed at the time of bidding, but a buyer may request this by the time of awarding the contract.

Consortia can bid for multiple procurement exercises over time, as long as any legal agreement made between the suppliers allows for this.

Any bids made by a consortium should make clear:

- that this is a consortium bid
- the parties involved
- how the contract will be run
- the legal form of the consortium (and any relevant documents should be provided)

As a buyer you should consider and clarify:

- what is the consortium structure e.g. is there a lead consortium member organisation or a consortium board?
- the roles and responsibilities of each consortium member organisation to service the contract?
- How are decisions made by the consortium?
- Who manages the contract on a day-to-day basis?
- How regularly does the consortium meet?
- Who is the escalation point for any issues?

- Who provides any reporting requirements, and how are the reports collated and published to you?
- How is payment being made, and are there any risks that need managed about financial viability i.e. how profits/losses are split between the consortium members?
- How are disagreements raised and resolved?
- What happens if a supplier wants to leave the consortium/change their status?
- Scope of the consortium e.g. does the consortium cover: only one bid or several; a specific time frame; a geographical area or customer?

Please note: additional guidance on consortium models will be added at a later date.