

# **Terms of Reference for a Scrutiny of Public Procurement Practice in Northern Ireland**

## **Feedback**

### **Organisational Background**

Employers For Childcare is a registered charity set up in 2002. Our aim is to make it easier for parents with dependent children to get into work and to stay in work. We offer a range of support services for employers, employees and childcare providers.

In 2004 we set up a trading company to administer childcare vouchers, which are a government tax exemption on the cost of registered childcare.

100% of the profit made from administering childcare vouchers is gift-aided to the charity to fund its services. The voucher company is a social enterprise as it trades for a social purpose.

We have 16 staff and a voluntary Board of Directors. We are based in Lisburn. We are the only social enterprise in the UK which administers childcare vouchers. There are approximately 15 commercial competitors, all of which are based in England, many of which have hundreds of staff.

### **Experience of Tendering for and Delivering Public Contracts**

Employers For Childcare Vouchers Ltd has applied for and been awarded all four main contracts to deliver childcare voucher schemes advertised by the public sector since 2006.

#### Health Service

Regional Supplies Service of the Central Services Agency on behalf of the Belfast Hospitals Trust advertised a tender which they stated could be used by other Health Trusts. Employers For Childcare Vouchers Ltd won the contract to deliver a childcare voucher scheme following a UK wide tendering process.

It was very unclear as to which other Health Trusts or associated agencies could or should avail of the contract and/or if they needed to advertise a separate tender. It was left up to individual Trusts which was very unsatisfactory as we were unclear as to the exact scope or limit of what we were entitled to deliver. The UK based competitors have continuously contacted each of the individual Health Trusts and

associated organisations and no one was able to tell them clearly that the contract has already been awarded to us for a definitive period of time.

This has caused a great deal of confusion for everyone concerned and has wasted our time and the time of Human Resource Managers and Supplies Departments throughout the Health Service in Northern Ireland.

When we tried to get something in writing we were told that the person who was dealing with that tender has since moved on and no one else knew anything about it.

#### Northern Ireland Civil Service

We were awarded the contract in February 2007. Due to internal NICS delays the contract did not start until January 2009, 23 months later. This has a serious impact on our business as we had recruited additional staff to manage the expected increase at that time.

#### Councils

The local councils all work separately and individually and seem very confused about when they need to advertise a tender as opposed to a quote, or if they can just decide to pick a supplier because of their 'persistence'. Employers For Childcare has been in contact with one council for 3 years, has met with them and tried to encourage them to use our services. We called last week to be told they started a contract with an English commercial company 3 months ago, just because the commercial company had called them on a day when the council was thinking about starting to use childcare vouchers.

### **Nature, Extent and Application of Social Clauses within Public Contracts**

To our knowledge and in our experience there is absolutely no recognition of 'social clauses' within any public contract. There are no public tenders which include a section on social benefit or return on social investment.

As a social enterprise which donates 100% profit to charity we have to compete with commercial companies. These commercial companies have huge staff numbers, very aggressive marketing campaigns, and **no** local knowledge or interest in the local community in Northern Ireland.

Despite this, the public sector in Northern Ireland gives no recognition to small charities or social enterprises which employ local people and contribute to local communities.

An example of how this works against us is that a leading Northern Ireland University which claims to have a strong interest in the development of the Social Economy Sector advertised a UK wide tender. Nine companies responded.

We were asked to deliver a presentation on what makes us different from the competition. We based our presentation on these facts:

- we are the only Social Enterprise in the UK which provides childcare vouchers
- we are the only childcare voucher provider which donates 100% profit to a charity
- we employ local people
- we have expert knowledge of childcare and work related issues in Northern Ireland which none of the competitors have as the legislation is different here to the rest of the UK
- we provide training placements for local women returning to the labour market, local school children on work experience and we provide work placements for students, including their students, as part of their career development
- we have been awarded the contract from the other leading Northern Ireland University
- we have been awarded each of the Northern Ireland public sector contracts advertised since 2006, because of our efficient professional service.

We were not even shortlisted. We have asked for feedback but the preliminary briefing has informed us the competitors offered a lower administration fee and this was a deciding factor for the assessment panel.

### **Recommendations**

The fact that Employers For Childcare has won each of the Northern Ireland Public Sector tenders advertised since 2006, on a level playing field with no recognition of what we give back to the local community by the tenderers, indicates that we provide a quality service.

1. All public sector contracts should include a social clause which clearly states that recognition and reward will be given to those suppliers who bring added social value.

2. The measurement of the social value must be clear and easy to understand, and it must be applied consistently across all public sector contracts.
3. There must be clear guidance set out by all public procurement departments as to
  - the limit and extent of contracts,
  - how they will be advertised,
  - why and when a quotation is acceptable rather than a tender and
  - which other department or associated organisation can or should come in under the terms of the contract as opposed to holding a separate contract specification.
4. There should be greater and clearer communication between tenderers and suppliers in relation to becoming a preferred supplier, how to get on the list etc.