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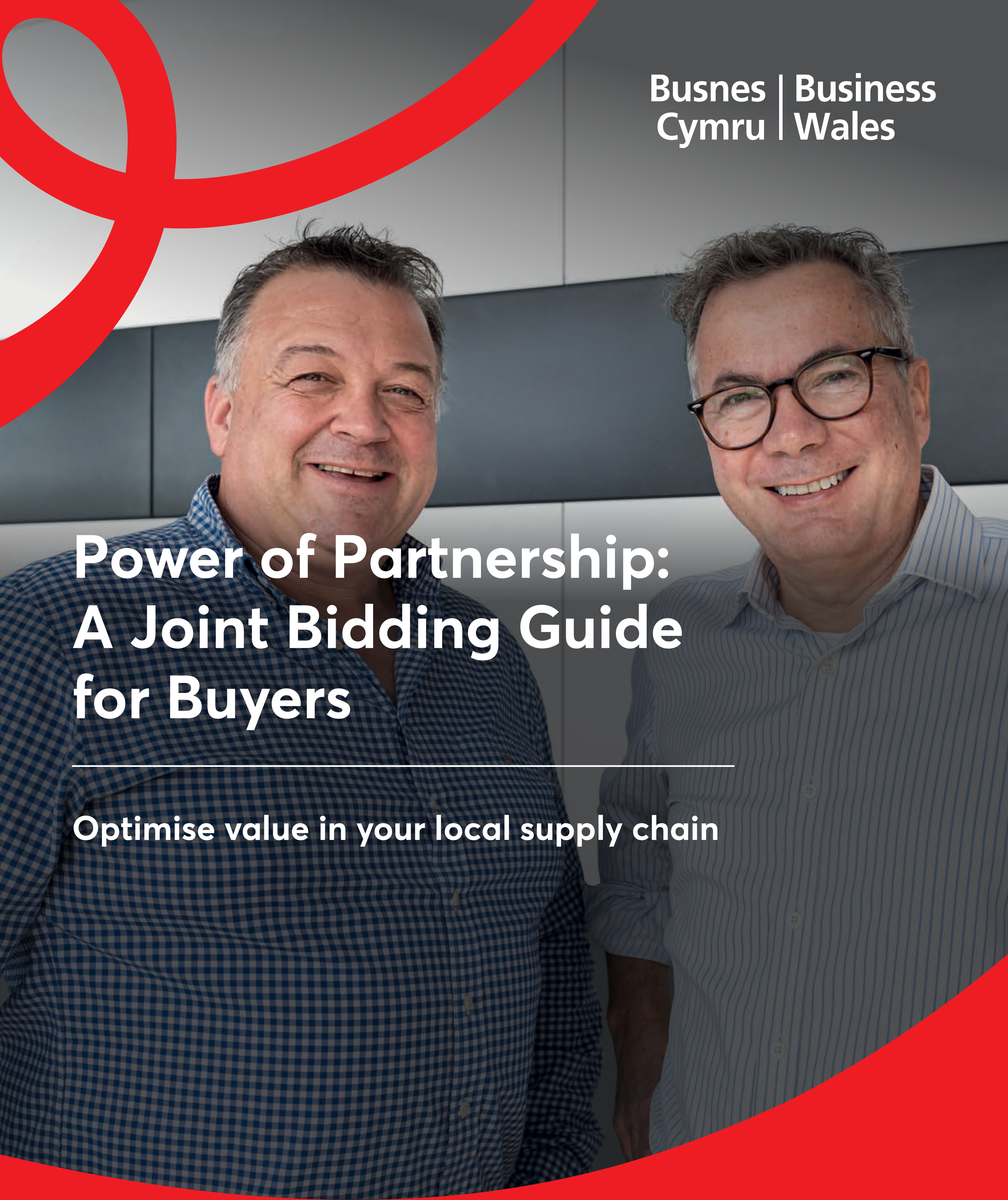

Power of Partnership: A Joint Bidding Guide for Buyers

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ABSTRACT

The Procurement Act 2023 brings a more simple, transparent, and inclusive procurement tender process, and contracting authorities are now required to remove barriers for Small and Medium Enterprises (SMEs) and Voluntary, Community-led and Social Enterprises (VCSEs) to tender. Collaborative working is one of the most effective ways to remove barriers for small business and should be encouraged. When businesses bid jointly as a consortium, this provides unrivalled opportunities to learn from each other, bid for and win higher value contracts, and accelerate business growth.

The ambition for supplier collaboration in Wales was first established in 2012, when the Welsh Government published a Joint Bidding Guide for buyers and suppliers. Under Public Contracts Regulations (PCR) 2015, leaders of SMEs often reported that public procurement felt inaccessible. This was due to contract values that exceed their annual turnover, the heavy administration burden of tendering, associated bidding costs, and the need to meet standards, accreditation, and other due diligence requirements. Subcontractors also struggled with delayed payments, relying on the main contractor to settle them between 30 and120 days. Collaborative efforts between suppliers were often rushed, bringing high risk and sometimes leading to failure. The focus for partnering was often simply to win a higher value contract which was never sustainable. Effective collaboration is built on relationships. Loose coupling forms of collaboration are too risky for the public buyer to consider.

The Procurement Act 2023 leads to more inclusive opportunities for leaders of SMEs and VCSEs to tender. **The pipeline notice** requirement for above threshold contracts means that business leaders have time to plan strategically, build credibility in their businesses, develop stronger relations in the supply chain, and explore potential partnership opportunities. **The evaluation criteria** now focus more on value (Most Advantageous Tender) and less on lowest cost (Most Economically Advantageous Tender). This means that bidding for contracts should no longer be a 'race to the bottom.' Instead, industry experts should be encouraged to collaborate and bid jointly for delivering greater value.

This Power of Partnership: Joint Bidding Guide for Buyers (2026) draws on extensive knowledge and experience.

- In 2014, in collaboration with contracting authorities in Wales, demonstration projects were commissioned by the Welsh Government, and these revealed important lessons for buy and supply sides. The lessons learned form the basis from which this guide is written.
- Developing this guide involved interviews and workshops with stakeholders based across Wales, representing a range of industry sectors, and from buy and supply sides.
- The content further builds on the Procurement Act 2023, public procurement notices, and other documents published by the Welsh Government and the UK Government[1]. These are listed at the end of the guide under Additional Resources (p.37).

[1] *gov.uk/guidance/how-to-bid-for-government-contracts-as-a-consortium*

- Expert knowledge drawn from academic and industry members of the Institute for Collaborative Working (ICW) highlights the value-added benefits of collaboration and how to overcome some of the challenges with setting up and managing partnership working.

The Power of Partnership: Joint Bidding Guide for Buyers (2026) proposes a Procurement Assessment Model (PAM) to build the business case and rationale for inviting joint bids. The guide further provides some insight on guiding suppliers with partner selection, sharing knowledge and resources, and adopting the right structures for managing supplier consortia to win public contracts.

Overall, the new Guide promotes the benefits of suppliers bidding jointly and seamlessly as an effective method for accelerating business growth in Wales.

The guide for buyers complements a separate guide for suppliers in Wales – **The Power of Partnerships: A Joint Bidding Guide for Suppliers (2026)**.

WHO IS THE GUIDE FOR?

The Buyers' Guide is aimed to support public sector procurement leaders and practitioners who plan, commission, and procure a wide range of categories, such as health and social care, education, housing, information technology, construction (including fabrication and engineering), energy and utilities, food, consulting, and many others.

STRONGER TOGETHER

There is something every small business I've ever met wants access to and that's new contracts. From running my own business, I've seen at first hand the benefits of selling to larger clients including the public sector. Not only do you have to win work, outputs need delivering with quality and good governance at the core. Doing so means maturing as a company; updating processes, developing your team, and making the most of credibility gained from a first contract to secure more.

I welcome this guide that offers small firms/buyers the guidance required to win/procure and deliver contracts in partnership with others.

Emma Jones CBE
Small Business Commissioner

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INTRODUCTION

Defining Collaboration

The Institute for Collaborative Working defines collaborative working as "business relationships formed by committed organisations to maximise joint performance for the achievement of mutual objectives and creation of value."

The objectives for suppliers to bid jointly as a consortium must be right. As a buyer, you should seek reassurance that when suppliers express interest to bid jointly, they have the motivation and commitment to work jointly, and they are genuinely forming a consortium to add value, not just to win a contract. Much more on this is provided in the guide.

From Barriers to Opportunities in Public Procurement

Procurement Reform in Wales and the wider UK means that more opportunities are made available to Welsh businesses of all types, levels of maturity and company size. Three new pieces of legislation bring a more inclusive approach to public procurement in Wales and beyond:

- **The Procurement Act 2023**[3] came into effect from February 2025 enables greater flexibility for procurement professionals when designing the tendering process, and mandates a more simple, transparent and inclusive approach to the procurement of goods and services in Wales and the wider UK.
- **The Social Partnership and Public Procurement Act (Wales) 2023**, closely aligns with the principles of the Well-being of Future Generations (Wales) Act 2015, and promotes socially responsible procurement[4] in Wales.

One of the Welsh Government's ambitions is keeping as much of the Welsh pound (£) in Wales by contracting where possible with local businesses to grow and develop a more resilient Wales.

- **Since February 2025, The Health Service (Wales) Procurement Act 2024**[5] has introduced a new Provider Selection Regime in Wales. The changes reduce bureaucracy by introducing a flexible and proportionate procurement system for health services delivered on behalf of the NHS in Wales.

The Procurement Act 2023 (PA23) helps buyers to break down the historical barriers to tendering for SMEs and VCSEs. PA23 offers simplified procurement procedures, 30-day payment, and transitioning from closed to open frameworks.

Through Smarter Procurement[6] and a socially responsible procurement approach, the Welsh Government pledges to remove existing barriers such as ensuring a fair, open and transparent procurement process. This makes it easier for SMEs to talk with public buyers, and to be more transparent especially when advertising lower value contract opportunities below threshold (<£30k).

Shirley Cooper, Small Business Crown Representative for UK Government said[7], *this once–in-a-generation change to public procurement laws will provide enormous opportunities for small businesses to take a greater share of contracts.*

Bidding as a consortium gives a unique opportunity to sole traders, leaders of Micro firms, SMEs (Small and Medium Enterprises) and VCSEs (Voluntary, Community-led and Social Enterprise)[8] to bid jointly for public contracts that would otherwise be out of reach.

Recommended sources that endorse and promote the additional value that can be gained through collaborative working include:

- The Collaboration Playbook developed by The Institute for Collaborative Working (ICW)
- UK Cabinet Office guidance on supplier consortia[9]
- Crown Commercial Services Guidance[10]
- The Sourcing Playbook developed by the UK Cabinet Office[11]

Please note that the information set out in this and subsequent sections of the guide is not legal advice and is not intended to be exhaustive. Suppliers may seek their own independent advice as appropriate. It is important to remember that the law and regulations are subject to change, and further advice may be sought on individual cases. The information in this guide is current as of 20th April 2026.

[2] *instituteforcollaborativeworking.com/About-ICW/What-is-Collaborative-Working*

[3] *legislation.gov.uk/ukpga/2023/54/section/26*

[4] *gov.wales/sites/default/files/consultations/2025-12/statutory-guidance-socially-responsible-procurement.pdf*

[5] *law.gov.wales/health-service-procurement-wales-act-2024*

[6] *gov.wales/smarter-public-procurement-wales*

[7] *gov.uk/government/news/new-public-procurement-rules-to-drive-growth-opportunities-for-small-businesses-and-exclude-suppliers-that-fail-to-deliver*

[8] *Consortia working | Business Wales - Social Business Wales*

[9] *gov.uk/guidance/how-to-bid-for-government-contracts-as-a-consortium*

[10] *crowncommercial.gov.uk/news/news-consortiums-ccs*

[11] *gov.uk/government/publications/the-sourcing-and-consultancy-playbooks*

STRUCTURE OF THE GUIDE

The Joint Bidding guidance is structured using the Plan, Define, Procure and Manage Stages illustrated in Figure 1.

Business need
Assess the market
Market consultation and engagement
Sourcing strategy

Manage and monitor
Receive goods, services and issue payments
Contract modifications
Closing the contract

Plan

Develop a strategy and plan in line with business objectives and commercial policy outcomes, have clear and transparent commercial pipelines and a good understanding of the market.

Define

Identify options and determine relevant procurement requirements that encourage broad participation, and are open and accessible to all.

Procure

Prepare procurement documentation and publish, select suitable suppliers, evaluate bids, award and mobilise the contract.

Manage

Establish a contract management plan to monitor performance and ensure successful delivery of contractual obligations, exit and contract closure.

Strategy and plan
Commercial pipeline
Market strategy and management

Finalise and publish procurement pack
Supplier engagement
Selection stage
Evalustion stage
Clarification and due diligence
Contract award and implementation

Figure 1: Four stages of the procurement pathway

PROCUREMENT STAGE	ALIGNMENT WITH NOTICES	PAGES
PLAN	UK 1 Pipeline Notice UK 2 Preliminary Market Engagement	10 – 18
DEFINE	UK 3 Planned Procurement Notice UK 4 Tender Notice	19 - 24
PROCURE	UK 5 Transparency Notice UK 6 Contract Award Notice	25 - 29
MANAGE	UK 7 Contract Details Notice UK 10 Contract Change Notice UK 11 Contract termination Notice UK 12 Procurement Termination Notice UK 13 Dynamic Market Intention Notice UK 14 Dynamic Market Establishment Notice UK 15 Dynamic Market Modification Notice UK 16 Dynamic Market Cessation Notice	30 - 42

PLANNING STAGE

In 2026, annual spend in Wales on the public procurement of goods and services is estimated at £11 billion. It is well-documented that public procurement is an effective strategic lever of economic growth in the supply market, and encouraging smaller business leaders to bid jointly will open doors to growth that are unparalleled by any other mechanism. The Wales Procurement Policy Note (WPPN) 013 demonstrates the ongoing commitment by public bodies in Wales to remove barriers to tendering for SMEs and VCSEs.

UK 1 Pipeline Notice[13]

It is a legal requirement that pipeline notices for contracts over £2 million are advertised on Sell2Wales and the Central Digital Platform (CDP). This means they are visible to the marketplace. In the context of joint bidding, this early notification requirement to the supply market provides more time for business leaders to consider partnering as a consortium and bidding jointly.

On the Sell2Wales platform there is a tick box for buyers to select that informs the market that joint bids are welcome.

Pipeline notices may also include **planned frameworks or dynamic markets** where the contracting authority expects to publish a tender notice during the reporting period, and the estimated value exceeds £2 million. The 'reporting period' for these notices is 18 months, commencing on the first day of the financial year in which the notice is published.

Frameworks may be structured into smaller value lots for delivery purposes; however, the decision on how requirements will ultimately be packaged does not affect the obligation to include the overall opportunity in the pipeline notice where the value threshold is met.

Under the Procurement Act 2023, **dynamic markets differ from frameworks in that they must remain open to new suppliers at any time**. While these operational features apply at the procurement stage rather than the pipeline stage, publication of the opportunity through a pipeline notice provides early visibility to the market of the authority's intention to establish or expand such arrangements.

Where open frameworks are used, authorities should ensure that details of future reopening points are communicated through Sell2Wales at the appropriate stage.

Frameworks can be divided into smaller value Lots, but there are slightly different considerations when using dynamic markets[14]. A dynamic market under the Procurement Act 2023 is a list of qualified suppliers who are eligible to participate in future procurements. One of the positive changes since PA23 is that dynamic markets must remain open to new suppliers to join at any time. Open frameworks are opened periodically, but the times set need to be communicated via Sell2Wales.

[13] *procurement Act 2023 guidance: dynamic markets [HTML] | GOV.WALES*

The budgeted contract values (£) are important considerations because they often preclude SMEs and VCSEs from tendering. If suppliers form consortia, the individual turnover for each consortium member can be aggregated. This enables them to bid and compete against other larger businesses.

Procurement Assessment Model

If your organisation struggles with procurement capacity, it is possible that contract management for consortium bids may become more onerous to administer, especially if things go wrong. However, a well-managed consortium, delivering as expected, should not require extra workload. Hence the purpose of this practical guide for buyers.

First, it is recommended that you assess your procurement and tender strategy in the following context: Figure 2 is adapted from the Kraljics two by two matrix[15], one of the most applied tools used for procurement decision making. The figure also reflects on a *segmentation of business relationships methodology* such as recommended in BS 11000-2:2017[16].

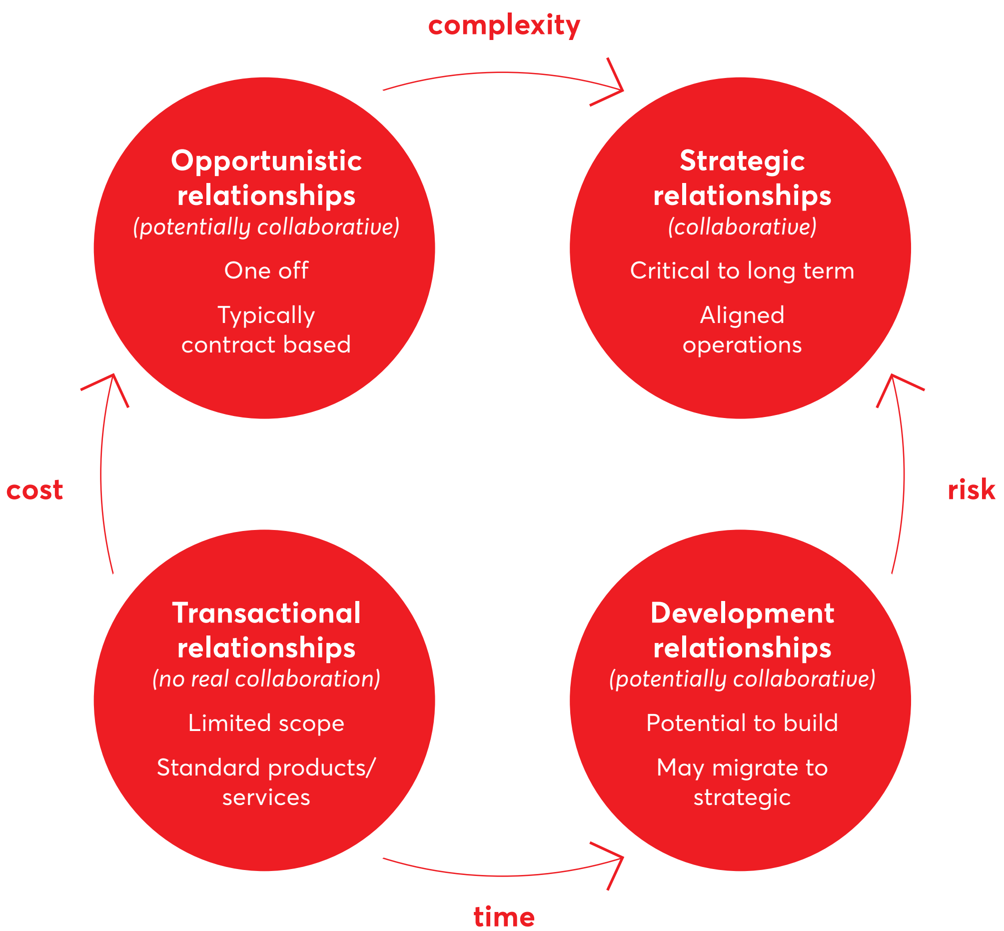

Figure 2: Simplified Segmentation Matrix for business relationships

[15] *cips.org/intelligence-hub/supplier-relationship-management/kraljic-matrix#item-block-1*

[16] *Figure 6 of BS 11000-2:2017 Collaborative Business Relationship Management Systems, Part 2: Guide to Implementing BS ISO 44001.*

Second, a Procurement Assessment Model (PAM) helps buyers to assess the relevance of a tender for supplier consortia. The PAM model was designed in consultation with buyers, suppliers and other stakeholders based in Wales. The PAM is structured using the factors featured in Table 1.

BUY SIDE FACTORS	SUPPLY SIDE FACTORS
Timeframe of delivery – 'short timeframe' to 'extended timeframe' **Project Complexity –** 'readily specified' to 'complex specification' **Size –** 'scalable delivery' to 'unique and large' **Core need –** 'product driven' to 'service driven' **Overall risk –** 'low risk on performance' to 'high risk on performance' **End user contact –** 'not end user facing' to 'critical to end user; and, **Location –** 'location discrete' to 'geographically networked'.	**Market Polarisation –** 'suppliers of all sizes' to a 'polarised market' dominated by larger firms **Portability –** 'portable supply' to 'fixed location' **Barriers to entry –** 'easy to enter market' to 'high entry cost' **Collaborative intensity –** 'collaborative market' to 'discrete traditional firms' **Price sensitivity –** 'quality led market' to 'very price sensitive'; and, **Other –** for the procurement team to specify, if needed.

Table 1: Procurement Assessment Model (PAM) Criteria

The PAM offers a useful and simple approach to considering whether to encourage joint bidding for a procurement. The RAG (red, amber, green) colour coding is designed to help buyers quickly assess whether the project is suitable for joint bidding:

Green

It is suitable for joint bidding.

Amber

Joint bidding is acceptable, but further project specific guidance may be needed.

Red

The high scale of complexity and/or risk makes the project most suited to a prime contracting or single source procurement short-list because major risks are likely to be transferred to the contracting party.

The PAM can be a powerful tool for helping you assess the procurement approach with your organisational sponsor. There are some worked examples in Appendix 1. You may want to choose your own procurement factors, tender strategy and joint bidding RAG to help you tailor your own decisions. It is recommended that you create your PAM at the earliest possible stage to understand what and how to communicate with potential suppliers at the planning stage. The approach illustrated in Figure 3 offers potential bidders enough time to decide whether to bid as a consortium, not to bid at all, or to work via a prime contractor.

Sub-contracting is very different to tendering in a consortium. Subcontracting brings very limited opportunities to establish good working relationships, to learn from other suppliers, and contribute strategically to the overall project delivery plan. Sub-contracting also brings an element of uncertainty for the supplier as there is no guarantee they will be chosen to deliver the work, and they are likely to face delays with invoices outstanding. For the buyer, there is greater risk of visibility and supply chain resilience.

Tendering as a consortium brings greater learning and business growth opportunities. Consortium members are involved in all decision making, and for their part of the project delivery. For the buyer, a consortium offers greater value for money because technical experts each deliver their components or part of the project, rather than a generalist trying to deliver more. More information on structures for managing consortia are on p.XX

Figure 3 illustrates the buy and supply side considerations and uses the RAG method for highlighting the key characteristics of each procurement to establish the least and most suitable opportunities for inviting joint bids.

Buy Side Factors						
1	**Short timeframe**	Less than 3 months.	Between 3 and 6 months to procure.	Between 6 and 12 months to procure.	Could take more than 12 months to procure.	**Extended timeframe**
2	**Readily specified**	Easily specified product/service.	Some expertise needed to specify the product/ service.	Some external support needed to create the specification.	External expertise critical to creating a complex specification.	**Complex specification**
3	**Scalable delivery**	Highly scalable allowing a range of supplier sizes to bid.	A lotting approach is planned which might enable consortia to bid for at least one lot.	The product/ service can be split down into discreet stages.	A single very large scale product/ service is required e.g. building and running a hospital or a high school.	**Unique and large**
4	**Product driven**	Can be broken down into packages of discreet products/ services.	Requires some coordination between packages of delivery.	Service delivery appears seamless to end user.	The end user requires a high level of service integration involving multi-party programme management.	**Service driven**
5	**Low risk on performance**	Performance of discrete packages can be managed separately.	Some coordinated performance management of separate packages is needed.	Robust quality management and systems are needed to ensure performance.	Delivery performance is critical to end user health, safety and/or security. A range of accepted standards may apply (ISO/BS etc).	**High risk on performance**
6	**Not end user facing**	The end user will not be interacting directly with the delivery team.	Some interaction between the end user and the delivery team is needed.	High standards of service delivery and compliance with good practices and/or regulations are needed.	The end user requires consistent and dedicated critical services. e.g Prisoner security or operating theatre cleaning.	**Critical to end user**
7	**Location-discrete**	The product/ service is required in discrete location/s.	The product/ service is needed in a confined geography within easy travelling distance of the consortium's base.	The product/ service is required on a regional basis needing multiple bases or depots to fulfil requirements.	The product or service is required in multiple regions needing national levels of co-ordination.	**Geographically-networked**

Figure 3: The Procurement Assessment Model for Joint Bidding

Supply Side Factors							
8	**Suppliers of all sizes**	A full range of supplier sizes is available.	A competitive market exists, although some collaboration may be needed to increase scale.	Aggregation of suppliers may create high polarity, potentially limiting competition.	Large suppliers dominate the market with SMEs usually subcontracting.	**Polarised market**
9	**Portable supply**	Suppliers can deliver products/ services anywhere, within reason.	Most products/ services can be supplied to the end user's required locations.	A consortia could cover most locations.	The supplier must be collocated with the end user. E.g Court services.	**Fixed location**
10	**Easy to enter market**	No significant investment is needed to deliver the product/ service to the market.	Some market entry costs.	With sufficient preparation and investment new consortia could be established to compete.	Barriers to entry are high requiring major capital or training, development and specialist certification to deliver the product/service.	**High entry cost**
11	**Collaborative market**	The market is used to collaborative working.	Suppliers can be flexible and sometimes work together effectively to meet user's requirements.	The market is usually served by established suppliers operating familiar processes.	The market is dominated by discrete traditional firms with extensive experience, not used to (perhaps suspicious of) collaboration.	**Discrete 'Traditional' firms**
12	**Quality-led market**	Suppliers compete on quality more than on price, so may be willing to share price and cost information to improve quality through collaboration.	Established consortia can enhance their products/ services with a limited number of new members. Members' Quality systems can be readily extended.	The costs associated with bringing in new members may remove any competitive advantage on price.	The price and margins within the market may make it unattractive to new entrants. Suppliers may be very reluctant to share price information that may impact future competitive advantage. High potential for collusive practices developing.	**Very price sensitive**
13	**Other (specify)**					**Other (specify)**

Figure 3: The Procurement Assessment Model for Joint Bidding

Buy-side factors

1. Short timeframe or extended timeframe
refers to your procurement pipeline. If the procurement is less than 6 months away there may be insufficient time for a consortium to put a successful bid together.

2. Readily specified or complex specification
the level of complexity involved in your project. A very complex specification may be difficult for a consortium to tackle, and lead to difficulties in contract management. A main contractor or project manager working with subcontractors may be a better approach.

3. Scalable delivery or unique and large
Consortia can often be established to scale up to meet higher levels of demand, and they can be flexible in doing so. A large one-off project may best be led by a prime contracting entity, although there may be exceptions to this. Assess this on a case-by-case basis.

4. Product driven or service driven
If the quality of service required is such that high levels of service integration would be needed between consortium partners, then the contract may be better delivered by a prime contracting organisation. If each package of work is discrete then a consortium may be well-placed to deliver. Each partner may bring different specialisms that leads to higher overall quality of delivery.

5. Low risk on performance or high risk on performance
If the quality of each package of work can be managed separately this might mean the contract lends itself to consortium delivery. If performance levels are critical to health or safety, and/or outcomes need high levels of integrated quality management and coordination, a new consortium may have challenges achieving the necessary level of integration. Consortium partners need to evidence experience of working collaboratively.

6. Not end user facing or Critical to end user
If end-users are directly engaging with service providers it may be more challenging to establish and manage consistent service standards between consortium members. If these interactions are high risk and critical this may be an important factor. Examples such as home delivered medical support services could be within this category.

7. Location-discrete or Geographically-networked
If services are provided in separate locations, for example a contract where consortium members can cover specific geographic areas, then consortium delivery model can be very successful. When high levels of geographical and logistical coordination are needed, a prime contracting organisation may be better suited to delivery.

Supply-side factors

8. Suppliers of all sizes or polarised market

A polarised market is one where some very large organisations take most of the work, and smaller firms are either specialists or more typically act as sub-contractors. It can be difficult, but not impossible for a consortium of small firms to work together to bid against a large established company with a dominant share. This is especially relevant where they have traditionally worked for the larger organisations as subcontractors. Sometimes the larger firms' terms and conditions try and preclude its suppliers competing against it. An example of this is facilities management, where prime contracting businesses tend to be large organisations and SMEs provide sub-contracted services. If the market has suppliers of a range of sizes, smaller or medium sized firms can more readily work together to compete with larger prime contracting organisations.

9. Portable supply or fixed location

Suppliers that can offer services flexibly over different locations may find it easier to deliver as consortia. If suppliers are delivering from a fixed base this can reduce flexibility, increase fixed costs and therefore a prime contractor with larger geographical coverage may be better suited to delivery.

10. Easy to enter market or high entry cost

If a large investment in resources is needed to enter a new market, this might make it difficult for new consortia of smaller businesses to compete with established larger organisations especially where specialist training, staff and certifications are needed. This may also be an issue where there are fixed assets required (e.g. equipment, plant, etc).

11. Collaborative market or discrete 'traditional' firms

This may be one of the most important indicators in Figure 3. Where markets are characterised by firms or sole traders that are used to working together, it may be easy to establish effective consortia. The other extreme might be closed control or family-owned firms that have competed with one another for years. It can be very challenging to address such cultural issues of trust and sharing of information in a relatively short time frame.

12. Quality-led market or price sensitive

In markets where firms are competing strongly on price, consortia may be difficult to establish because of on-going concerns about sharing information and working together. Often there is too little gross margin created to invest in development, and the larger firms drive down prices through economies of scale. It is best to get legal advice if the risks of collusion are increased.

13. Other Factors

The model not only provides buyers with a list of key decision making criteria when designing contracts, point 13 invites buyers to customise and add in their own key factors.

Market Competition and Bidding

Before the invitation to tender (ITT) stage, suppliers must decide whether to tender independently or as a consortium partner. They cannot submit twice.

There are two exclusions relevant to this caution:

- Suppliers may tender using the same or varying structures for different lots of a framework. E.g., in Lot 1 they may tender as an individual organisation. In Lot 2 they may tender as a consortium partner. In Lot 3 they may be listed as a subcontractor.
- Suppliers may tender as a consortium member for one proposal and be named as a subcontractor on another.

Where the characteristics on buy or supply side factors lead to a red score, it may not be entirely impossible but forming a consortium where partnership working is strong enough to be considered for a public contract, takes longer. Additional time needs to be built into the procurement pipeline where large organisations have traditionally dominated the market.

More information on market competition is detailed in the next section of the guide.

DEFINE STAGE

UK 3 Planned Procurement Notice / UK 4 Tender Notice

UK 2 Preliminary Market Engagement[17]

Preliminary market engagement under the Procurement Act 2023 (the Act) takes place before the publication of a tender or transparency notice and helps contracting authorities and the market prepare for the procurement. The main provisions on preliminary market engagement are included in section 16 and section 17 of PA23.

For suppliers, market engagement provides an opportunity for them to meet the buyer to discuss the requirements of the forthcoming tender. Market engagement also provides a unique opportunity to meet competitors and other supply chain business leaders who could be potential partners for collaboration and forming a consortium. Buyers will need to consider the impact of encouraging consortium bids.

The public sector buyer holds a unique role and power to help shape local markets and communities in Wales. In challenging economic conditions your bargaining power greatly exceeds that of your local suppliers, especially SMEs.

When planning events, the buyer needs to decide whether this early engagement takes place online or face to face. Geographical considerations may initially force an online meeting but if you have capacity, and joint bids are invited, it is recommended that market engagement takes place face to face as this provides opportunity for businesses in the supply chain to meet each other and connect in person.

It is important to consider inviting voluntary, community led and social enterprise (VCSEs) organisations to your market events. These offer expert and unrivalled social value opportunities when partnering with other consortium partners. Organisations such as Wales Centre for Voluntary Action (WCVA)[18] and WhatImpact[19] (UK wide) offer mapping tools for the public sector to help stakeholders understand where these businesses are located.

Your local Business Wales advisor may be able to support your market engagement events, but you need to give them plenty of notice. They can advise suppliers on the vast support that is available funded by the Welsh Government.

Find your local Business Wales advisor here: businesswales.gov.wales/contact-us

The Business Wales Helpline opening hours for calls are 10am to 4pm, Monday to Friday except on public holidays. This is to allow the Helpline to effectively deal with online enquiries and reduce the wait times for callers. **Call: 0300 060 3000**

OR complete an **online form** and one of the Business Wales team will be in touch.

[17] *Guidance: Preliminary Market Engagement (HTML) - GOV.UK*

The guidance for consortia bids is supplementary to the standard regulations and guidance provided by the UK Cabinet Office and the Welsh Government's Commercial and Procurement Directorate (CPD)[20].

The Procurement Act 2023 (p.92) states that *the parties to the joint venture are committed, by way of a written agreement, to continue to be parties to the joint venture for a period of three years following the date of that agreement.*

Market Competition Law

Suppliers have been advised on market competition issues, but it is equally important for the buyer to be aware. The Competition and Markets Authority (CMA) classify collaboration agreements as two approaches: 'horizontal' or 'vertical'. This depends on the relationship between the parties involved.

TYPE OF RELATIONSHIP	DESCRIPTION
Horizontal Agreements	Occurs between businesses that operate in the same industry sector and at the same level of the supply chain (meaning that they are direct competitors) – e.g., multiple potato farmers supplying product to schools across Wales.
Vertical Agreements	Involves businesses operating at different levels of the supply chain, such as a potato farmer, a manufacturing processer, and a distribution company.

Table 2: CMA classifications

There are several important issues regarding consortia and competition law, the avoidance of collusion and anti-competitive practices. In most situations, collaboration between businesses does not raise any competition law concerns but it is still prudent to be aware of Competition Law. The CMA guidance[21] was updated in July 2025 and explains the benefits and pitfalls to be aware of when collaborating with another business.

The UK requirements for collaboration are covered by the Competition Act 1998, which prohibits any activity that prevents, inhibits, or distorts competition. Contravention of this legislation could have serious implications for organisations generally and for the members of their governing bodies such as Trustees.

[18] *wcva.cymru*

[19] *whatimpact | Social Value Management| Measure Social Value*

[20] *gov.wales/ProcurementResources*

[21] *gov.uk/government/publications/collaborating-with-other-businesses/collaborating-with-other-businesses*

An example of a possible contravention of the Competition Act might be a group of organisations, all of whom deliver the same service, colluding with a purpose to remove competition.

There are two prohibitions under Competition Law.

Chapter I

Agreements between businesses that prevent, restrict, or distort competition such as agreements to fix prices, restrict production, carve up markets, and share certain types of confidential information, such as prices. 'Bid-rigging' falls into this category. This is when bidders make a secret agreement, for example to not bid against one another, increase their prices or to share the work, in order that they both gain financially.

Chapter II

An agreement that prohibits conduct that amounts to an abuse of a dominant position.

Anti-competitive agreements and cartels will always be of concern and can apply in any market, but problems may arise if the development of a consortium has the potential to gain a dominant position in a market and thus behave in a monopolistic manner or as an oligopoly, seeking to control the market.

The CMA website offers detailed guidance on how a dominant position would be defined: *"a company is unlikely to be dominant if its market share is less than 40 per cent or if it is unable to behave independently of the normal constraints imposed by competitors, suppliers and buyers."*

Although formally defining a market can be technically complex, buyers and consortia members should be able to get a good feel for this based on experience and market research.

Forming a consortium could cause suppliers to become dominant in markets which are difficult for newcomers to enter. For example, there may be discreet geographical assets for delivery such as care homes, health care facilities, and waste disposal facilities. In these types of markets, it may not be cost-effective for a buyer to seek services from further afield. Market dominance can also emerge where there has been a traditional geographic boundary for service delivery such as regional based voluntary services, which may have previously been grant-funded.

Being dominant in the marketplace is not illegal but abusing that position is.

Examples of potential abuse include charging excessively high prices, offering different prices or terms to similar customers, or refusing to supply an existing customer without good reason.

Being in a dominant position can make it easier for a consortium to fall foul of Chapter I prohibition on anti-competitive agreements. There are a few considerations for the buyer.

The CMA advises that a consortium should not seek to create an exclusive delivery arrangement where the delivery partners can only bid through the proposed consortium. However, partners should not bid twice for the same contract, once as an independent organisation, and as a consortium partner - refer to the guidance on page 16.

Local Sourcing

Buyers should not attempt to set up non-compete agreements that create artificial ring fences, geographic boundaries or try to restrict future related bidding and delivery partner activity. The policy on local sourcing in Wales may be subject to change with the implementation of the Procurement Act 2023.

From February 2026, The Local Government (Exclusion of Non-Commercial Considerations) (England) Order 2026 *(SI 2026/94)* permits relevant authorities to reserve bidding for below-threshold contracts to local or UK-based suppliers. This applies to SMEs and VCSEs. Special regime contracts are excluded from this rule.

Any explicit or tacit agreement not to 'compete on someone else's patch' can fall foul of the Chapter I prohibition. The case or argument for forming a consortium always must include but not restricted to the improved seamless coordination of different expertise areas to enable smoother handover and pooling of resources and skills. This delivers better value for money to the public client.

Please note that mergers giving rise to a potential reduction of competition in a market need to be approved by the UK competition authorities. There is information available from the CMA on merger regulations. The weblink is at the end of the guide under Recommended Reading.

How a consortium should be structured

When designing the specification and inviting joint bids, buyers should be aware of three main structures that could be applied for managing consortia: loose coupling, lead body model, and special purpose vehicle (SPV). More detailed guidance is available in the Supplier Guide, but some important criteria relevant for buyers is presented here for quick and easy reference. This enables buyers to better understand what to look for in consortia bids. Structures for managing consortia vary from a loose coupling, to setting up a more formal arrangement, to becoming legally bound.

The loose coupling **'hub and spoke'** model is NOT encouraged for tendering as it is not robust enough for public contracts. Roles and responsibilities may not have been agreed, and during contract delivery partners may fall into competitive behaviour rather than collaborative behaviour leading to conflict and project delays.

When evaluating consortia bids it is important to find evidence for a structured approach to the collaboration. This can take two forms: **Lead Body Model** or **Special Purpose Vehicle**. An outline of each is presented but more information is available in the supplier guide.

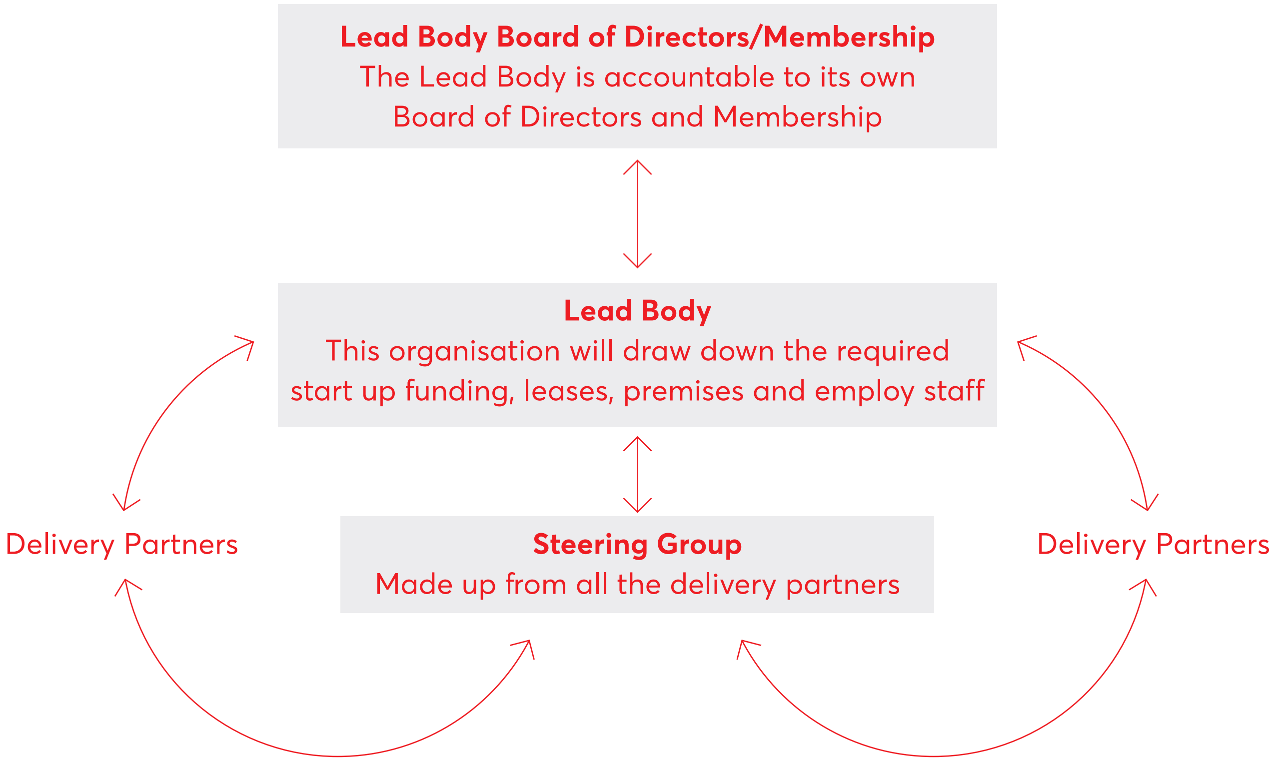

Figure 4: Lead body model for managing consortia

The **Lead Body Model** can be established quickly. Refer to Figure 4 which illustrates the 'one member, one vote' system. The lead body model works well for SMEs and VCSEs that benefit from partnering with larger organisations acting as the lead body. The turnover for each partner is aggregated to enable the consortium to tender for higher contract values. Normally, the partner with the highest turnover becomes the lead partner. This is because they are more likely to have the resource and capacity to absorb the administrative tasks for managing the consortium.

When it comes to decision making, the lead body structure reduces the risk of a perceived power imbalance across consortium members. For the public sector buyer, this structure reduces the risk of conflict between partners during the delivery of a contract and provides the buyer with a single point of contact for communication throughout the duration of the contract.

This structure is effective and characterised by the openness and trust operating within the consortium. Assuming the lead partner is open and shares key information, such as the team's resource plans, the project's cost models, equitable distribution of profits or surpluses, this can be a highly effective and well tested approach to structure collaboration.

Buyers should consider the specific roles and responsibilities of each consortium member. In addition, there needs to be evidence in the proposal for mitigating and managing risk, resource allocation, cost allocation and overall bidding approach agreed upon. The lead body partner is the SER (Senior Executive Responsible) for managing the administration and is the main point of contact for the buyer.

Further considerations for the buyer include whether the contract value exceeds 80% of the supplier turnover. For the purposes of a consortium, the turnover for each company may be pooled or aggregated. The same principle applies in terms of weighting. This is because business partners with a lower turnover may struggle to scale up operations and their supply chain causing likely delays, cashflow issues and at worst they may find themselves unable to fulfil the needs of the contract. Suppliers have access to costing templates in the supplier guide so you may see these submitted with their proposals.

This structure is very different to sub-contracting. The Lead Body model allows partners to work in partnership, to make joint decisions, and provides each partner with certainty of delivery. This brings more opportunities to learn and grow their businesses. Instances where consortium partners are brought in for delivery at certain stages of the contract and not inputting regularly may require further consideration to payment. Depending on the role of each partner throughout the duration of the contract, it may be more relevant for consortium members to invoice the lead partner organisation and not the public client. Refer to the payment information under the Manage Stage in this guide.

The second possibility for public contracts is the **Special Purpose Vehicle (SPV) model**. This is an advanced structure for collaborative working. It is one step short of a merger. As it identifies as a legal entity it has specific reporting, financial and governance arrangements. It is more commonly used for large contracts where there may be the requirement to donate, create or acquire high value assets. Hence it often appears in the construction sector for design build and operate (DBO) or design build finance and operate (DBFO) type contracts with multiple partners. The downside of this model is that members may not have a long trading history as the legal collaborative entity. The challenge for SPVs is winning the first contract as all evidence used in tender responses will be drawn from each individual partner organisation rather than the legal entity, the SPV.

SPVs may directly employ staff. Staff dedicated to the project can also be seconded from the membership or recruited on fixed term contract arrangements. Each entity has its own business portfolio and the SPV has another.

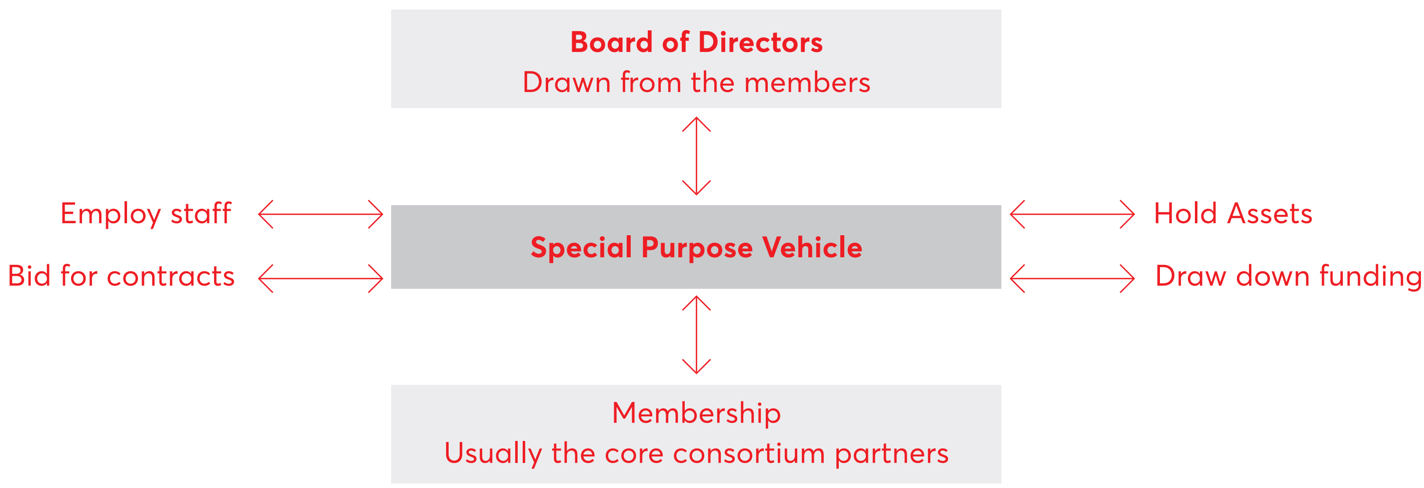

Figure 5: Special Purpose Vehicle Model

Suppliers have been advised that if they intend to bid through the SPV model, it takes much longer to set up (at least 18 months) and adds significant cost due to legal fees and insurance. Buyers should be made aware of SPVs at the PP01 Procurement Pipeline stage. This is because buyers may need to reflect on the selection and award criteria and scoring methods before they are finalised. Buyers cannot preclude any form of consortium from bidding for a contract and will need to consider the collective experience and track record of organisations party to the SPV during the evaluation phase.

PROCURE STAGE

UK 5 Transparency Notice / UK 6 Contract Award Notice

Buyers need reassurance that the consortium members each have the capacity to work jointly alongside the running of their own individual businesses and other day-to-day contractual obligations. In the supplier guide, business leaders are encouraged to consider the dependence factor – i.e., to consider the extent they are dependent on the success of this tender. For some partners it may contribute 5% of overall turnover and for others it may be 40% of overall turnover. This is important to understand the commitment from each member. Buyers should seek evidence of clear roles and responsibilities for each consortium partner and plans for effective communications and financial considerations. Refer to Appendix 2 for the consortium costing model. This is also available in the Supplier Guide. Finally, it is reassuring to see that some or all the partners will have experience of working collaboratively.

Due Diligence

Regardless of which of the two recommended structures are adopted by the consortium, the buyer is responsible for carrying out due diligence checks on all partner organisations. All partner organisations must be listed on Sell2Wales and the Central Digital Platform. If the consortium is successful with the award, all future correspondence is directed to the lead partner, known as the Senior Executive Responsible (SER) who will:

- sign the framework award form and enter the framework contract
- sign and manage each call-off contract with buyers
- be contractually responsible for the delivery of the framework contract and each call-off contract
- register and complete all core information on the central digital platform for their own organisation, or the consortium if it is a Special Purpose Vehicle (SPV). For the lead body model, the lead organisation will take responsibility to ensure all partners are registered.

The primary objectives that all contracting authorities need to demonstrate through procurement include: value, transparency, fair treatment of suppliers, integrity, and innovation.

Almost half of VCSEs that are awarded contracts UK wide are charities. Historically, Social Enterprises seem to be less successful and tend to be subcontracted partners. This limits the learning, skills, and growth opportunities that may be gained by working with the public sector. When reviewing your procurement policies, aligned to the 2015 Welsh Government's procurement policies and the Well-being of Future Generations (Wales) Act 2015, you may want to consider these three points:

1. Do Social Enterprises and/or SMEs under-perform in your tenders? If so, why?
2. What constraints and barriers could be addressed through joint bidding?
3. Are there any major reasons why supporting and enabling joint bidding is not appropriate for your organisation?

Establish if Social Enterprise and/or SMEs are underrepresented or under performing in bidding and winning contracts from your organisation. Further questions for reflection before awarding the contract include:

1. How many Social Enterprise/SME bids do you receive? As a percentage, is this a fair proportion? How is the representation of bids in keeping with your sustainable procurement policies?
2. How many Social Enterprise/SME bids do you award by number and by value? As a percentage, is this a fair representation of bids in keeping with your sustainable procurement policies?
3. Are Social Enterprises and/or SMEs underrepresented in bidding for or winning certain types or scale of contracts? Why is this?

Other Critical Factors

From a risk mitigation perspective, Appendix 2 explains how to evaluate costing techniques. It is also important to seek evidence on risk planning. Consortia may mention SWOT and or PESTEL analysis to establish roles and responsibilities, and recognise external factors that may impact contract delivery, and further detail how they may mitigate such incidents within the consortium. Consortia should include attention to knowledge sharing – clarity of what and how knowledge / data are shared and insured.

The supplier guide recommends the design of an exit strategy that can be reviewed periodically during the contract delivery.

Assessing the Financial Standing of a Consortium

There is an historical perception, often promoted by buy side financial team that qualifying for a tender should be heavily dependent on three traditional financial measures relating to each separate business: turnover; profit; and the balance sheet. These can then form ratios and benchmarks, some of which may be backed up by evidence from third party credit agency references. Consortia require careful analysis based on the financial standing of the whole consortium rather than separate businesses.

Depending on the type of contract, and the type of consortium that might bid for it, buyers may decide to seek aggregated data on the financial stability and track record of the consortium members. This has the advantage of requiring the consortium members to share relevant information and establish the control networks needed to make the consortium delivery a success. An aggregate picture of financial stability is useful when a consortium is made of up similar organisations coming together to extend their capacity. If, however, consortium members are performing different roles in the overall delivery, some members may be more "critical" to success than others, such that if they were to fail it would cause the whole project to fail. Similar problems might arise where a consortium is established to increase coverage (for example in different geographical areas), where there may be specific risks associated with the failure of a member in one area. In these cases, separate analysis of finance and capability might be more appropriate, with attention paid to weaker members in the consortium.

Buyers may not always be aware of the type of consortium bids they are likely to receive, so it is important to plan an assessment method that will treat all bidders fairly.

Balance Sheet Analysis

There is no simple linkage between a company's balance sheet and its financial stability – it is only one indicator. Likewise, when assessing the liquidity of a consortium you will need to consider data from each consortium member, or to understand an aggregate (hybrid) figure that has been provided by the consortium.

The potential supplier's annual operating profit only comes when the total price paid for your goods and services exceeds the supplier's annual cumulative direct and indirect costs. Annual operating profit, after taxes and dividends, improves a supplier's capital and reserves on its balance sheet.

Consortium members should where relevant, refer to the capital and reserves side of the balance sheet – that includes long term loans, similar funding instruments and share holdings. Shareholdings tend to be nominal for a small business, especially a younger business trading for less than 2 years and are complex to assess for consortia. Charities and Social Enterprises tend to have no shareholdings at the headline level. Therefore, it is retained profits or surpluses that drive the balance sheet.

The other side of the balance sheet indicates some valid aspects of cash, stock, work in progress, accounts payable and accounts receivable. Many of these line items are driven by client behaviour on the phasing of payments. Hence prompt payment is essential for a consortium.

Capacity and Capability

One of the biggest barriers for SMEs winning public contracts is the ability to scale up, this is largely driven by its capacity. For consortia bids this may mean you have to consider an aggregate figure.

It is commonly perceived that larger businesses should be more efficient at capacity management. This is often termed their economy of scale, when resource utilisation is extremely high, typically 85+%. Smaller businesses tend to have a lower breakeven point, typically between 50 and 60% of capacity in manufacturing and 65+ % in services. They can achieve this because they often have lower pro-rata overheads and less expensive management structures with fewer tiers.

You may be able to achieve better value-for-money and lower prices by allowing a consortium of SMEs to compete on larger bids. It may also be possible to negotiate a joint saving arrangement for profits above an agreed trigger threshold.

A network of smaller organisations may well be scalable in terms of its local capacity. This means there is less capacity-based risk than contracting with a larger firm. In general, the larger firm can only increase its local capacity by sub-contracting more work.

> The key is to promote end to end supply chain transparency as part of the procurement selection and award processes. Therefore, capacity may need to feature far more prominently in the assessment process.

For project-based procurements (services etc), an alternative way to treat capacity is to consider the *proven delivery* capacity of a business or consortium instead of relying on overall company turnover over relevant activities and timescales. There needs to be enough flexibility to allow a bidder that does not meet a specific capacity threshold to explain how by working as a consortium it can extend its turnover and/or manage larger contracts.

Newly formed consortia may have little (if any) joint experience to offer a client but may be very experienced as separate organisations. It is important that questions are asked in such a way that all relevant experience can be included **(for example, allowing consortium members to demonstrate individual experience alongside any joint delivery**).

Buyers should also consider how they will assure themselves that a consortium has the management and governance arrangements in place to manage the risks associated with delivery through a consortium arrangement

Award Criteria

Buyers are encouraged to consider evaluations based on Most Advantageous Tender (MAT) unless there is a strong business case for using Most Economically Advantageous Tender (MEAT). Either way, the evaluation method needs to be clearly communicated to suppliers at the market engagement stage to help set expectations.

The Procurement Act (Section 23) provides the following guidance.

In setting award criteria, a contracting authority must be satisfied that they,

(a) relate to the subject-matter of the contract,

(b) are sufficiently clear, measurable and specific,

(c) do not break the rules on technical specifications in section 56, and

(d) are a proportionate means of assessing tenders, having regard to the nature, complexity and cost of the contract.

(3) In setting award criteria, a contracting authority must,

(a) describe how tenders are to be assessed by reference to them and specify whether failure to meet one or more criteria would disqualify a tender (the "assessment methodology"), and

(b) if there is more than one criterion, indicate their relative importance by:

(i) weighting each as representing a percentage of total importance,

(ii) ranking them in order of importance, or

(iii) describing it in another way.

When awarding Lots, buyers may limit the number of Lots that can be awarded to any one supplier.

When applying MAT in the evaluation scoring, a consortium proposal may offer more value than an individual organisation. Consortium members bring together specialists in their field that collectively through joint working can offer better overall value for money and more security of supply.

MANAGE STAGE

UK 7 Contract Details Notice / UK 10 Contract Change Notice / UK11 Contract termination Notice / UK 12 Procurement Termination Notice / UK 13 Dynamic Market Intention Notice / UK 14 Dynamic Market Establishment Notice / UK15 Dynamic Market Modification Notice / UK 16 Dynamic Market Cessation Notice

The electronic payment of invoices[22] for consortium members requires careful planning and early agreement. This prevents unnecessary conflict, financial pressures by the delivery partners, and project delays.

Paying Consortium Members

There are many ways that procurement professionals can choose to pay suppliers, ranging from purchase card payments, payments to lead contractors, and Project Bank Accounts, and other banking arrangements. A couple of approaches are noted below.

A project bank account (PBA) system where all consortium members are paid at the same time.

The lead partner invoices the client for works delivered monthly but is responsible for paying relevant consortium member partners within 30 days.

Note: The latter approach can lead to cashflow issues for the lead organisation if there is a delay with the public client paying – i.e., the lead partner may submit an invoice to the public client the same day as the consortium partner/s submit an invoice to them. Hence, the income received from the public client may be slightly out of synch with revenues going out. In some instances, the public client may be able to pay the lead partner earlier than 30 days. To manage expectations and help the lead partner to plan finances, it is important to communicate and agree payment terms at the contract award stage.

Wales Procurement Policy Notice (WPPN 011[23]) encourages the use of Project Bank Accounts (PBAs) for construction contracts valued over £2milion. This facilitates prompt payment and provide insolvency protection measures in the supply chain. More information can be found using the link in the footnote. It is important to remind contractors that payments via PBA take between 3-5 days to clear.

[22] *Part 4, item 67 of the Procurement Act 2023*

Invoice Settlement

The Procurement Act 2023 legislates a 30-day invoice settlement period between the client and the main contractor. When reviewing tenders, the buyer should look for evidence that this condition is extended through the supply chain for subcontractors. PBAs alleviate the need for subcontractors or consortium partners to chase for late payments[24].

A similar mandate should apply between consortium members. All consortium partners should be paid fairly and without delay.

For contracts valued over £2million and for at least 6 months duration, the public client may use the Project Bank Account to pay all consortium members at the same time.

For contracts under threshold, the lead partner must be paid within 30 days by the public sector client, and the partners should agree a fair 30-day payment approach for the remaining consortium members.

This is an important factor to remind suppliers in market engagement discussion.

The final note on this is when evaluating the tenders, if the lead partner will invoice on behalf of all consortium members, ensure there is evidence of an agreement on invoice settlement of a maximum 30 days between the lead organisation and other consortium members.

When managing the contract, consortium members need to evidence regular and effective communications both with each other and with the client. There also needs to be periodic review of on time payments and the exit strategy.

[23] *Welsh Procurement Policy Note (WPPN) 011: Project Bank Accounts Policy – Advice for Devolved Welsh Authorities [HTML] | GOV.WALES*

[24] *New Small Business Commissioner Appointed – What It Means for Late Payments • Top Service*

CONCLUSION

The Procurement Act 2023 and Social Partnership and Public Procurement (Wales) Act 2023 open many more opportunities for businesses of all sizes and levels of experience, with further potential to break down barriers for SMEs and VCSEs when bidding for public contracts. However, this can only happen if the client engages at the earliest opportunity with the supply market. Early communication and engagement are key to enable the supply market to prepare their own organisation and their supply chains for future opportunities.

Collaboration between suppliers is a proven methodology leading to unrivalled growth opportunities, but it needs to be structured and managed appropriately.

The **Power of Partnership: Joint Bidding Guide for buyers** has explained the importance of adopting a more inclusive and socially responsible procurement tender process. Attracting and evaluating consortium bids means that leaders of SMEs and VCSEs in Wales stand a higher chance of benefitting from public contract opportunities. This in turn will enable them to enhance learning within each organisation and develop skills that will promote future business growth.

The guidance has been structured using the four stages of the procurement tender process: **Plan**, **Define**, **Procure**, and **Manage**.

Plan – pipeline notices lead to a more inclusive tendering process but first use the PAM model and examples in Appendix 1 to establish which types of contracts are best suited for consortium bids.

Define – when planning market engagement activity, you may need to reach out to support organisations such as Business Wales, Social Business Wales, Social Firms Wales and the Wales Centre for Voluntary Action (WCVA). These organisations may be better positioned to help you reach smaller businesses, especially social enterprises, voluntary organisations and community-led ones. Do not think you have to undertake all of this yourself. Work in collaboration with these partner organisations to ensure a fair and transparent tender process. Early engagement is critical to help suppliers build credibility in their own organisations and to consider their own supply chains.

Procure – the buyer will need to run due diligence checks for all listed partners in a consortium. It is important to check that consideration has been made to roles and responsibilities, how the contract will form work packages to deliver on time and effectively. Capacity, resource sharing and costing the consortium are key considerations included in this guide.

Manage – during contract management one of the key considerations is on time payment to ensure all partners are being paid within 30 days. The buyer should check how the communications plan is developing as poor communication in the consortium may be an indication of something more serious in project delivery. Also check governance, for example, any mergers or business partners facing financial difficulties.

Overall, there needs to be strong evidence at all stages of the tendering process and contract delivery that the consortium members work seamlessly to ensure they optimise on value. While there is a lot of work setting up consortia, the rewards are unrivalled and can lead to unique business growth opportunities for the business partners in the future. As a buyer, knowing that your contract has made this happen is a very fulfilling ambition.

APPENDIX 1
Worked examples of PAM

Example 1
A Window Cleaning Framework

In this window cleaning example, the PAM analysis shows it is suitable for consortia.

Buy Side Factors:
There is time to prepare a framework tender; it is easily specified; it is highly scalable; it is part service (time and location) but uses cleaning products; it is low risk on performance; it does not directly interface with end users (apart from access restrictions) and it is needed at many locations for a specific council (confined geography).

Supply Side Factors:
A competitive market exists; suppliers are highly mobile; the market is easy to enter; it is usually served by established suppliers but mainly on a small scale; and existing consortia can grow for larger contract as new members are easy to introduce.

Example 2
Supply Teachers Framework

In this supply teacher example, the PAM analysis shows it is suitable for consortia

Buy Side Factors:
There is time to prepare a framework tender; it can be well specified with some expertise; it is scalable potentially via lotting; it is mainly service driven (time and location); it is a reasonable risk on performance (qualifications and experience will be demonstrable); it directly interfaces with end users (with CRB access restrictions) and it is needed at many schools for a council.

Supply Side Factors:
A competitive market exists; delivery is at a school level within a larger geography; there are some market entry costs, but service delivery is at Client sites; there are established suppliers; a consortium could expand as required providing the basic Quality Assurance and security systems are in place.

Example 3
New Primary School with a £4m estimated budget

In this primary school example, the PAM shows it is suited to consortia.

Buy Side Factors:
There is time to prepare a tender; external designers are needed to create the specification; it is relatively easy to create separate work packages; it is mainly product driven (time and location) but requires some project planning and management; it is a medium risk on performance (completion date and specification compliance); as a new build it does not directly interface with the end users; and it is needed at a single location for a council.

Supply Side Factors:
As a smaller construction project a range of suppliers of different sizes is available; suppliers can work at the school site; new consortia can be created to compete; there are some established main contractors in the sector; suppliers will probably need to share cost information as part of the total pricing and should adopt a Project Bank Account for payments in Wales.

Example 4
A new £20m hospital wing

This new hospital wing example is not suited to consortia. SMEs could offer to participate as a supplier network working for a prime contractor.

Buy Side Factors:
Project planning and procurement will be typically more than 12 months; it has a complex specification with specialist designers; it is unique and large; it is mainly service driven and must be exceptionally well coordinated; it is a high risk on performance with critical aspects of quality assurance to manage (needed in a working hospital): it is important to work around the end users; and it is location specific.

Supply Side Factors:
Large specialist suppliers dominate the market; delivery is collocated; many complex and integrated specialisms are involved with high entry barriers; NHS procurement and contracting procedures are to be used (track record); and it is expensive to bring in new suppliers because proven supply chains are needed. Such a large contract will attract a lot of competition too.

Buy Side Factors						
1	**Short timeframe**	Less than 3 months.	Between 3 and 6 months to procure.	Between 6 and 12 months to procure.	Could take more than 12 months to procure.	**Extended timeframe**
2	**Readily specified**	Easily specified product/service.	Some expertise needed to specify the product/ service.	Some external support needed to create the specification.	External expertise critical to creating a complex specification.	**Complex specification**
3	**Scalable delivery**	Highly scalable allowing a range of supplier sizes to bid.	A lotting approach is planned which might enable consortia to bid for at least one lot.	The product/ service can be split down into discreet stages.	A single very large scale product/ service is required e.g. building and running a hospital or a high school.	**Unique and large**
4	**Product driven**	Can be broken down into packages of discreet products/ services.	Requires some coordination between packages of delivery.	Service delivery appears seamless to end user.	The end user requires a high level of service integration involving multi-party programme management.	**Service driven**
5	**Low risk on performance**	Performance of discrete packages can be managed separately.	Some coordinated performance management of separate packages is needed.	Robust quality management and systems are needed to ensure performance.	Delivery performance is critical to end user health, safety and/or security. A range of accepted standards may apply (ISO/BS etc).	**High risk on performance**
6	**Not end user facing**	The end user will not be interacting directly with the delivery team.	Some interaction between the end user and the delivery team is needed.	High standards of service delivery and compliance with good practices and/or regulations are needed.	The end user requires consistent and dedicated critical services. e.g Prisoner security or operating theatre cleaning.	**Critical to end user**
7	**Location-discrete**	The product/ service is required in discrete location/s.	The product/ service is needed in a confined geography within easy travelling distance of the consortium's base.	The product/ service is required on a regional basis needing multiple bases or depots to fulfil requirements.	The product or service is required in multiple regions needing national levels of co-ordination.	**Geographically-networked**

Example 1 – A Window Cleaning Framework

Supply Side Factors							
8	**Suppliers of all sizes**	A full range of supplier sizes is available.	A competitive market exists, although some collaboration may be needed to increase scale.	Aggregation of suppliers may create high polarity, potentially limiting competition.	Large suppliers dominate the market with SMEs usually subcontracting.	**Polarised market**
9	**Portable supply**	Suppliers can deliver products/ services anywhere, within reason.	Most products/ services can be supplied to the end user's required locations.	A consortia could cover most locations.	The supplier must be collocated with the end user. E.g Court services.	**Fixed location**
10	**Easy to enter market**	No significant investment is needed to deliver the product/ service to the market.	Some market entry costs.	With sufficient preparation and investment new consortia could be established to compete.	Barriers to entry are high requiring major capital or training, development and specialist certification to deliver the product/service.	**High entry cost**
11	**Collaborative market**	The market is used to collaborative working.	Suppliers can be flexible and sometimes work together effectively to meet user's requirements.	The market is usually served by established suppliers operating familiar processes.	The market is dominated by discrete traditional firms with extensive experience, not used to (perhaps suspicious of) collaboration.	**Discrete 'Traditional' firms**
12	**Quality-led market**	Suppliers compete on quality more than on price, so may be willing to share price and cost information to improve quality through collaboration.	Established consortia can enhance their products/ services with a limited number of new members. Members' Quality systems can be readily extended.	The costs associated with bringing in new members may remove any competitive advantage on price.	The price and margins within the market may make it unattractive to new entrants. Suppliers may be very reluctant to share price information that may impact future competitive advantage. High potential for collusive practices developing.	**Very price sensitive**
13	**Other (specify)**					**Other (specify)**

Example 1 – A Window Cleaning Framework

Buy Side Factors							
1	**Short timeframe**	Less than 3 months.	Between 3 and 6 months to procure.	Between 6 and 12 months to procure.	Could take more than 12 months to procure.	**Extended timeframe**
2	**Readily specified**	Easily specified product/service.	Some expertise needed to specify the product/ service.	Some external support needed to create the specification.	External expertise critical to creating a complex specification.	**Complex specification**
3	**Scalable delivery**	Highly scalable allowing a range of supplier sizes to bid.	A lotting approach is planned which might enable consortia to bid for at least one lot.	The product/ service can be split down into discreet stages.	A single very large scale product/ service is required e.g. building and running a hospital or a high school.	**Unique and large**
4	**Product driven**	Can be broken down into packages of discreet products/ services.	Requires some coordination between packages of delivery.	Service delivery appears seamless to end user.	The end user requires a high level of service integration involving multi-party programme management.	**Service driven**
5	**Low risk on performance**	Performance of discrete packages can be managed separately.	Some coordinated performance management of separate packages is needed.	Robust quality management and systems are needed to ensure performance.	Delivery performance is critical to end user health, safety and/or security. A range of accepted standards may apply (ISO/BS etc).	**High risk on performance**
6	**Not end user facing**	The end user will not be interacting directly with the delivery team.	Some interaction between the end user and the delivery team is needed.	High standards of service delivery and compliance with good practices and/or regulations are needed.	The end user requires consistent and dedicated critical services. e.g Prisoner security or operating theatre cleaning.	**Critical to end user**
7	**Location-discrete**	The product/ service is required in discrete location/s.	The product/ service is needed in a confined geography within easy travelling distance of the consortium's base.	The product/ service is required on a regional basis needing multiple bases or depots to fulfil requirements.	The product or service is required in multiple regions needing national levels of co-ordination.	**Geographically-networked**

Example 2 – Supply Teachers Framework

Supply Side Factors						
8	**Suppliers of all sizes**	A full range of supplier sizes is available.	A competitive market exists, although some collaboration may be needed to increase scale.	Aggregation of suppliers may create high polarity, potentially limiting competition.	Large suppliers dominate the market with SMEs usually subcontracting.	**Polarised market**
9	**Portable supply**	Suppliers can deliver products/ services anywhere, within reason.	Most products/ services can be supplied to the end user's required locations.	A consortia could cover most locations.	The supplier must be collocated with the end user. E.g Court services.	**Fixed location**
10	**Easy to enter market**	No significant investment is needed to deliver the product/ service to the market.	Some market entry costs.	With sufficient preparation and investment new consortia could be established to compete.	Barriers to entry are high requiring major capital or training, development and specialist certification to deliver the product/service.	**High entry cost**
11	**Collaborative market**	The market is used to collaborative working.	Suppliers can be flexible and sometimes work together effectively to meet user's requirements.	The market is usually served by established suppliers operating familiar processes.	The market is dominated by discrete traditional firms with extensive experience, not used to (perhaps suspicious of) collaboration.	**Discrete 'Traditional' firms**
12	**Quality-led market**	Suppliers compete on quality more than on price, so may be willing to share price and cost information to improve quality through collaboration.	Established consortia can enhance their products/ services with a limited number of new members. Members' Quality systems can be readily extended.	The costs associated with bringing in new members may remove any competitive advantage on price.	The price and margins within the market may make it unattractive to new entrants. Suppliers may be very reluctant to share price information that may impact future competitive advantage. High potential for collusive practices developing.	**Very price sensitive**
13	**Other (specify)**					**Other (specify)**

Example 2 – Supply Teachers Framework

Buy Side Factors						
1	**Short timeframe**	Less than 3 months.	Between 3 and 6 months to procure.	Between 6 and 12 months to procure.	Could take more than 12 months to procure.	**Extended timeframe**
2	**Readily specified**	Easily specified product/service.	Some expertise needed to specify the product/service.	Some external support needed to create the specification.	External expertise critical to creating a complex specification.	**Complex specification**
3	**Scalable delivery**	Highly scalable allowing a range of supplier sizes to bid.	A lotting approach is planned which might enable consortia to bid for at least one lot.	The product/service can be split down into discreet stages.	A single very large scale product/service is required e.g. building and running a hospital or a high school.	**Unique and large**
4	**Product driven**	Can be broken down into packages of discreet products/services.	Requires some coordination between packages of delivery.	Service delivery appears seamless to end user.	The end user requires a high level of service integration involving multi-party programme management.	**Service driven**
5	**Low risk on performance**	Performance of discrete packages can be managed separately.	Some coordinated performance management of separate packages is needed.	Robust quality management and systems are needed to ensure performance.	Delivery performance is critical to end user health, safety and/or security. A range of accepted standards may apply (ISO/BS etc).	**High risk on performance**
6	**Not end user facing**	The end user will not be interacting directly with the delivery team.	Some interaction between the end user and the delivery team is needed.	High standards of service delivery and compliance with good practices and/or regulations are needed.	The end user requires consistent and dedicated critical services. e.g Prisoner security or operating theatre cleaning.	**Critical to end user**
7	**Location-discrete**	The product/service is required in discrete location/s.	The product/service is needed in a confined geography within easy travelling distance of the consortium's base.	The product/service is required on a regional basis needing multiple bases or depots to fulfil requirements.	The product or service is required in multiple regions needing national levels of co-ordination.	**Geographically-networked**

Example 3 – New Primary School with a £4m Estimated Budget

Supply Side Factors							
8	**Suppliers of all sizes**	A full range of supplier sizes is available.	A competitive market exists, although some collaboration may be needed to increase scale.	Aggregation of suppliers may create high polarity, potentially limiting competition.	Large suppliers dominate the market with SMEs usually subcontracting.	**Polarised market**
9	**Portable supply**	Suppliers can deliver products/ services anywhere, within reason.	Most products/ services can be supplied to the end user's required locations.	A consortia could cover most locations.	The supplier must be collocated with the end user. E.g Court services.	**Fixed location**
10	**Easy to enter market**	No significant investment is needed to deliver the product/ service to the market.	Some market entry costs.	With sufficient preparation and investment new consortia could be established to compete.	Barriers to entry are high requiring major capital or training, development and specialist certification to deliver the product/service.	**High entry cost**
11	**Collaborative market**	The market is used to collaborative working.	Suppliers can be flexible and sometimes work together effectively to meet user's requirements.	The market is usually served by established suppliers operating familiar processes.	The market is dominated by discrete traditional firms with extensive experience, not used to (perhaps suspicious of) collaboration.	**Discrete 'Traditional' firms**
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13	**Other (specify)**					**Other (specify)**

Example 3 – New Primary School with a £4m Estimated Budget

Buy Side Factors

1	**Short timeframe**	Less than 3 months.	Between 3 and 6 months to procure.	Between 6 and 12 months to procure.	Could take more than 12 months to procure.	**Extended timeframe**
2	**Readily specified**	Easily specified product/service.	Some expertise needed to specify the product/ service.	Some external support needed to create the specification.	External expertise critical to creating a complex specification.	**Complex specification**
3	**Scalable delivery**	Highly scalable allowing a range of supplier sizes to bid.	A lotting approach is planned which might enable consortia to bid for at least one lot.	The product/ service can be split down into discreet stages.	A single very large scale product/ service is required e.g. building and running a hospital or a high school.	**Unique and large**
4	**Product driven**	Can be broken down into packages of discreet products/ services.	Requires some coordination between packages of delivery.	Service delivery appears seamless to end user.	The end user requires a high level of service integration involving multi-party programme management.	**Service driven**
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Example 4 – A new £20m Hospital Wing

Supply Side Factors						
8	**Suppliers of all sizes**	A full range of supplier sizes is available.	A competitive market exists, although some collaboration may be needed to increase scale.	Aggregation of suppliers may create high polarity, potentially limiting competition.	Large suppliers dominate the market with SMEs usually subcontracting.	**Polarised market**
9	**Portable supply**	Suppliers can deliver products/ services anywhere, within reason.	Most products/ services can be supplied to the end user's required locations.	A consortia could cover most locations.	The supplier must be collocated with the end user. E.g Court services.	**Fixed location**
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13	**Other (specify)**					**Other (specify)**

Example 4 – A new £20m Hospital Wing

APPENDIX 2
Consortia Financial Modelling

If you have asked each member of a consortium to provide you with financial data as part of the tender process you may find the following useful as a means of assessing the overall financial stability of the consortium. The SQ question set includes wording that allows consortia to carry out this analysis for you, including details of the working. This is a better option, as it would be difficult for you as a buyer to assess the degree of inter-organisational trading where one part of a consortium has acted as a sub-contractor to another during the financial year in question, for example.

Aggregating data on financial performance is most appropriate when members of a consortium are working together to increase collective capacity. Where, instead, a consortium exists to fulfil different elements of a contract and some of these are more critical to overall delivery than others, a separate analysis of financial stability may be more appropriate – pay special attention for the "weakest link". If you are not able to predict the type of consortium that may bid, and risks of failure are high, then you would need to ensure that your model is flexible enough to allow for either aggregated or separate analysis.

Consortium's Hybrid Profit and Loss Statement

PROFIT AND LOSS	MEMBER 1	MEMBER 2	MEMBER 3	Total*
Turnover	A1	A2	A3	A_T=A1+A2+A3
Purchases	B1	B2	B3	B_T=B1+B2+B3
Direct Costs	C1	C2	C3	C_T=C1+C2+C3
Overheads	D1	D2	D3	D_T=D1+D2+D3
EBIT	E1	E2	E3	E_T=E1+E2+E3

Table 4.1 A 3 Member Consortium's Hybrid Profit and Loss Statement

*** Notes**

1. X_T is the consortium's total for row each respective row.
2. Where possible the total should be adjusted for any inter organisational trading between the proposed members. This avoids double counting which potentially enhances the consortium's figures. Where members have already worked as a consortium, there is a high likelihood of inter organisational trading.
3. The Hybrid Profit Before Interest and Tax (EBIT) is E_T and therefore $E_T = A_T - (B_T + C_T + D_T)$

Consortium EBIT Test

An Earnings Before Interest and Tax (EBIT) test can work for a consortium as it is a bidding entity. For a combined (hybrid) model it is E_T. If a lead member model is used it can also be E1. You may well need to consult with the bidding party and/or ask for the supporting evidence on a Hybrid Profit and Loss Statement.

Consortium EBIT Test

BALANCE SHEET	MEMBER 1	MEMBER 2	MEMBER 3	Total*
Fixed Assets (F_T)				
Fixed Assets	F1	F2	F3	F_T=F1+F2+F3
Current Assets ($CA_T = G_T + H_T + I_T + J_T$)				
Accounts receivable	G1	G2	G3	G_T=G1+G2+G3
Cash at Bank	H1	H2	H3	H_T=H1+H2+H3
Short term investments	I1	I2	I3	I_T=I1+I2+I3
Other CAs	J1	J2	J3	J_T=J1+J2+J3
Current Liabilities ($CL_T = K_T + L_T + M_T$)				
Accounts payable	K1	K2	K3	K_T=K1+K2+K3
Taxation	L1	L2	L3	L_T=L1+L2+L3
Other CLs	M1	M2	M3	M_T=M1+M2+M3
Long Term Liabilities ($LTL_T = N_T + O_T$)				
Loans	N1	N2	N3	N_T=N1+N2+N3
Other LTLs	O1	O2	O3	O_T=O1+O2+O3
Capital and Reserves ($CR_T = P_T + Q_T + R_T + S_T$)				
Share capital	P1	P2	P3	P_T=P1+P2+P3
Reserves	Q1	Q2	Q3	Q_T=Q1+Q2+Q3
Profit & Loss Account	R1	R2	R3	R_T=R1+R2+R3
Other CRs	S1	S2	S3	S_T+S1+S2+S3

Table 5.2 A 3 Member Consortium's Hybrid Balance Sheet.

**** Notes**

1. The balance sheet equation is ASSETS = LIABILITIES + CAPITAL. Therefore, the check is $F_T + CA_T = CL_T + LTL_T + CR_T$
2. It may be possible to adjust for inter organisational trading between the consortium members, but a balance sheet relates to the entities' positions on a single day at the end of the trading year. As this is likely to only involve a month's inter organisational trading, the impact is relatively small and generally affects G_T and K_T.
3. Any co-owned assets in F_T are going to be proportionately valued and so no inter member adjustments should be necessary.
4. A co-owned venture between the members, such as a limited liability partnership, can be included as an additional 'virtual' member (M4) because at the end of the financial year it may hold significant assets and/or liabilities. In this case the Hybrid Balance Sheet needs to be altered for trading between the venture and its members to avoid double counting.

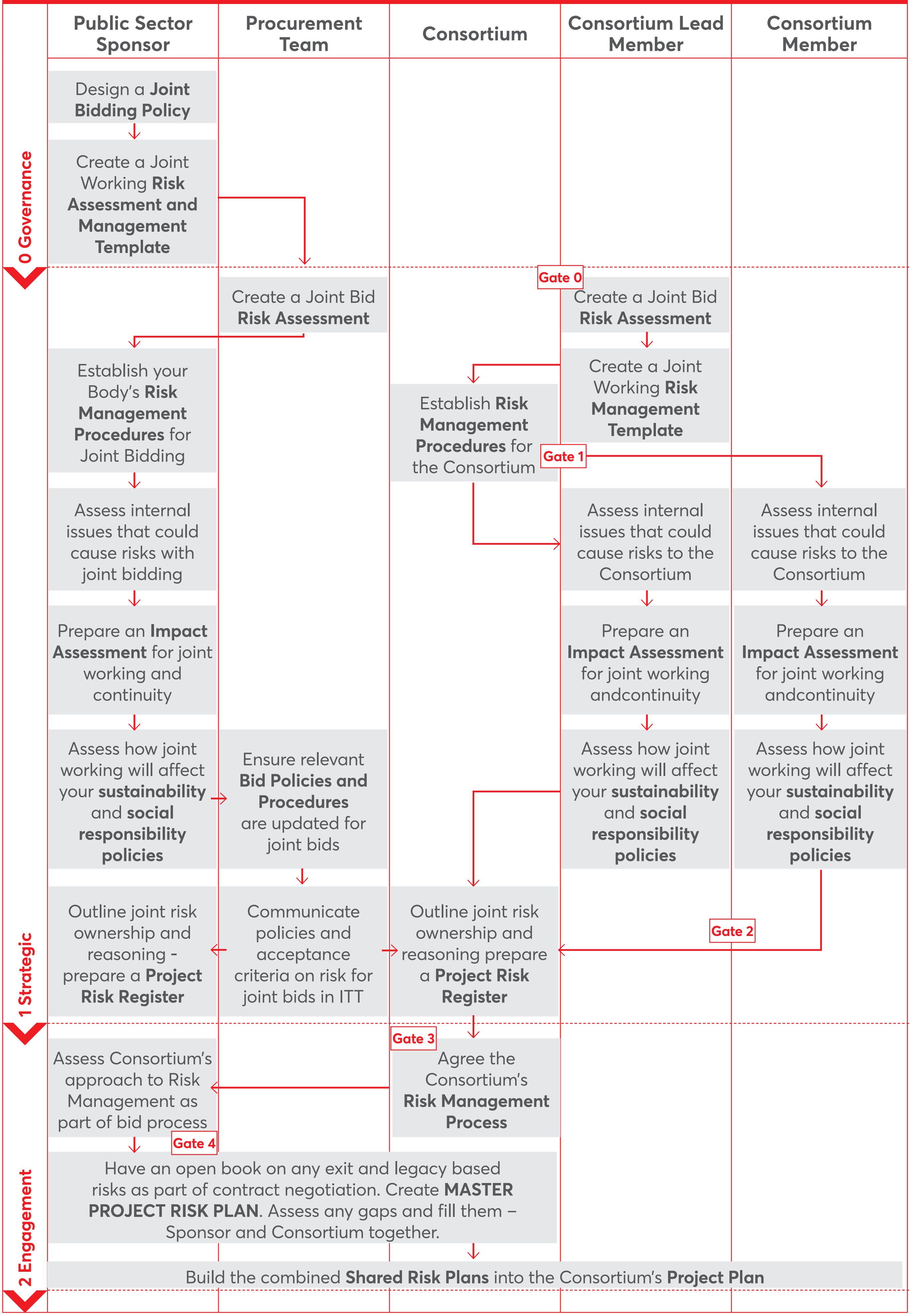
Consortium Acid Ratio Test

For 3 consortium members, the Acid Ratio test is calculated as follows:

$(G_T + H_T + I_T) / CL_T$ = Acid Ratio

In normal circumstances, this ratio should be more than 1 (or 100+% if expressed as a percentage). However, there are often legitimate short-term reasons for the figure to fall below 1.

Annex - An Overview of Risk Assessment and Planning for Joint Bidding/Working



RECOMMENDED READING

Browne and Jacobson, Managing consortium bids (PCR2015) available at; https://www.brownejacobson.com/insights/managing-consortium-bids

Competition Authority, available at;

Crossley, A., Lynch, J., Hurrell, S., & Edwards, R. (2016). Assessing the Suitability of Supplier Consortia for Public Procurement Contracts. In H. Afsarmanesh, L. M. Camarinha-Matos, & A. Lucas Soares (Eds.), *Collaboration in a Hyperconnected World: 17th IFIP WG 5.5 Working Conference on Virtual Enterprises, PRO-VE 2016, Porto, Portugal, October 3-5, 2016, Proceedings* (1 ed., Vol. 480, pp. 189). Springer.

Crown Commercial Services, what is a consortium and how can they benefit SMEs, available at; https://www.crowncommercial.gov.uk/news/news-consortiums-ccs

SME Guide for Nuclear 2014 available at; https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/475681/Guide-to-SME-collaboration2014.pdf

The Institute for Collaborative Working, available at; https://www.instituteforcollaborativeworking.com/

The ICW Collaboration Playbook, available at;

The ICW Partner, available at; https://www.instituteforcollaborativeworking.com/News-&-Events/The-Partner

UK Cabinet Office – FAQ Groups of Bidders, available at; https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/930705/PPN_0720_FAQs_.pdf

Smarter procurement, available at; https://www.gov.wales/smarter-public-procurement-wales

Public procurement rules drive growth opportunities, available at; https://www.gov.uk/government/news/new-public-procurement-rules-to-drive-growth-opportunities-for-small-businesses-and-exclude-suppliers-that-fail-to-deliver

Consortia working, available at; Consortia working | Business Wales - Social Business Wales

How to bid for government contracts, available at; https://www.gov.uk/guidance/how-to-bid-for-government-contracts-as-a-consortium

Consortiums, available at; https://www.crowncommercial.gov.uk/news/news-consortiums-ccs

The sourcing and consultancy playbook, available at; https://www.gov.uk/government/publications/the-sourcing-and-consultancy-playbooks

Wales Procurement Policy Statement available at; https://www.gov.wales/sites/default/files/publications/2022-08/wales-procurement-policy-statement-2022.pdf

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