



navca

local focus national voice



Do we need ISO?

How quality systems and quality accreditation are scored in the selection or pre-qualification stage of a competitive tender process

Rachel Rhodes, Commissioning and Procurement Adviser, NAVCA

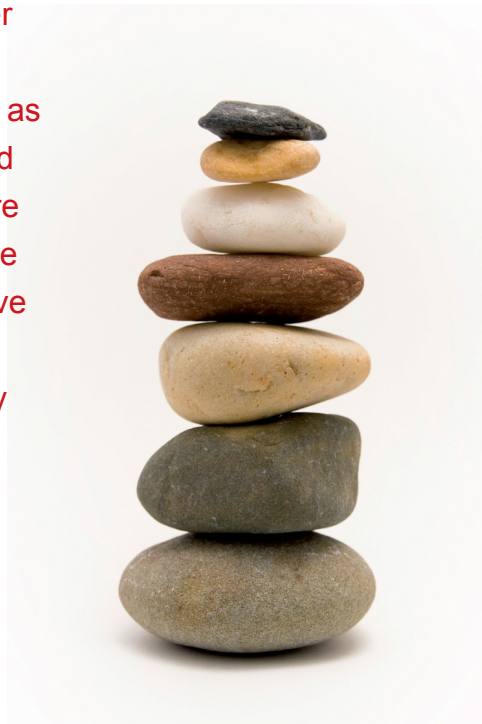


LOTTERY FUNDED

Do we need ISO?

The adoption of formal quality assurance systems is an area of growth. Third sector organisations want to show that they work to high standards and provide efficient and effective services.

In recent years there has been a commitment across the third sector to adopting clearer policies and procedures, and improving management and governance structures as well as a stronger focus on outcomes and impact. A move towards a contract culture has increased the need to be accountable to funders and gain an edge in competitive tendering processes. In turn this has led to an increase in the take up of externally accredited or certified quality standards.



External accreditation

External accreditation can provide re-assurance to service users and a variety of other stakeholders. Public sector commissioners have a duty to ensure that a bidding organisation has sufficient capability to deliver the required service. In a competitive tendering process this can only be evaluated by what is written down and evidenced. The commissioner may be aware that you deliver similar services to an excellent standard, but you need to find ways to evidence this within the tender, as commissioners cannot take their prior knowledge into consideration.

The selection or pre-qualification stage

The selection of providers who will be invited to tender and the award of a contract are two different steps in the procurement process. During the selection or pre-qualification (PQQ) stage, commissioners will be examining the organisation's technical ability to perform the contract and its financial standing. This is to assess which providers are suitable to be invited to submit a tender. The PQQ also serves the purpose of reducing the number of bidders who will progress to the next stage. More specific questions about service delivery will arise during the second stage or invitation to tender. This publication focuses on the evaluation of quality criteria in the selection or PQQ stage.

3 Do we need ISO?

During pre-qualification quality is usually allocated a score which is then weighted. Other areas are evaluated by pass/fail criteria (legal status) or non-weighted risk-based criteria (financial standing)¹. Bidders are obviously trying to gain every mark possible. So what are they doing to achieve this and why? Well, one of the largest growth areas appears to be the adoption of ISO 9001 certification.

The ISO 9000 series

ISO 9000 is an internationally recognised series of quality management systems, with ISO 9001 being the one part of this system that can be certificated. Achievement of ISO 9001 is based on the adoption of regulated internal processes rather than a guarantee of the quality of services delivered or outcomes achieved. Its origins are in the manufacturing industry and based on principles of quality control. It has since developed to have a more appropriate fit to service industries, but remains a generic standard. This generality and an international reach have aligned it to competitive tendering processes. It allows for non-discrimination of bidders from other EU member states, a requirement of the EU procurement directives. ISO 9001 is probably the world's most established quality framework². So surely all providers of public services should invest resources to become ISO 9001 certified? I would argue that this is not necessarily the case.

Issues

Achieving ISO 9001 certification is one option to assist in meeting the quality requirements in a PQQ. However, it will not necessarily lead to continuous improvement for your organisation.

A problem of the ISO 9000 family of quality standards is that many providers focus on the one element that leads to certification, namely ISO 9001. In

the rush to gain certification the entire family of standards are not used in an integrated manner. This can result in the adoption of processes that do not align to other organisational requirements. It can lead to a narrowly focused system that does not involve all staff and does little to assist continuous improvement. A reduction in effectiveness could result from staff feeling they are being made to jump through hoops to satisfy funders, with little benefit to the end service user. Suitability and integration with other systems should be extensively researched before adopting any quality management system.

Another increasing problem of ISO 9001 concerns the accreditation of those organisations issuing certification. UKAS, the United Kingdom Accreditation Service, accredits organisations that provide certification services. It is the only such accreditation body that Government recognises. Accreditation by UKAS is seen to demonstrate

In the rush to gain certification the entire family of standards are not used in an integrated manner. This can result in the adoption of processes that do not align to other organisational requirements.

5 Do we need ISO?

the competence, impartiality and performance capability of evaluators, including those who issue ISO certification to organisations. While many companies offering ISO certification are UKAS accredited, an increasing number are not, and are not legally required to be. The situation is that more or less any company can set up a service offering ISO certification. 'No certificate, no fee' deals, 'gain ISO 9001 in 30 days' and combined consultancy and certification services can be found. Surely a conflict of interest exists in these situations. Non-UKAS accredited companies have argued that the UKAS approach is perceived by customers to be unnecessarily complicated and bureaucratic. These are traits the third sector has long sought to reduce. So, is the use of non-accredited ISO certification issuers the way to go? This would probably be the least expensive option, and I would always promote simple, proportionate processes where possible. However if EU-wide standardised systems are valued because they provide comparability, surely all the organisations offering certification should be accredited in the same way. If not

Non-UKAS accredited companies have argued that the UKAS approach is perceived by customers to be unnecessarily complicated and bureaucratic. These are traits the third sector has long sought to reduce.

what purpose does ISO 9001 serve in this respect? Organisations seeking certification to gain more marks during tender applications should also bear in mind that some PQQs will specifically refer to UKAS accredited certification, although currently this does not appear to be the case for the majority of tenders that are of interest to the third sector.

What the regulations and guidance state

I have mentioned that ISO 9001 is one option to assist in meeting quality requirements. A wide variety of quality management systems can be adopted. A question we are often asked at NAVCA's Commissioning and Procurement Unit is "Will other quality management systems gain as many marks in a PQQ as ISO 9001?" I would answer this by saying that it is certainly possible for other certified quality systems to gain as many marks as ISO 9001.

Public bodies are required to follow the EU Procurement Directives and the Contract Regulations (2006). The clauses in these referring to quality assessment are the sections on 'technical or professional ability'. The Office of Government Commerce (OGC), an independent office of HM Treasury, is responsible for producing policy notes and guidance on procurement regulations. Guidance³ (1) issued by the OGC suggests evaluators adopt a scoring system of " 'certified quality management system' – high marks / 'Proprietary quality management system' – lower marks or 'No quality management system' – low or no marks".

This guidance refers to certified and non-certified systems; it does not mention ISO 9001 by name. In fact further OGC guidance on this issue, which can be found in the publication *Non-discrimination in technical specifications*⁴, states that "Contracting authorities must consider offers which claim to satisfy the requirements in an equivalent manner and under

7 Do we need ISO?

no circumstances may contracting authorities reject offers solely on the grounds that they are not based on a specified standard or technology”. However, “The burden of proving technical equivalence will fall on the bidder in the absence of certification of conformity with the standard”. The most recent policy note⁵ issued by OGC on this issue clarifies this: “So where a particular standard (e.g. ISO 9000, or a Health and Safety standard such as CHAS or Safe Contractor) might define a capability for a contract, the authority should give bidding organisations the opportunity to provide other proof the technical specification is met.”

Public Procurement Directives do require a hierarchy of which standards are referred to in PQQs (i.e. European standards, then International, then National or comparable). So, ISO 9000 is often named in PQQ documents. Maybe due to this, organisations have been led to believe that it must attract the highest score. However, the obligation to refer to standards in this way does not mean that contracting authorities are required to purchase services in conformity with this hierarchy. They need only to refer to them as a benchmark, so providers are able to offer equivalent solutions. In fact, contracting authorities do not have to make reference to certificated standards at all if they choose not to.

“Should they require the production of certificates drawn up by independent bodies attesting the compliance of the economic operator with certain quality assurance standards, contracting

authorities shall refer to quality assurance systems based on the relevant European standards series certified by bodies conforming to the European standards series concerning certification. They shall recognise equivalent certificates from bodies established in other Member States. They shall also accept other evidence of equivalent quality assurance measures from economic operators.”

Article 49, Directive 2004/18/EC

...nowhere in the procurement directives, contract regulations or official guidance does it say that ISO 9001 must be awarded a higher score than equivalent standards, but what is happening on the ground where it really matters?

The regulations also refer to proportionality by stating that the means for establishing technical or professional ability (which includes the evaluation of quality assurance standards) should be used “according to the purpose, nature, quantity or importance of the contract.”

What happens in practice at a local level?

So, nowhere in the procurement directives, contract regulations or official guidance does it say that ISO 9001 must be awarded a higher score than equivalent standards, but what is happening on the ground where it really matters?

In researching this publication I asked commissioners and procurement leads, from local authorities and PCTs, their views on how quality assurance systems were scored at

It was re-assuring that commissioners placed importance on ensuring small providers deemed capable of delivering the contract were not discriminated against.

PQQ. The general consensus was that each contract is treated on its own merits and requirements. Proportionality and the importance of ensuring non-discrimination was mentioned a number of times. It was re-assuring that commissioners placed importance on ensuring small providers deemed capable of delivering the contract were not discriminated against. All acknowledged the importance of providers being able to clearly demonstrate the adoption and review of quality systems and to provide good evidence to support their approach to quality. None said that ISO 9001 automatically scored more points than other accredited systems. "If another system is deemed an equivalent, then it must be scored equally" replied a local authority procurement lead. A reminder was also given that the marks available for quality certification are only a small part of the overall process. One head of procurement stated that very often there is no score attributed to the accreditation and qualification question in a PQQ unless it is an absolute requirement to have it, it simply helps to establish if the organisation has a suitable quality assurance system.

Considering alternatives

So, having established that it is important to provide clear evidence and documentation on your organisation's quality systems and having determined that other standards can gain the same score as ISO 9001, what are the alternatives? Holding an externally accredited system will assist in evidencing that you have appropriate processes and systems in place to be capable of delivering a contract. It is also important to remember that the burden of equivalence rests with the bidder, so you may wish to choose a system that is easily recognisable by commissioners and procurement leads. I would suggest communication is the key. Talk to the commissioning and procurement departments that you currently, or may wish to, contract with. Ask them about their requirements for particular types of service. Some local authorities publish guidance on what types of accreditation are required or beneficial for the delivery of different service areas.

It is also important that the commissioning and procurement departments are made aware of and updated on systems that are commonly used in the third sector. Many will be aware of PQASSO, which is widely adopted by voluntary and community organisations. Do they know that PQASSO can now be externally accredited and has been endorsed by the Charity Commission, giving it extra credibility in the tendering process?

Beyond the PQQ

So far, I have primarily focused on the adoption of quality assurance standards with a view to progressing through the PQQ stage of a tender. But obviously quality assurance and continual improvement are more fundamental and wide-ranging. Quality goes beyond the adoption of standardised processes, although these are important, and increasingly includes the effectiveness of an organisation. This can be viewed in terms of the outcomes and impact that a service achieves. Some quality accreditation has a specific focus on such aspects. The NAVCA Quality Award, which has been developed specifically for use by local infrastructure organisations, examines how effectively an organisation achieves intended outcomes. Of course if you are still focused on the tendering procedure, this accreditation can assist you to progress through the PQQ stage. The award is recognised and valued by some contracting authorities as the commissioning of local infrastructure services is a small and specialised area. In addition, and maybe of even greater value, going through the process of achieving the award can assist greatly in evidencing what you do to achieve required outcomes. This will help in writing a clear, evidenced response for the second stage of the tender; how you will deliver the proposed service and achieve the stated outcomes.

Conclusion

So what quality standard will you choose? It may be that you decide that ISO 9001 is right for your organisation. You might want to adopt it as it is the most internationally recognisable standard and you have decided that it is the safest bet towards evidencing quality management at PQQ. You may then decide to gain ISO certification from a non UKAS accredited body, as this could be the quicker, cheaper option. Or you want to play safe and go with UKAS accredited, as it is possible that more procurement processes will be looking for this in the future. Alternatively you may decide that another standard is more appropriate for your organisational needs. Whichever direction you decide upon, before adopting any standard, examine what it is you want to achieve, consider the alternatives and look at the suitability and fit to your organisation. Compare the costs (both financial and other) to the benefits of each standard and ask your commissioning and procurement departments for their views. Collecting quality certificates like football cards will not do you any harm when taking part in a PQQ, but remember, certification or accreditation is only one part of the overall quality section in a PQQ, which is only one part of the overall tender process. Further down the line, adopting this approach could actually undermine the standard of service delivery while increasing costs. The adoption of quality systems needs to be taken in a planned, strategic way.

Whichever direction you decide upon, before adopting any standard, examine what it is you want to achieve, consider the alternatives and look at the suitability and fit to your organisation.

Further information

- For information on PQASSO see **www.ces-vol.org.uk**
- For information on the NAVCA Quality Award for local infrastructure organisations see **www.navca.org.uk/services/quality/qualityaward.htm**
- For more information or to discuss these issues contact Rachel Rhodes, Tel: **0114 289 3975**, Email: **rachel.rhodes@navca.org.uk**
- Information and resources on commissioning and procurement can be found on the Local Commissioning and Procurement Unit website at **www.navca.org.uk/lcpu**

Notes

1. For an example of a weighting model see the OGC 'Pre-Qualification Questionnaire – Guidance for Evaluation' www.ogc.gov.uk/documents/evaluation_guide.pdf. Please note, this guidance will shortly be updated with more detailed guidance. This is currently available for comment at <http://bit.ly/supselguide> or www.ogc.gov.uk
2. For more information on ISO 9001 see <http://bit.ly/supportpack> or www.iso.org
3. OGC 'Pre-Qualification Questionnaire – Guidance for Evaluation (see note 1)
4. Non-discrimination in technical specifications <http://bit.ly/nondiscrim> or www.ogc.gov.uk
5. Procurement Policy Note – Policy on Standards and References, Information Note 10/09, 19 August 2009 <http://bit.ly/standandref> or www.ogc.gov.uk





local focus national voice

NAVCA is the national voice of local third sector infrastructure in England. We aim to ensure communities are well served by the local third sector by supporting our members and their work with over 160,000 local groups and organisations. NAVCA believes that local voluntary and community action is vital for healthy and inclusive communities.

Local Commissioning & Procurement Unit
NAVCA
The Tower
2 Furnival Square
Sheffield S1 4QL

Tel 0114 289 3975
Fax 0114 278 7004
Textphone 0114 278 7025
Email rachel.rhodes@navca.org.uk
www.navca.org.uk/lcpu

Registered charity no. 1001635
Company limited by guarantee
Registered in England no. 2575206
Registered office as above

November 2009

This publication can be provided in alternative formats. Please contact NAVCA for further information.