The Myths of Tendering and Mini-Competitions

Procurement and Supply Chain Management Made Simple.

Public sector procurement has changed significantly over the past two decades, with framework agreements and mini-competitions becoming increasingly popular as organisations seek to simplify procurement and reduce administrative effort. Many contracting authorities now regard frameworks as the default route to market, often assuming they deliver quicker procurements, lower costs and better value for money than traditional open tendering. Yet these widely held assumptions are not always supported by commercial reality.

Some of the most common myths surrounding open tenders and mini-competitions deserve closer examination. Although both procurement routes are designed to deliver compliant and competitive outcomes, their perceived advantages do not always withstand detailed scrutiny. While framework agreements undoubtedly have their place, the practical differences between the two approaches are often much smaller than many organisations assume. The commercial consequences, however, can be significantly greater, influencing competition, innovation, pricing and, ultimately, the value delivered to the public sector.

What Is an Open Tender?

An open tender is a procurement process that invites any supplier capable of meeting the published requirements to submit a bid. The opportunity is advertised openly, allowing established businesses, specialist providers, small and medium-sized enterprises (SMEs) and new market entrants to compete on equal terms. Every interested supplier has the same opportunity to demonstrate its capability, quality, innovation and commercial competitiveness before a contract is awarded.

Open tendering is designed to maximise competition by exposing a requirement to the widest possible marketplace. Suppliers compete not only on price but also on quality, technical expertise, customer service and social value, depending on the evaluation criteria. Because participation is unrestricted, contracting authorities benefit from the latest market developments, emerging technologies and innovative approaches that may not have existed when an earlier framework agreement was established.

Although an open tender requires careful planning and robust evaluation, these activities are fundamental to any well-managed procurement exercise and remain largely the same regardless of the procurement route. The principal difference is that every capable supplier has the opportunity to compete, increasing competitive tension and strengthening the likelihood of achieving the best overall commercial outcome.

What Is a Mini-Competition?

A mini-competition is a procurement process undertaken through an existing framework agreement. Rather than advertising the opportunity to the entire market, the contracting authority invites bids only from suppliers already appointed to that framework. Those suppliers have previously satisfied the framework provider's selection criteria and compete again for individual contracts, commonly referred to as call-off contracts.

Framework agreements are intended to simplify procurement by reducing the need to assess suppliers' basic suitability each time a requirement arises. They can be particularly useful where organisations need to procure quickly or where similar requirements occur repeatedly. However, participation is restricted to the suppliers already admitted to the framework, meaning businesses outside that pre-selected group cannot compete, regardless of their capabilities or commercial offering.

In practice, a mini-competition often follows many of the same steps as an open tender. Buyers still prepare specifications, establish evaluation criteria, answer clarification questions, evaluate submissions and obtain internal approvals before awarding the contract. The key distinction is therefore not the procurement process itself, but the size of the competitive marketplace from which bids are invited. That difference can have a significant influence on the final commercial result.

Understanding the Difference

At first glance, open tenders and mini-competitions appear to be fundamentally different procurement routes. In reality, they share many of the same characteristics. Both are competitive procurement exercises, both require transparent evaluation, and both must comply with procurement legislation and the contracting authority's own governance arrangements. They also require broadly the same level of planning, governance and evaluation effort, meaning the practical differences are much smaller than many procurement professionals and stakeholders initially assume.

The most important distinction lies in who is allowed to compete. An open tender welcomes every capable supplier that wishes to submit a bid. In contrast, a mini-competition limits participation to organisations appointed to a framework at an earlier point in time. Although the procurement process may appear remarkably similar, the competitive environment is fundamentally different. By opening the opportunity to the entire marketplace, an open tender creates greater competitive tension, encourages innovation and, in many circumstances, delivers stronger long-term value for money than restricting competition to a pre-selected group of framework suppliers.

Competition has long been recognised as one of the principal drivers of value for money in public procurement. The National Audit Office has consistently highlighted that effective competition encourages suppliers to improve quality, reduce costs and develop innovative solutions. While procurement routes must always remain proportionate to the requirement, exposing opportunities to genuine market competition remains one of the most effective ways of achieving better commercial outcomes for the public sector.

Comparing Open Tenders v Mini-Competitions

Commercial Reality	***Open Tender***	***Mini-Competition***	***The Commercial Verdict***
Market Access	*Unrestricted*	*Limited Pool*	*Open Tender generally offers the stronger commercial outcome. Exposes the contract to 100% of the active market.*
Pricing Edge	*Aggressive*	*Capped/Comfortable*	*Open Tender provides broader market competition. Drives maximum discount tension via open rivalry.*
Processing Speed	*Slow*	*Slow*	***Tie.** Both get bogged down in identical internal governance and spec drafting.*
Supplier Choice	*Dynamic*	*Frozen Snapshot*	*Open Tender delivers greater competitive tension. Captures recent mergers, new tech, and fresh suppliers.*

The Hidden Trap of Third-Party Frameworks

One of the biggest myths in public procurement is that a mini-competition automatically delivers the same commercial outcome as an open tender. While both involve competition between suppliers, the difference is narrower than many organisations realise. An open tender allows every capable supplier to compete, rather than restricting the opportunity to those already appointed to a framework. That broader competition often delivers stronger commercial outcomes for contracting authorities.

Framework agreements undoubtedly have their place, particularly where speed and administrative simplicity are important. However, they create an artificial shortlist by limiting participation to suppliers appointed months, or sometimes years, before a requirement is advertised. During that time, new businesses may have entered the market, existing suppliers may have significantly improved their capabilities, and innovative regional companies may have developed solutions that cannot be considered through the framework.

As a result, competition is confined to a predetermined group of suppliers, regardless of whether they still represent the best available options. In contrast, an open tender reflects the market as it exists today, allowing established providers to compete alongside emerging businesses. That broader participation strengthens competitive tension, encourages innovation and frequently delivers a stronger commercial outcome for the contracting *authority.*

Competitive Pressure Produces Better Outcomes

Competition works because suppliers never know exactly who they are competing against or what prices others may submit. In an open tender, the possibility of facing new entrants, specialist providers or particularly aggressive competitors encourages suppliers to sharpen every aspect of their offer. Pricing becomes keener, quality improves, and innovative service delivery models are more likely to emerge because every bidder is striving to gain a competitive advantage.

Mini-competitions operate differently. Suppliers already know the relatively small group of organisations that can bid for the opportunity, having competed against them repeatedly through the same framework. While competition certainly still exists, the competitive tension is naturally reduced because the market is closed. Familiarity with the competition can lessen the pressure to produce genuinely market-leading prices or introduce new and imaginative solutions.

This does not suggest that framework suppliers deliberately avoid competing. Rather, commercial behaviour reflects the environment in which competition takes place. The wider and less predictable the marketplace, the greater the incentive to differentiate through price, quality and innovation. For this reason, open tenders frequently generate stronger commercial responses than mini-competitions, even though both follow compliant procurement processes.

Competition Encourages Innovation

The Competition and Markets Authority has repeatedly concluded that competitive markets encourage businesses to innovate, improve productivity and deliver better value to customers. Those same commercial principles apply equally to public procurement. When suppliers compete within a broad and unpredictable marketplace, they have greater incentive to differentiate themselves through pricing, service quality, technological innovation and operational efficiency than when competition is confined to a limited number of familiar rivals.

HM Treasury's guidance on Managing Public Money emphasises that value for money should be assessed over the whole life of a contract rather than focusing solely on the initial purchase price. This broader assessment includes competition, innovation, efficiency and long-term commercial outcomes. While framework agreements may reduce procurement effort, contracting authorities should also consider whether restricting market access could reduce competitive pressure and ultimately increase the total cost of ownership.

Small Percentage Differences Become Significant

Many procurement professionals understandably focus on the time and convenience that frameworks can provide. Those administrative benefits are real, but they should never outweigh the financial implications of reduced market competition. A seemingly insignificant difference in pricing can become extremely expensive once applied across a large contract value and several years of delivery.

Consider a contract worth several million pounds over its lifetime. If an open tender generates pricing that is only two or three per cent more competitive than a mini-competition, the resulting savings can amount to hundreds of thousands of pounds. Those savings are achieved without reducing quality or service standards, simply because the procurement has been exposed to the widest possible market.

The lesson is straightforward. The practical differences between an open tender and a mini-competition are much smaller than many organisations believe, yet the commercial differences can be substantial. Where procurement timescales allow, opening the opportunity to the entire marketplace often represents the strongest commercial option, delivering greater competition, encouraging innovation and ultimately achieving better value for money for the public sector.

Open Tenders Are Not Necessarily Slower

One of the most persistent misconceptions in public procurement is that a mini-competition is automatically much faster than an open tender. In reality, the difference is often surprisingly small. Once a contracting authority begins preparing the procurement, many of the activities required before suppliers are even invited to bid are identical. Whether using a framework or an open procedure, good procurement still demands careful planning, sound governance and clear documentation.

Every successful procurement begins with properly defining the requirement. The specification must accurately describe the goods, services or works required. Service levels need to be agreed, evaluation criteria established and internal stakeholders consulted. None of these essential activities disappears simply because a framework agreement is being used. In many organisations, this preparation accounts for a significant proportion of the overall procurement timetable.

Both procurement routes require the same level of planning and stakeholder engagement. As a result, the perceived time advantage of a mini-competition is often far smaller than expected. Ultimately, the quality of the preparation, rather than the procurement route selected, is usually the greatest determinant of a successful commercial outcome.

Internal Governance Takes the Same Time

Regardless of the procurement route, organisations must still satisfy their own internal governance requirements before awarding a contract. Business cases require approval, legal teams review contractual documentation, financial authority limits must be observed, and senior managers often need to approve recommendations before a procurement can proceed. These governance processes exist to protect the organisation and cannot simply be bypassed because a framework agreement is available.

Many procurement professionals discover that internal approvals consume more time than the procurement exercise itself. Board papers, delegated authority approvals, legal comments and finance reviews all follow established organisational procedures. These activities are largely independent of whether suppliers are competing through an open tender or a mini-competition and therefore add similar timescales to both approaches.

This means that the apparent speed advantage associated with frameworks can quickly diminish. While the procurement regulations may permit a shorter supplier selection process, the organisation's own governance arrangements often determine the overall project timetable. Consequently, both routes frequently progress at a remarkably similar pace from initial planning through to contract award.

Clarifications and Evaluation Still Require Significant Effort

Another common assumption is that framework suppliers require less clarification because they have already been pre-qualified. Experience often proves otherwise. Framework agreements are designed to accommodate a wide range of future requirements, meaning their generic terms do not always align perfectly with an individual contract. Suppliers understandably seek clarification where specifications, contractual obligations or service requirements require further explanation, adding time to the procurement process.

The evaluation stage can also be more demanding than many people expect. Framework suppliers are typically experienced organisations with similar technical capabilities and compliant submissions. As a result, evaluators frequently spend considerable time distinguishing between bids where quality scores are closely matched, and small differences can determine the outcome. Careful moderation remains essential to ensure fairness and transparency.

Ultimately, the overall procurement timeline is often much closer than conventional wisdom suggests. The difference between an open tender and a mini-competition is frequently *measured in days rather than weeks. In contrast, the potential commercial benefits of opening the opportunity to the wider market can be considerable. Where programme timescales permit, an open tender often provides the strongest balance between competition, value for money and robust procurement practice.*

The Hidden Costs of Third-Party Frameworks

Third-party frameworks are often promoted as a simple and efficient route to market, yet their true cost extends well beyond the contract price paid by the successful supplier. Many framework providers, including organisations such as Fusion21, Pagabo and the Government Commercial Agency (formerly Crown Commercial Service), recover their operating costs by charging suppliers management fees, commissions or access levies linked to the value of contracts awarded through their frameworks. Although the percentage varies between providers and individual frameworks, these charges ultimately become part of the supplier's commercial model and are frequently recovered through the prices paid by contracting authorities.

The financial impact of these charges should not be underestimated. Fusion21, for example, publicly states that supplier management fees typically range from 1% to 4% of contract value, while other framework providers apply different commission structures. Industry reports have identified examples where supplier fees have reached around 7% on certain frameworks. On a contract worth £1 million, a 1% management fee equates to £10,000, increasing to £20,000 at 2%, £30,000 at 3%, £40,000 at 4%, £50,000 at 5% and as much as £70,000 where a 7% fee applies. Unless absorbed entirely by the supplier, these costs are likely to be reflected in the prices ultimately paid by the contracting authority, increasing the overall cost of procurement.

It is also important to recognise that the structure of framework agreements can itself influence supplier behaviour in ways that may reduce overall price competitiveness. Because frameworks typically limit competition to a pre-approved pool of suppliers, the intensity of market pressure is often lower than in an open tendering process. In some cases, suppliers may have a clearer understanding of their likelihood of success or the limited number of competitors they are facing at the call-off stage, which can reduce the incentive to offer their most aggressive pricing. This reduced competitive tension can mean that prices within a framework are not always as sharp as those achieved through unrestricted market competition, where suppliers must compete against the full breadth of the open market.

Open tendering avoids many of these hidden intermediary costs by creating a direct commercial relationship between the contracting authority and competing suppliers. Without framework management fees or commission structures influencing pricing, suppliers are better placed to submit their most competitive proposals based solely on the goods, services or works being procured. This greater transparency enables buyers to understand exactly what they are paying for, while encouraging suppliers to compete on genuine value rather than recovering the cost of participating in an intermediary procurement arrangement.

The commercial impact can become substantial over the lifetime of a high-value contract. Even relatively modest framework charges, when combined with reduced competitive pressure, can increase expenditure by many thousands of pounds. Where procurement timescales are broadly comparable, an open tender will often represent the stronger commercial option. It removes unnecessary intermediary costs, exposes the requirement to the widest possible marketplace and maximises the opportunity to achieve genuine value for money for the public sector.

Competition Determines Commercial Success

Once the procurement process is underway, the distinction between an open tender and a mini-competition becomes remarkably narrow. Both require careful planning, robust governance and thorough evaluation. If the overall timescales are broadly comparable, the deciding factor is no longer administrative convenience but the quality of competition. That is *where open tendering frequently demonstrates its greatest strength, exposing the requirement to the widest possible range of capable suppliers.*

Opening a contract to the entire marketplace encourages suppliers to compete with maximum determination. Established providers must defend their market position, while new entrants are motivated to demonstrate their value through competitive pricing, innovative delivery models and improved customer service. This broader competitive environment creates commercial pressure that is difficult to replicate within the closed boundaries of a framework agreement, where the field of competitors has already been defined.

For contracting authorities seeking the best overall outcome, the conclusion is difficult to ignore. If an open tender can be completed in a broadly similar timeframe to a mini-competition, it offers access to a far larger marketplace and stronger competitive tension. The result is often lower unit costs, greater contractual leverage, fresh thinking and improved long-term value. In many cases, the modest additional effort delivers a commercial return that far outweighs the perceived convenience of using a framework alone.

The Procurement Act 2023 provides contracting authorities with greater flexibility to select procurement routes that are appropriate to their individual requirements. That flexibility places greater responsibility on procurement professionals to justify why a particular approach delivers the best commercial outcome. Rather than defaulting automatically to a framework agreement, buyers should assess whether wider market competition could produce stronger value for money, increased innovation and improved long-term contract performance.

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