Business in the Parliament

Workshop 3: “Public Procurement – what’s in it for business?”

Suggested discussion topics
- Accessibility of public sector contracts – what progress has been made? What’s next?
- Transparency in Procurement – how can the Scottish Government help suppliers? How can suppliers help themselves?
- Collaborating for success – how can businesses make the most of opportunities? Is this the future of public sector procurement?

Overview
With the overarching theme of this year’s conference being ‘Leading Scotland: Unlocking our Economic and Business Potential’, this procurement workshop is intended to address how businesses can best exploit opportunities to sell to the public sector in Scotland, the rest of the UK and beyond. It is also intended to capture businesses’ experience of what works well and what works less well in public procurement.

The workshop, lasting 90 minutes, will be facilitated by two Scottish business leaders who will also make a brief 5-10 presentation offering their perspective on selling to the public sector.

The current situation and on-going Scottish Government interventions
In 2016, over 21,500 suppliers were awarded public sector contracts through Public Contracts Scotland (of which nearly ¾ were Scottish). Scottish procurement now has an international reputation for good practice – but challenges remain.

Since the introduction of the public procurement reform programme in 2006 the Scottish Government have worked with the Scottish business community to standardise the public procurement process and reduce bureaucracy to make it easier for business, including SMEs, to access public sector contracts.

Early engagement with the market is a key feature of government’s published standard procedures. Scottish Procurement have developed a suite of tools to improve processes and support access to contracts.

Over the course of the last 10 years, the Scottish Government have introduced a range of systems (such as Public Contracts Scotland (PCS)), documentation (such as the European Single Procurement Document (ESPD)), and guidance (such as the Supplier Journey), and are adapting collaborative strategies to make it easier for SMEs to bid for public sector work.

There has been real progress made in increasing access to contracts and improving support for businesses, stimulating Scotland’s economy; and in adopting more
efficient procurement practices that have encouraged competition whilst securing best value.

The introduction and implementation of legislation in the form of the Procurement Reform (Scotland) Act 2014, and three EU directives broadly consistent with the direction of Scottish procurement, are helping to reduce bureaucracy, simplify processes and increase transparency and accessibility and thus increase access to public sector contracts for businesses – in particular SMEs.

The Act has introduced a sustainable procurement duty, which requires public bodies to think about how each regulated procurement process it carries out can improve the economic, social and environmental wellbeing of its area, as well as facilitating the involvement of SMEs, third sector bodies and supported businesses.

As well as ensuring contract opportunities of a lower value are advertised through PCS, the Act requires a public body with procurement spend of £5 million or more per annum to prepare and publish a procurement strategy, setting out how it intends to carry out procurements, and publish an annual report against it.

The three EU Procurement Directives implemented contain measures to simplify and reduce the length of the procurement process and support access to public contracts by SMEs.

Improving transparency in public procurement is a core tenet of the Act. The Scottish Government recognises that transparency in procurement is an important tool in the fight against fraud and corruption. Government places great value on sharing information, reporting performance and holding up processes to public scrutiny.

Scottish Procurement have an established track record for making procurement information available through the Public Contracts Scotland (PCS) website – increasing transparency of contracting opportunities through PCS from 3,500 in 2009 to nearly 15,000 in 2015.

Building on the significant increase in transparency of contracting opportunities over the past 8 years, in August 2017 Scottish Procurement published an Open Contracting Strategy as part of its commitment to the Open Government Partnership Scottish National Action Plan 2016-17.

Making more information available in a way that allows it to be easily re-used and shared in line with the Open Data Strategy will require further steps to be taken. It is Scottish Procurement’s intention to publish procurement information that is coherent, consistent and in a format that is useful and easy to understand for communities, the third sector and citizens.

Collaborative strategies are being developed that take in to account potential economic impact and ease of access for SMEs and third sector organisations.

Collaborative contracts are increasingly being designed to deliver wider benefits, in a way which maximises competition whilst maintaining economies of scale. These
offer opportunity for growth; maximise training investment; support developing and indigenous supply chains, and enhance characteristics of growth.

In 2016, 53 firm sub-contract opportunities and 26 speculative sub-contract opportunities were advertised on PCS. Whilst prime contractors are not obliged to publish award details on PCS, from the award data published, 52 suppliers were awarded sub-contracts, of which just under half were Scottish, and a third Scottish SMEs.

Supplier engagement and involvement remain central to Scottish Procurement policy development. Supply side representatives were instrumental in steering the direction of the public procurement reform programme and were involved in the development of key tools, such as the Single Point of Enquiry and the Suppliers Charter and Supplier Journey.

Scottish Procurement officials continue to regularly engage both formally and informally with representative organisations from the supply-side. Formal engagement is through the Scottish Procurement-supported Procurement Supply Group (PSG), consisting of representative bodies from business and the third sector. The group are involved with policy and legislative development, as well as the Public Procurement in Scotland Workplan that identifies the enablers and milestones for procurement each year.

The Scottish Government works closely with the four procurement Centres of Expertise, and engage with Heads of Procurement spanning the public sector in Scotland, to share best practice on supplier engagement.

The Scottish Government support the Supplier Development Programme (SDP), a business initiative that provides free tender training and support to small businesses across Scotland. SDP provide local businesses with access to advice and training to raise awareness of the opportunities and how to win public sector contracts in Scotland and beyond.

In 2017 The Scottish Government provided £157,000 funding to the SDP to continue its valuable services to SME’s, third sector and supported businesses, and officials are currently working with the SDP to increase public body membership across the Scottish public sector, in support of eventual self-sustainability.

The SDP, in partnership with the Scottish Government, will be hosting its second ‘Meet the Buyer’ event at Hampden, Glasgow on 28 September 2017. This will provide Scottish SMEs with the opportunity to have face to face contact with procurement experts across the Scottish public sector and with UK representatives. The inaugural event, hosted at Murrayfield Stadium in June 2016, attracted more than 1,000 delegates, of which over 74% were from Scottish SMEs.

Scottish Government
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