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### **Sustainable Procurement Bill**

I was pleased to attend the recent meeting of the Public Procurement Advisory Group and am grateful for the opportunity to comment on the planned Sustainable Procurement Bill.

In SCDI's *Blueprint* for the Scottish economy we said that procurement must operate within a European framework and deliver value for money, but that it should also be accessible for SMEs and encourage business growth. We pointed out that pooling public sector contracts has a number of risks, not least the demise of SMEs, especially in a challenging economic climate, which find themselves unable to handle the scale of the public sector contracts on offer and/ or compete locally with national and international firms with greater buying power. SCDI welcomed the voluntary, non-statutory *Suppliers' Charter*, but said that further steps should be considered, such as requiring **all public bodies to jointly publish annually in one readily-accessible document the percentage of their contracts awarded to Scottish firms**. We suggested that greater transparency could lead to public bodies and businesses going beyond their statutory obligations.

SCDI suggests that such a requirement for improved transparency should be considered for inclusion within the Performance and Accountability theme of the proposed Bill.

Public procurement in Scotland must continue to operate within European law and we support the Scottish Government's efforts to amend EU procurement law. SCDI endorses the principle of more recognition for local economic benefits in points-scoring processes.

We are conscious, however, that the rebalancing and future growth of the Scottish economy will depend on the success of Scottish SMEs in winning more business abroad. **We would not want the introduction of a process which, if replicated elsewhere in the EU, would make it harder for Scottish firms to access public contracts overseas.**

We have also been concerned that commissioning bodies in Scotland have been applying EU rules on competitive tendering below the threshold which is required, which can add significantly to the costs of smaller projects and exclude SMEs. The appropriateness of the thresholds which are currently applied by Scottish public bodies should be reviewed.

For public bodies, the aggregation of contracts into frameworks raises questions such as whether suppliers will be able to meet the needs of all partners including those with smaller budgets, offer specialist services and experience, and charge for all services outside of the contract rather than, as a result of goodwill, supply them free-of-charge. Flexibility for public bodies which are collaborative partners within a framework for contracts which are below a certain threshold in value would help to address this concern.

SCDI agreed with the conclusion of the Scottish Government-commissioned Beveridge and Christie reviews that private and third sector contributions to public service delivery in Scotland are under-developed. The Bill offers a mechanism to rectify this by stating the principle of “competitive neutrality”, as recommended by the Christie Commission.

In our Blueprint, SCDI also highlighted that – particularly with Scotland’s comparatively low rates of business R&D - **public spending on goods and services in Scotland should have a role in stimulating innovation.** We proposed **ring-fencing a small proportion of the annual public procurement budget for this purpose.** Ring-fencing 0.5% of this £8bn annual budget would boost funding for innovation activities in Scotland by £40m.

SCDI welcomes the Cabinet Secretary’s view that the economy should be a fifth strand to the proposed Bill and recommends that this should include encouraging innovation.

SCDI has previously suggested that employers that commit to providing opportunities to suitably qualified local unemployed people (either jobs or apprenticeships) should receive additional points in the procurement system. If the Bill is to place requirements on those in receipt of grants and contracts to publish training and apprenticeship plans, we would agree that these are only appropriate for significant grants and not for smaller businesses.

SCDI believes that some clarification may be needed around proposals such as “sustainable food procurement” and “community benefits”. It will be important to be clear that the latter might have a wide and varied application and not to be prescriptive.

I hope that these comments are helpful.

Yours sincerely

Dr Lesley Sawers  
**Chief Executive**