



PROMOTING THE INVOLVEMENT OF SMALL AND MEDIUM SIZED ENTERPRISES IN PUBLIC CONTRACTS – “SIX SIMPLE STEPS”

Purpose

1. To advise that the Cabinet Secretary for Finance and Sustainable Growth, in his capacity as Chair of the Public Procurement Reform Board, has written to Chief Executives and Heads of Procurement of Scottish public bodies expressing his expectation that all Scottish public bodies will follow “six simple steps” to promote SME involvement in public procurement processes.

Detail

2. The Scottish Government’s Economic Recovery Programme states that it will do all it can to help Scottish businesses. As part of this, the Government believes that it would be beneficial and timely in the current economic climate to issue a clear statement of its commitment to ensuring that SMEs have fair access to public sector contracts in Scotland.

3. The statement is provided as an Annex to this note, and can also be downloaded from the Scottish Government website at <http://www.scotland.gov.uk/Topics/Government/Procurement/policy/SMEs>

Dissemination

4. Please bring this SPPN to the attention of all relevant staff, including those in Agencies, Non-Departmental Public Bodies and other sponsored public bodies within your area of responsibility.

Contact

5. Enquiries about this SPPN should be addressed to Calum Webster, Scottish Procurement Directorate, telephone 0131 244 0221 or e-mail calum.webster@scotland.gsi.gov.uk

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PROMOTING THE INVOLVEMENT OF SMALL AND MEDIUM SIZED ENTERPRISES IN PUBLIC CONTRACTS – “SIX SIMPLE STEPS”

The Scottish Government’s Economic Recovery Programme states that it will do all it can to help Scottish businesses. The Government is committed to ensuring that small and medium sized businesses have fair access to public sector contracts in Scotland. Small and medium sized enterprises (SMEs) – whether businesses, social enterprises or third sector bodies – make a significant contribution to the delivery of public services in Scotland and to the supply of good and works to the Scottish public sector. They are often ideally placed to provide innovative solutions to public sector requirements and to deliver value for money. The public procurement market place also offers considerable opportunities for SMEs to generate business, either individually or as part of a consortium. Access to public sector contracts can play a key part in supporting a SME’s longer-term sustainable growth.

Our cross-sector Procurement Policy Handbook, published in December 2008, includes guidance on working with suppliers. The Handbook requires that tender costs be kept to a minimum and that barriers to participation by small firms, the self-employed and third sector should be removed.

In order to achieve the requirements set out in the Procurement Policy Handbook, all Scottish public bodies are expected to take the following six steps:

1. **Adopt the “Suppliers’ Charter”** – which commits public bodies to improving the way they work with businesses.¹
2. **Use the Public Contracts Scotland advertising portal.**

Public bodies should:

- **publish their “buyer profile” on the portal** – to help suppliers find out quickly and cheaply whether a public body is a potential customer;
- **advertise as many contract opportunities as possible and publish contract award notices** – to give suppliers free access to contract opportunities across the Scottish public sector; and

¹ <http://www.scotland.gov.uk/Topics/Government/Procurement/Selling/Supplierscharter2>

- **use the ‘quick quote’ facility for very low value contracts** – to allow suppliers to bid for very low value contracts with the minimum of bureaucracy.²
- 3. **Review contract award procedures** – to ensure that they place the minimum possible burden on suppliers, for example through use of a core supplier questionnaire.
- 4. **Use outcome based tender specifications wherever possible** – to allow businesses to propose innovative and alternative solutions to public sector business needs.
- 5. **Include in their terms and conditions a requirement that contractors pay any sub-contractors within 30 days of receipt of a valid invoice** – to ensure that sub-contractors, as well as contractors, receive prompt payment.³
- 6. **Monitor spend with SMEs** – use data from the Scottish Procurement Information Hub to monitor spend with SMEs. Monitoring spend by way of a Best Practice Indicator (BPI) will enable public bodies to demonstrate the success of the other activities.⁴

² <http://www.publiccontractsscotland.gov.uk>

³ For example, Scottish Government Standard Terms and Conditions of Contract state: Where the Supplier enters a sub-contract with a supplier or contractor for the purpose of performing the Contract, he shall cause a term to be included in such sub-contract which requires payment to be made to the supplier or contractor within a specified period not exceeding 30 days from receipt of a valid invoice as defined by the sub-contract requirements.

⁴ <http://www.scotland.gov.uk/Topics/Government/Procurement/Resources/BPIs/>