

# Consultation on the introduction of a Scottish Standard Pre-Qualifying Questionnaire

**February 2011**

## Introduction

The FSB is Scotland's largest direct-member business organisation, representing over 20,000 members. The FSB campaigns for an economic and social environment which allows small businesses to grow and prosper.

We welcome the opportunity to submit our response on the above consultation. The FSB has taken a strong interest in Scottish public procurement for a number of years. Indeed, with the Scottish Chamber of Commerce, we worked with the Scottish Government to form the Supplier Engagement Working Group – a key output from which has been the development of a Scottish Standard Pre-Qualifying Questionnaire (SSPQQ).

The FSB supports the introduction of an SPQQ, and its associated objectives, with a particular emphasis on reducing bureaucracy for the small, supply community while encouraging a more proportionate approach from Scottish buying bodies.

The FSB, however, still has concerns about the wider public procurement agenda, where pressure on public bodies to aggregate contracts and reduce bottom line costs risks excluding small Scottish businesses and innovative solutions to the public sector's procurement needs.

## General

In the consultation's covering letter, it is noted that *"the inconsistency in the way pre-qualification process is undertaken by different public bodies, is in part due to the variety and complexity of the goods, services and works purchased by the public"*

*sector. The issue has been highlighted by suppliers as one of the greatest barriers to their participation in the public sector market.”*

This observation corresponds with anecdotal evidence from the FSB gathered over a number of years across the UK. Further, the 2008 McLelland Review of Public Procurement in Scotland noted evidence from small businesses that: *“Small and medium-sized indigenous businesses [feel] specially disadvantaged by pre-tender specs” (pg45).*

Indeed, a 2008 UK wide joint-report by the FSB and CBI also recommended the introduction of a Standardised Pre Qualifying Questionnaire.

The problems which the SPQQ are, therefore, trying to resolve are neither new nor exclusive to Scotland and we welcome the Scottish Government’s commitment to address this widespread and complex problem.

The FSB believes that individual businesses, industry sectors and trade-specific bodies may make specific comments about the SPQQ proposals as they stand. However, from initial discussions with the business community, many find it difficult to assess how the new system will work in practise from a paper document.

The FSB in Scotland will be involved in providing feedback on the new system, both software and content, as it rolls out and therefore we will keep our comments to a minimum.

#### **Funding for the SPQQ**

On pg5 of the document, it notes that “...there may be a small annual charge for the use of this service for bidders...”

The FSB does not believe a charge for this service is appropriate and funding for the roll-out of this project should be met by the public-sector buying community.

According to the Scottish Government, efficiency savings attributed to the Public Procurement Reform Programme have almost doubled from £160 million in 2008-09 to £312 million in 2009-10<sup>1</sup>. The FSB believes that a small proportion of these savings should be used to fund the development of the SPQQ and that the efficiencies created at the public buying body end should be used for maintenance and development of the system.

There may be an argument for the winners of the very largest public contracts (utilities and telecoms for example) contributing to the cost of the SPQQ.

However the FSB believes that:

- There should be no charge to bid or access public contracts. There is a risk that the introduction of the SPQQ is perceived as a means for the public sector to raise revenue and this would hurt the project’s reputation.

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<sup>1</sup> How Scotland will achieve efficiencies from improved procurement in 2011-12 and beyond, Scottish Government, Jan 2011

- Any charge would be a barrier to new entrants looking to participate in public contracts.
- Further, as noted below, the FSB believes that the SPQQ should fully integrate with the Public Contracts Scotland web portal.

### **Beta testing**

While the FSB wants the SPQQ to be implemented as soon as possible, the FSB believes that a period of systematic testing by a small sample of suppliers and buyers might offer the opportunity to iron out early difficulties.

Further, a rotating sample could ensure that different sectors are given an opportunity to iron-out sector specific problems.

This would ensure that when the system was rolled-out, it would be of a sufficient standard to encourage maximum take up by the supply and the demand communities.

### **Integration with other systems**

As noted during discussion with officials, the FSB in Scotland is aware that SPQQs are being developing in other parts of the UK.

Ideally, these systems should integrate seamlessly, or at least have the capacity to do so in due course.

Further, the FSB believes that there should be no reason for the SPQQ to fully integrate into the Public Contracts Scotland web portal.

### **Conclusion**

As noted above, the FSB is pleased that the Scottish Government has listened to the small business community and is taking this project forward. It should cut bureaucracy in both the supply and demand communities, and the joint approach which has been adopted to deliver the project thus far, should continue.

For further information on any of the points raised in this submission, please contact Stuart Mackinnon, Public Affairs Officer, [stuart.mackinnon@fsb.org.uk](mailto:stuart.mackinnon@fsb.org.uk) t: **0141 221 0775**.