

WEST DUNBARTONSHIRE COUNCIL
Report by the Executive Director of Corporate Services
Council – 27 May 2009

Subject : Promoting the Involvement of SMEs in Public Contracts – Six Simple Steps

1. Purpose

- 1.1** This report advises Members of a commitment that has been made by the Scottish Government to ensure fair access to public sector contracts in Scotland for SMEs (small and medium sized enterprises) and the action that is being taken locally to facilitate this.

2. Background

- 2.1** Attached at Appendix 1 is a letter dated 28 April 2009 from John Swinney, Cabinet Secretary for Finance and Sustainable Growth in the Scottish Government which outlines the significant contribution that SMEs make to the delivery of public services in Scotland and to the supply of goods and services to the Scottish public sector. It further highlights that access to public sector contracts can play a key part in supporting an SME's longer-term sustainable growth.
- 2.2** While there is potential conflict between the drive towards collaborative contracts and the greater involvement of SMEs, public purchasing bodies are asked to think constructively and flexibly about the content and structure of contracts to maximise SME involvement where possible.

3. Main Issues

- 3.1** Mr Swinney's letter outlines the following "six simple steps" to remove barriers to participation by small firms, the self-employed and the third sector:
- Adopt the Suppliers Charter
 - Use the Public Contracts Scotland advertising portal
 - Review contract award procedures to ensure the minimal possible
 - Use outcome based tender specifications wherever possible to allow innovative and alternative solutions to be proposed
 - Include in terms and conditions of contract, a requirement for contractors to pay any sub-contractors within 30 days of invoice receipt
 - Monitor spend with SMEs through the Scottish Procurement Information Hub.
- 3.2** A wider consideration of this issue is being undertaken by Corporate Procurement under action 59 of the Improving Council plan approved by Council on 12 February 2009. As part of the overall objective "Create a more joined up approach to assisting small-medium sized local businesses", there is a specific action to develop a local procurement policy with a due date of 30 June 2009. Work is underway on this action and consideration will be given to these "Six Simple Steps" in developing the policy which will be brought back to Council for consideration after the summer recess.

4. Personnel Issues

4.1 There are no Personnel issues associated with this report.

5. Financial Implications

5.1 There are no financial implications associated with this report.

6. Risk Analysis

6.1 Maximising supply and contract opportunities for SMEs is part of the Council's wider corporate social responsibilities to the development of the local economy. If we fail to promote the involvement of SMEs in public contracts, there is a risk that these responsibilities will not be fully met.

7. Conclusions & Officers' Recommendations

7.1 The Scottish Government's guidance on involving SMEs in public contracts will be incorporated into the local procurement guidance that is currently being drafted.

7.2 Council is asked to note the attached letter from John Swinney and the action that is being taken locally to provide procurement guidance for the local business community.

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Date: 8 May 2009

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Appendices: Appendix 1 – Promoting the Involvement of SMEs in Public
Contracts – Six Simple Steps

Background Papers: An Improving Council – Revenue Budget Proposals
2009/2010 And 2101/2011

Wards Affected: All