Research with Third Sector Organisations and New Businesses – Views and Experiences of Scottish Public Procurement

PUBLIC SERVICES AND GOVERNMENT

social
research

Contents

Executive summary

Introduction

In September 2021, Scottish Government commissioned Blake Stevenson Ltd. to undertake research with third sector organisations and new private businesses to explore their experiences of public procurement in Scotland. It builds on previous research undertaken and the findings will be used to ensure that future delivery of public procurement is as inclusive as possible and enables third sector organisations and new private businesses to better access and compete for public contracts.

Research methodology

A mixed-methods approach was adopted for this research. It combined an online survey of third sector organisations and new private businesses and interviews with representatives of third sector organisations and new private businesses. In addition, web-based interviews were conducted with representatives from a small number of key bodies that represent the interests of third sector organisations and new private businesses, in order to gain an understanding of the wider context for this research.

48 responses were received to the online survey – 43 from third sector organisations and five from new private businesses, of which 33 organisations had bid for public contracts in the past five years. In addition, we spoke to 49 individuals through interviews and focus groups – 36 from third sector organisations, six from new private businesses, and seven stakeholders. Organisations participating in the survey and interviews were geographically diverse, and represented a wide range of sectors.

The relatively low number of survey responses does mean that caution should be exercised in interpreting the data and taking the findings as representative – they are, rather, a snapshot of recent experiences which provides useful learning for future developments.

Key findings

Experiences of public procurement to date

Organisations participating in the research described the benefits of bidding and contracting with the public sector. Responses were consistent, with research participants noting that security of contracts and reliability of payments were the greatest benefits of public contracts.

Organisations felt that they had a lot to offer the public sector in return, citing local knowledge and expertise in particular.

There were mixed views about the extent to which third sector organisations and new private businesses believed that the public sector was willing and able to do business with them. Around half of survey respondents felt that this was the case to some extent, and a further third indicated that it was to a great extent.

Over 80% of survey respondents indicated that the process of bidding for Scottish public sector contracts was difficult or very difficult, and this was backed up by interviewees during the research. Most frequently, organisations referred to challenges with a lack of time or capacity to bid, the complexity of the bidding process and difficulties in meeting the requirements of the contracts.

Training and support

Take-up of current public procurement training and support provision is reasonably good, and those third sector organisations and new private businesses that had participated in training or received advice from some of the existing support bodies were positive about the quality of support they had received. However, organisations were keen to see more in-depth, intensive support provided in future.

Barriers to engagement with Scottish public procurement for third sector and new private businesses

Research participants identified a range of barriers to participation in Scottish public procurement. These are outlined briefly below:

Lack of capacity

This related to having both the staff time and the skills to take part in tendering processes. This was particularly the case for small third sector organisations, but also an issue for small private businesses. Stakeholders also raised this as a key concern.

Complexity of procurement processes

The majority of research participants described the procurement processes they had participated in as too complex and disproportionate to the size of contracts being bid for. This was a barrier highlighted by participating organisations, regardless of size, sector or location. This related to both specifications for contracts and the tendering process itself. Particular challenges faced included the excessive amount of time required to prepare bids due to a lack of standardisation of approach; word count requirements which were not proportionate to the information being requested; and too many onerous requirements in relation to additional information required such as their organisation's approach to climate change or modern slavery.

Public Contracts Scotland (PCS) and Public Contracts Scotland-Tender (PCS-Tender)

The majority of research participants (but not all) were familiar with PCS and/or PCS-Tender. Across the board, participants who were familiar with these systems stressed the difficulties of using them. Both systems were unpopular – being described variously as "cumbersome", "old-fashioned", "not user-friendly", "frightening for new organisations" and "confusing".

Insufficient early market engagement with potential bidders

Early market engagement was felt by many interviewees to be an important way of ensuring that all interested organisations had equal access to tender opportunities. It was also seen as an opportunity to explore alternative approaches such as innovation partnerships or collaboration. However, despite its importance being recognised, interviewees commented that early market engagement did not happen, or happened too late in the process to be meaningful.

A significant number of research participants also felt that early market engagement was an important way of ensuring that tendering was the most appropriate way of commissioning services, and that the market engagement often needed to take place earlier in the pre-commissioning process.

Lack of transparency in relation to short-listing of suppliers

Some research participants raised concerns about a lack of transparency within procurement processes, and felt that this was a barrier to them making effective decisions with regards to whether to tender for contracts. They raised particular concerns about a lack of transparency in relation to which organisations were selected for Quick Quotes processes, and how to ensure that their own organisation was included in a list of potential suppliers.

Ineffective tender assessment processes

Many research participants felt that the tender assessment processes they had experienced to date did not always result in the best provider being selected, or in the best outcomes for individuals (in the case of service contracts). Some interviewees had experience of poor assessment and had been put off bidding again.

There was a strong feeling that the assessment processes are currently driven by a fear of breaching procurement rules, resulting in a risk-averse approach to decision-making. Assessment was felt by some to be too punitive – with reports, for example, of tenders being eliminated from the process because a page was missing.

Insufficient lotting of contracts

Many research participants reported that lotting was not yet happening enough, although there was recognition that there is now more lotting of contracts than

previously. A significant number of research participants noted that insufficient use of lotting continued to be a barrier to their engagement with public procurement. This was particularly the case for smaller companies or third sector organisations that may be able to fulfil one element of a contract but not all of it.

Ineffective use of framework agreements

While some research participants noted the potential value of being on a framework agreement, a number of research participants had had poor experiences of these. Despite putting in a significant amount of time and effort to bid to be on a framework in the first place, a few that had been successful reported that they had not been awarded any contracts through them.

Lack of feedback from public bodies

Receiving feedback from buyers in the event of an unsuccessful bid can be helpful in supporting organisations to improve the quality of future bids. Some organisations we interviewed reported that feedback was sometimes non-existent, and that when it was available, it often lacked detail.

Short duration of contracts and low contract values

Some research participants raised concerns about the duration of contracts awarded through public procurement. Among these participants, there was a sense that contracts were often short, usually a maximum of 2-3 years in duration. Some felt this was not long enough and that the burden of re-tendering was too great. This seemed to be a particular issue in relation to health and social care contracts where services were often delivered over a long-term period but funding contracts were limited to, for example, three years.

Low contract values were also cited as a barrier to engagement in procurement – in two respects. Firstly, organisations observed that if contract values were too low, they often spent a disproportionate amount of time preparing bids which meant it was not financially worthwhile to bid. Secondly, a number of organisations raised concerns about the hourly rates that buyers were prepared to pay for specialist services. In particular, this applied to budgets for contracts within the local government sector, with local authorities often being perceived as unwilling to pay a fair and realistic rate for high quality service provision.

Onerous terms and conditions

All research participants, across both new private businesses and third sector organisations, and across a range of different sectors, reported that one of the biggest barriers to participation in public procurement were the requirements imposed by buyers during the bidding process. These were varied and included requirements related to insurance, accreditations, minimum IT requirements, community benefits clauses, financial standing, and requirements to address a range of policy issues such as Fair Work and climate change. Many of these were a barrier for smaller organisations and companies in particular but some large

organisations also raised concerns about some of these issues. Stakeholders confirmed these concerns.

Lack of a robust appeals process for lower value contracts

Some research participants were concerned that there was currently no effective means of challenging decisions taken within public procurement processes for lower value contracts, nor any recourse for bidders if poor or unfair decisions were made.

Currently, organisations do have the right to legally challenge decisions made in relation to contracts of £50,000 and over for goods and services and £2 million for works. However, few research participants were aware of either their right to legal recourse (in the case of higher value contracts) or of the Single Point of Enquiry (SPoE) service, suggesting a clear need for increased awareness raising. Those that were aware of the SPoE were concerned that it was not meeting the needs of organisations. The service is considered by those that were familiar with it to be ineffective, as it has no power to reverse decisions taken by public bodies in procurement processes.

Conflicts of interest

A small number of interviewees identified conflicts of interest as a barrier to participation in some areas. This issue was raised specifically in relation to organisations which were acting as both commissioners of contracts and deliverers of other contracts. A few interviewees also raised concerns about conflicts of interest on the part of organisations that provided capacity building and business support to bidders, but who themselves could potentially bid against those organisations for contracts.
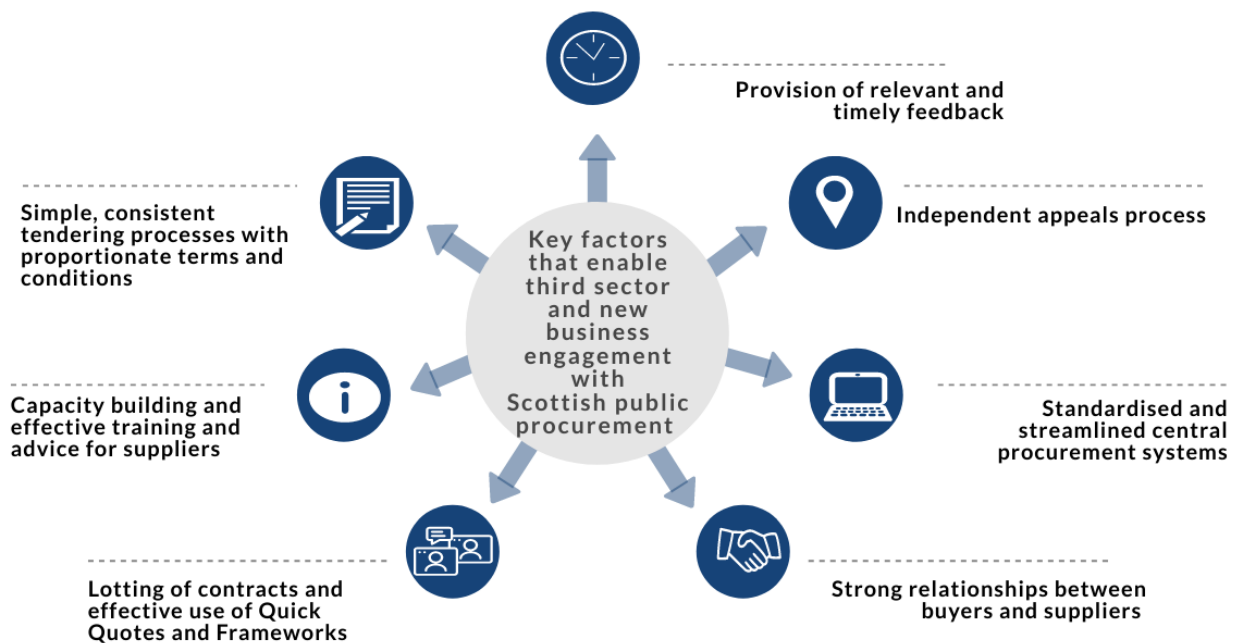
Buyer and supplier preconceptions

Third sector research participants indicated that there remain a number of false perceptions that are hindering third sector organisations' access to public procurement. These include a fear of participation based on misconceptions about processes and perceptions on the part of some buyers in the public sector that the third sector does not have the experience or capacity to deliver large contracts.

Factors that enable third sector and new business engagement with Scottish public procurement

An important focus of this research was to determine the key enablers that must be in place to ensure ease of access.

These are illustrated in the diagram below and described in further detail in the main report:

A central grey circle reads "Key factors that enable third sector and new business engagement with Scottish public procurement" with arrows pointing outward to eight factors:
- Provision of relevant and timely feedback
- Independent appeals process
- Standardised and streamlined central procurement systems
- Strong relationships between buyers and suppliers
- Lotting of contracts and effective use of Quick Quotes and Frameworks
- Capacity building and effective training and advice for suppliers
- Simple, consistent tendering processes with proportionate terms and conditions

Considerations for improving access to public procurement for third sector organisations and new private businesses

The research identified a number of considerations, outlined below, which will help public bodies to reflect on potential ways to address the barriers highlighted above. They take account of the fact that while Scottish Government has a role to play in improving access to public procurement, the wider public sector – including local authorities, the NHS and a wide range of other buyers – as well as supporting bodies such as the Centres of Expertise, also have an important role in improving access to public contracts for third sector organisations and new businesses.

1. Consider potential for ongoing improvements to PCS and PCS-Tender; support for training and development in public procurement; and sharing of experiences of tendering processes.

2. Consider opportunities to simplify tender processes, ensuring that tender processes only require information to be provided that is proportionate and relevant to the work being commissioned.

3. Consider opportunities to engage earlier, and more meaningfully, ahead of tendering opportunities.

4. Consider potential for greater transparency around selection for Quick Quotes, and for support to organisations to improve chances of selection for Quick Quotes.

5. Consider opportunities to ensure that local supply of goods and services are appropriately valued in assessment processes, without breaching procurement rules.

6. Explore opportunities to encourage greater use of lotting, where this is appropriate.

7. Explore potential to improve frequency and quality of feedback to unsuccessful bidders for lower value contracts not currently covered by any legislative requirement to provide feedback.

8. Consider opportunities to reduce onerous terms and conditions and ensure these remain proportionate to contract type and value.

9. Work towards ensuring that the SPoE is more visible and facilitate greater transparency of its work. Find ways of enabling it to make better use of available data to share lessons learned.

10. Explore opportunities to enhance understanding of the role of the third sector in the delivery of public contracts.

1. Introduction, context and methodology

Introduction

In September 2021, Scottish Government commissioned Blake Stevenson Ltd. to undertake research with third sector organisations and new private businesses to explore their experiences of public procurement in Scotland. To date, relatively little research has been undertaken focusing on the experiences of these two groups in relation to public procurement, and there is a particular lack of qualitative evidence on this front. By addressing this gap and by expanding the evidence base around public procurement, this research aims to ensure that decisions related to next steps and actions to improve access to contract opportunities for these two groups are well informed. For the purposes of this research, "new businesses" are defined as businesses that were set up within the last five years.

The findings from the research will be used to ensure that future delivery of public procurement is as inclusive as possible and enables third sector organisations and new private businesses to better access and compete for public contracts.

Note that the views expressed in this report are those of the researchers and do not necessarily represent those of the Scottish Government or Scottish Ministers.

Context for the research

Published in 2006, the Review of Public Procurement in Scotland ('the McClelland Report')[1] set in motion the building blocks for improved services and better value for money. Structures were put in place to drive change – including the Public Procurement Reform Board (PPRB) – which successfully promoted transparent, collaborative working across a wide range of procurement activities and practice, across the public sector.

In 2010, the second phase of public procurement reform was launched[2] to speed up reform to successfully promote a value for money balance between cost, quality and sustainability into mainstream procurement.

The Procurement Reform (Scotland) Act 2014[3] ('the 2014 Act') was another milestone in public procurement reform, giving ministers powers to issue regulations and guidance within a European framework. Statutory guidance (effective April 2016) was developed by the Scottish Government in partnership with key stakeholders.

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[1] The McClelland Report

[2] The Second Phase of public procurement reform

[3] Procurement Reform (Scotland) Act 2014

It includes guidance in relation to:

- procurement strategies and annual procurement reports
- Sustainable Procurement Duty and community benefit requirements
- selection of tenderers and award of contracts
- procurement for health or social care services, and
- addressing fair work practices and the living wage.

As part of the 2014 Act, the Sustainable Procurement Duty requires public sector organisations, before carrying out a regulated procurement, to consider how they can:

- improve the economic, social and environmental wellbeing of the authority's area (with a focus on reducing inequality)
- facilitate the involvement of small and medium enterprises (SMEs), third sector and supported businesses, and
- promote innovation.

The 2014 Act, and subsequent legislation in 2016[4], supported the integration of the Scottish Model of Procurement[5] into Scotland's economic strategy and into the work of the public sector more widely to bring about improved services alongside value for money, fairness and prosperity. The Scottish Model of Procurement is enshrined in the 2014 Act and defines how the public sector buys goods and services. The Model outlines four key principles for procurement:

- embedding sustainability in all we do
- improving supplier access to public contracts
- maximising efficiency and collaboration
- delivering savings and benefits.

There was a focus on moving the culture of procurement on from a back-room function to something of major strategic impact both nationally, at government level, and institutionally, for public bodies – a reflection of the 'government-led, public-body owned' ethos of procurement encouraged throughout reform.

By ensuring that procurement is embedded into strategy and policy across the public sector, the intention was that maximum public value could be achieved beyond the transaction of buying and selling of services and would contribute to: jobs and growth; innovation; training, apprenticeships and employment

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[4] For further information see Procurement (Scotland) Regulations 2016.

[5] Outcomes for Procurement

opportunities; and helping businesses (including SMEs), third sector bodies, and supported businesses to compete effectively for contracts.[6]

Scottish Government has committed to continuous improvement to public procurement and during the past few years has worked to streamline how the public sector works with private businesses and the third sector, putting in place measures to ensure that they can compete equally and effectively for public sector contracts. These measures have included putting in place Public Social Partnerships which design and commission new public services and support innovation in service design, as well as raising awareness of the benefits of adopting the Public Social Partnership model. In addition, Scottish Government has funded a range of other support services in recent years including the Supplier Development Programme, Partnership for Procurement and the Just Enterprise service.

While the stakeholder organisations involved in this research confirm that these initiatives have helped third sector organisations become more confident in participating in public procurement and tendering, they have also reported that some of these developments have resulted in the public procurement process becoming more complex and onerous.

The 2019 Social Enterprise in Scotland Census report[7] suggests that a smaller proportion of social enterprises are doing business with the public sector than four years earlier (61% in 2015 and 53% in 2019). Whilst each year approximately one in five social enterprises bids for public contracts, the 2019 survey responses indicate two main challenges in doing so: first, the capacity, capabilities and experience of social enterprises to deliver the requirements of the tender; and second, a mismatch between what the public sector requires and the product or service offering of the social enterprise.

Published in 2019, a report of the Federation of Small Businesses Scotland[8] goes further, suggesting that "While most parts of the public sector say supporting SMEs is a priority, there's an absence of specific objectives, action plans, monitoring or evidence from public sector organisations to back this up". When they asked smaller businesses about their views of public procurement in Scotland, they found that while just under a quarter of businesses had bid for public contracts in the last two years, the majority described the process as difficult (61%).

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[6] Procurement Reform Act (Scotland) 2014: statutory guidance

[7] Social Enterprise in Scotland: Census 2019

[8] The Federation of Small Businesses (FSB) *Broken Contracts Policy Report* (March 2019)

The Scottish Government's Public Procurement Survey of Suppliers[9] (published in 2021) found that while suppliers generally felt well-placed to bid for a contract, they often encountered a range of difficulties. It should be noted that this survey had some limitations due to a dominance of responses from relatively well-established companies. As a result, the views and experiences of newer and less-established businesses in relation to public procurement were less forthcoming. Conclusions noted that suppliers often found the process "overly-complex, burdensome and in need of simplification and streamlining". Sixty-three per cent of respondents 'sometimes' or 'always/often' found it difficult to understand questions in tender documents, while 61% 'sometimes' or 'always/often' had difficulties with the timescales for preparing a bid.

The report also noted that SMEs, third sector organisations, sole traders and local firms face heightened difficulties in navigating procurement systems and in accessing, bidding for and delivering Scottish public sector contracts. Sixty-one per cent of SMEs reported facing difficulties identifying available contracts 'sometimes' or 'always/often', compared to 42% of large businesses.

The Scottish Government Social Enterprise Action Plan[10] (2021-2024) recognises the challenges faced by third sector and new private businesses and makes specific reference to procurement in their key actions. Commitments include an intention to spread best practice in implementing the sustainable procurement duty, looking at how to best support mechanisms that will enable social enterprises to prepare, bid for and win public sector contracts and continued action to realise the potential of supported businesses to access public contracts, through the use of reserved contracts and other mechanisms.

Despite the progress made to date, and the commitments made in the Social Enterprise Action Plan 2021-2024, there is recognition that more needs to be done to ensure that there is a level playing field for suppliers of all kinds who wish to do business with the Scottish public sector. This applies to third sector organisations and new private sector businesses in particular – two areas where less is understood about the range of challenges they face in their engagement with public procurement.

The purpose of this research was therefore to find out more about the views and experiences of third sector organisations and new private businesses in relation to public procurement, to help inform future thinking and next steps. Accordingly, this research provides a snapshot of recent experiences for consideration by Scottish Government and the wider public sector.

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[9] Public Procurement Survey of Suppliers: analysis 2020 (March 2021)

[10] Social Enterprise Action Plan (March 2021)

Scope of the research

Specifically, the research set out to address the following questions:

- Why do third sector organisations and new private sector businesses bid – or not bid – for Scottish public sector contracts?

- Among those which do not bid for Scottish public sector contracts, is there an underlying appetite to do so?

- In their view, what are the potential benefits for third sector organisations/new businesses of contracting with the public sector, and vice versa?

- To what extent do third sector organisations and new businesses think they are *able* to bid for – and deliver – Scottish public sector contracts?

- What helps these groups to bid for and deliver contracts? What hinders them?

- To what extent do these groups engage with – and how useful are – the currently available programmes offering training, support and advice that are geared towards them (e.g. Supplier Development Programme, Just Enterprise and Partnership for Procurement)?

- If they do not engage with the available support programmes, why not?

- What further training, support and advice is required, if any? Should this be targeted towards any particular business sectors?

- To what extent do third sector organisations and new businesses think that the Scottish public sector is willing and able to do business with them?

- What more, if anything, can the public sector do to enable more third sector organisations/new businesses to bid for and deliver public contracts?

- Are there any differences and/or similarities in terms of how third sector organisations and new businesses view and experience public procurement in Scotland? Do views and experiences vary among individuals working in different business areas/locations/sizes?

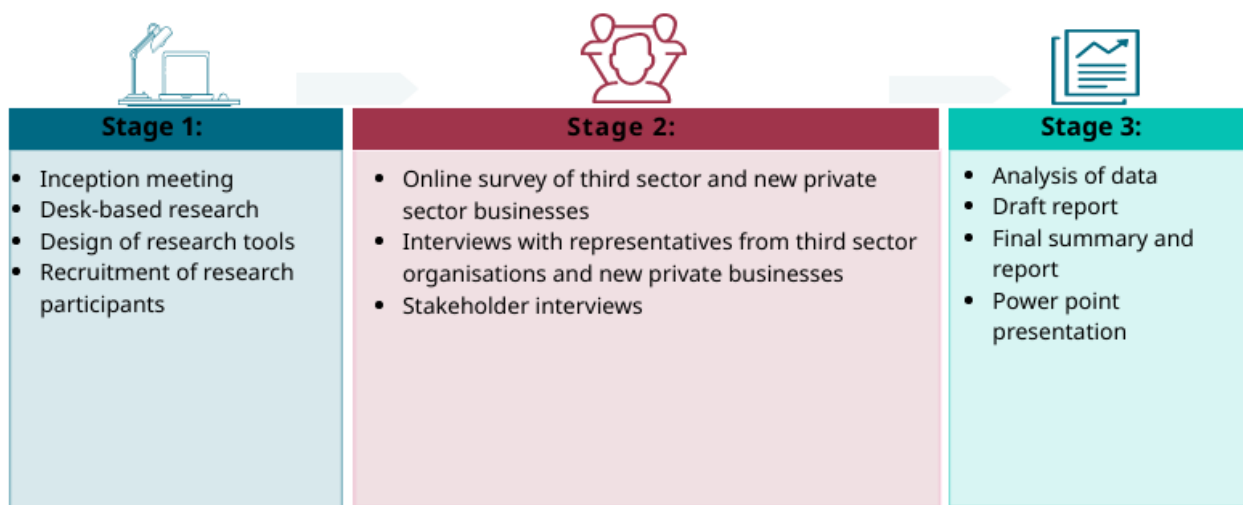- Is there any potential to open up public contracts to new markets? If so, how can this be encouraged?

In the next section we outline the methodology used to undertake the research.

Methodology

Due to the importance of ensuring that a breadth of views were captured through the research, a mixed-methods approach was adopted for this research combining an online survey of third sector organisations and new private businesses with interviews and focus groups with representatives of third sector organisations and

new private businesses. In addition, we conducted web-based interviews with representatives of a small number of key bodies that represent the interests of third sector organisations and new private businesses, in order to gain an understanding of the wider context for this research.

The methodology was designed to gather as much quantitative and qualitative evidence as possible within the timeframe and enable a thorough analysis of the data gathered. It comprised three key phases, as illustrated in the diagram below.

Stage 1:	Stage 2:	Stage 3:
• Inception meeting • Desk-based research • Design of research tools • Recruitment of research participants	• Online survey of third sector and new private sector businesses • Interviews with representatives from third sector organisations and new private businesses • Stakeholder interviews	• Analysis of data • Draft report • Final summary and report • Power point presentation

In addition to sending direct invitations to a small number of organisations, we shared details of the opportunities to take part in the survey and interviews through a variety of channels. This included engaging with a range of umbrella bodies which work with third sector organisations and/or with new private sector businesses. These organisations distributed information about the research with their service users and advertised on social media channels.

This approach was very successful in relation to reaching our target number of third sector organisations but less successful in respect of new private businesses. As a result, we also sent emails to new private businesses registered with Companies House within the last five years, inviting them directly to take part in the research.

The online survey was designed using Snap Surveys, a survey design, distribution and analysis software package. The survey included a mix of closed and open-ended questions which asked respondents about their reasons for bidding for Scottish public sector contracts; their experiences of doing so to date; what helps and hinders their bidding; the quality of any training and support they have accessed; and what would help them to bid in future. We also asked why organisations had not bid to date, and what would help them to bid in future. The

full set of survey questions is included in Appendix 1. The survey was launched on 22nd November 2021 and closed on 4th February 2022.

We received 48 responses to the online survey – 43 from third sector organisations (of which six were social enterprises, 36 were charities, and one was an intermediary/umbrella organisation) and five from new private businesses[11]. Thirty-three of the responses were from businesses and organisations that had bid for public contracts in the past five years, and 15 responses were from businesses and organisations that had not.

Alongside the survey, we conducted individual interviews and focus groups with representatives of third sector organisations and new private businesses, while also conducting interviews with stakeholder organisations representing both the private and third sectors.

A combination of convenience and snowball sampling methods were adopted to recruit representatives of third sector organisations and new private sector businesses for the interviews and focus groups. Throughout the research, we continually reviewed the profile of interviewees to ensure that the sample represented as diverse a range of businesses and organisations as possible (for example, that they were drawn from a variety of sectors and geographical locations). For the stakeholder interviews, a purposive sampling method was adopted, with participants being chosen on the basis of their knowledge of the public procurement landscape. We reached a total of 49 participants through the interviews and focus groups, a breakdown of which is provided below:

Table 1: Number of participants reached through interviews and focus groups

	Third sector	New private businesses	Stakeholders	Total number consulted
Interview participants	24	6	6	36
Focus group participants	12	-	1	13
Total participant numbers	36	6	7	49

On concluding the fieldwork, we analysed the data gathered through the surveys and interviews. Survey data was analysed using the Snap Surveys programme.

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[11] Note that not all questions in the survey were made compulsory and some questions allowed for multiple answer options to be selected. This means that the total number of responses to each question will not always equal 48 but may be greater or smaller than this.

Snap software facilitates the analysis and interpretation of quantitative data through a variety of robust techniques including frequency tables, descriptive statistics, cross-tabulation and multi-variate statistical analyses. It can also support the analysis of qualitative data by presenting the information broken down by different variables and/or respondent characteristics to help identify areas of consensus or disagreement across different respondent groups.

The data gathered through the qualitative interviews was manually analysed. We analysed the data thematically based on the key research questions, undertaking checks for trends in relation to a range of relevant organisational characteristics such as organisation type, sector, size and geographical location.

Profile of research participants

A wide range of organisations took part in the research, including a mix of small, medium and large companies from a range of sectors and geographical areas.

In Figure 1, we provide a breakdown of the size of businesses and organisations that responded to the survey.

Figure 1: Approximately how many people work in your organisation? (n=48)
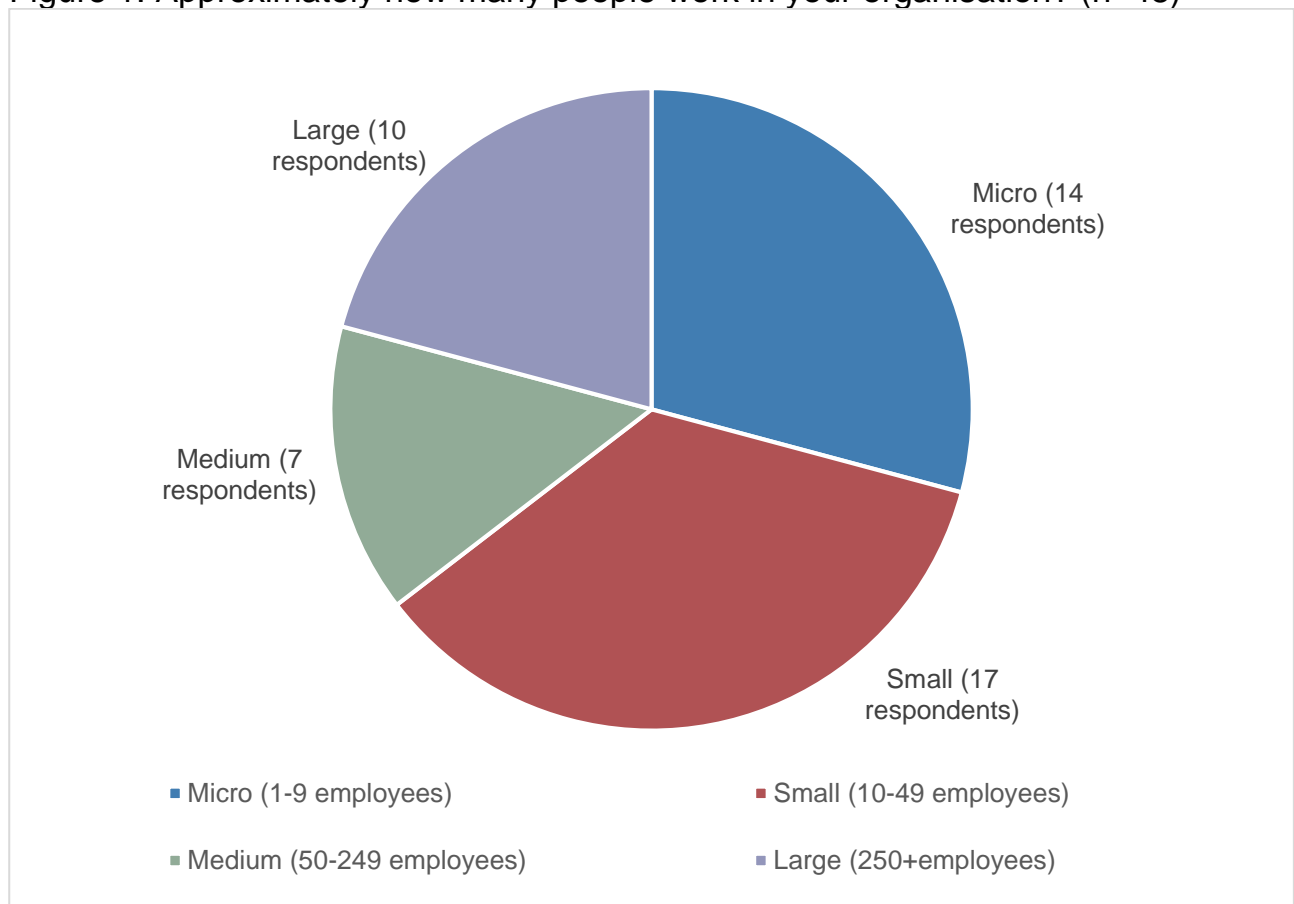

As the pie chart shows, a range of organisations responded to the survey, with the largest proportion (17, or 35%) of respondents being from small organisations, 14

(29%) responding from micro organisations, 10 (21%) from large organisations and seven (15%) responding from medium-sized organisations.

The responding organisations were also geographically diverse, with organisations responding from across 27 local authority areas, as can be seen in Figure 2.

Figure 2: Which areas does your organisation operate in? (n=48)
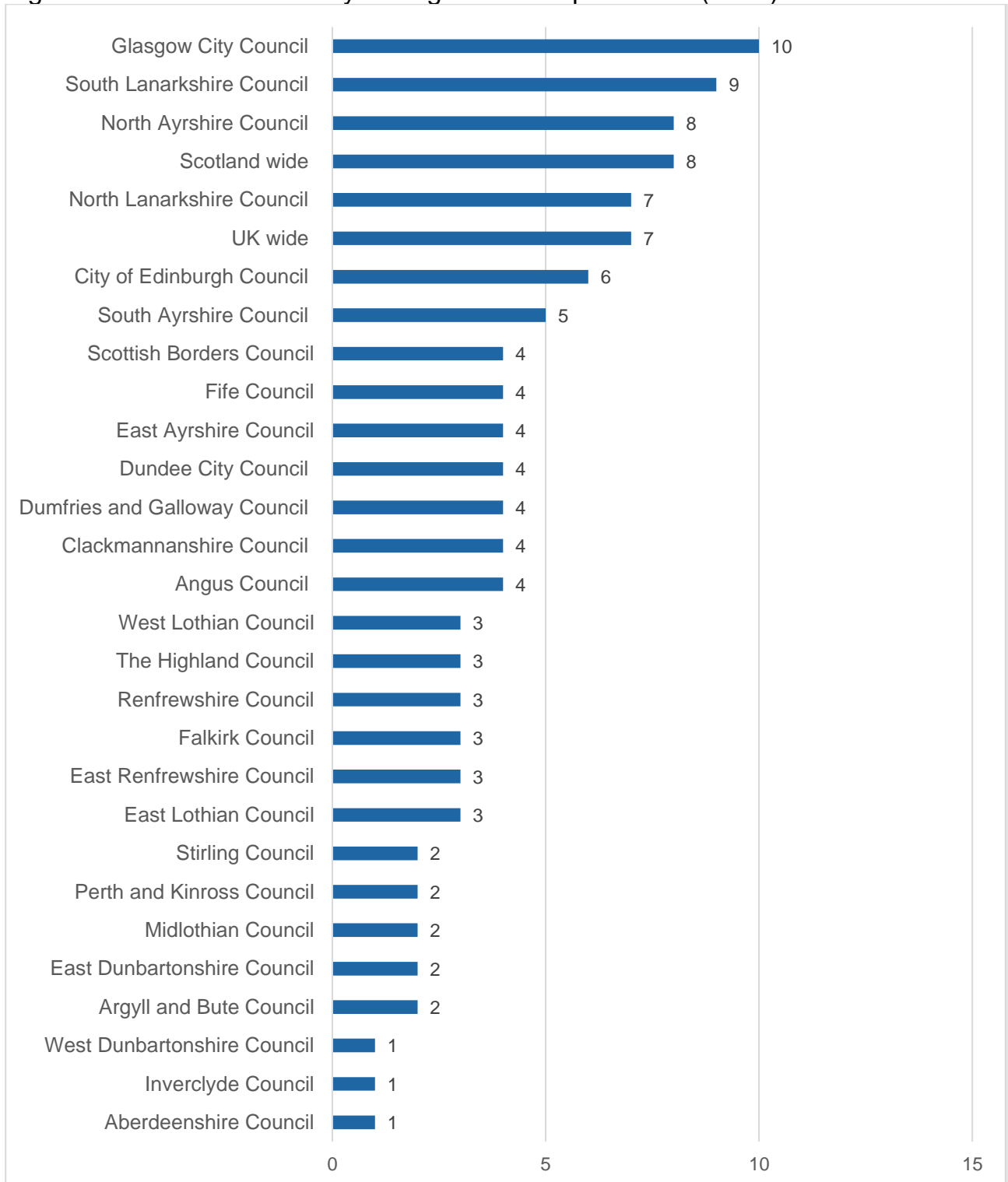
As can be seen above, the highest numbers of responding organisations operated in Glasgow (10, or 21% of 48 respondents) and South Lanarkshire (9, 19%), followed closely by those operating in North Ayrshire (8, 17%) and those operating across Scotland (8, 17%). No responses were received from organisations operating in Aberdeen City, Moray, Orkney, Shetland and the Western Isles.

The responding organisations also represented a wide range of sectors as shown in Figure 3 below:

Figure 3: Which sector(s) does your organisation operate in? (n=48)
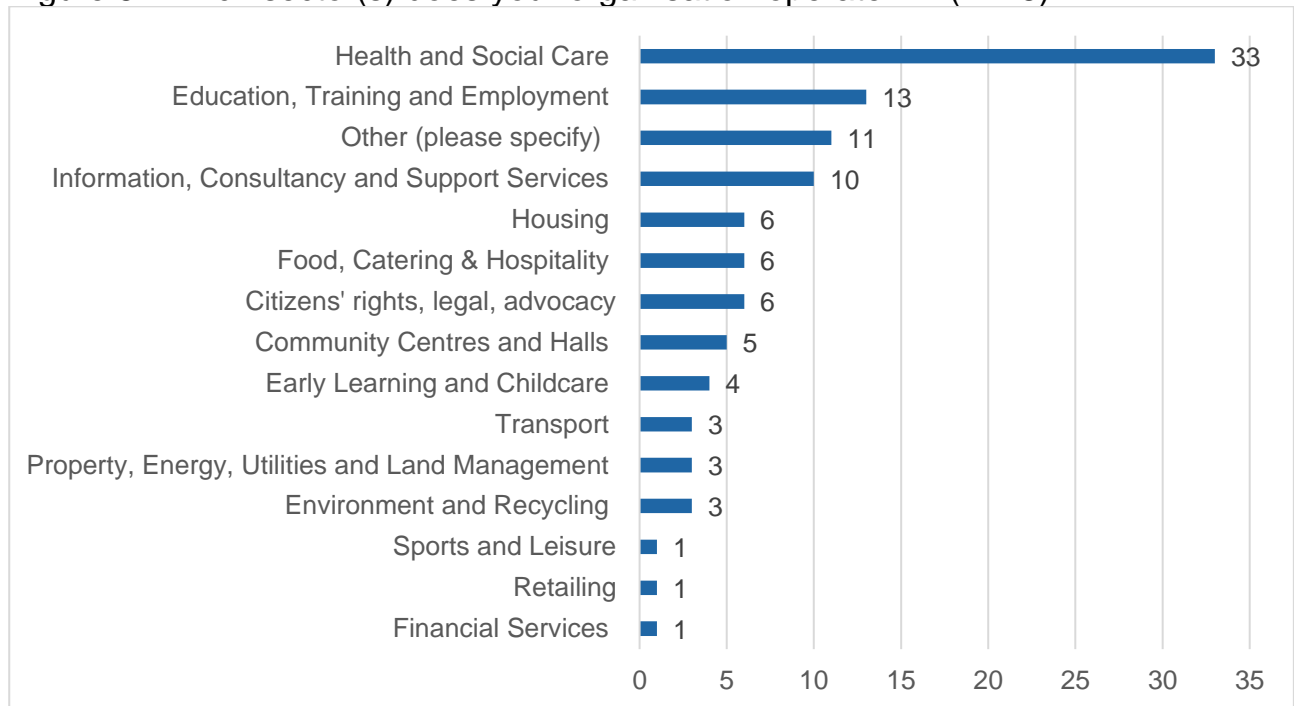
As the graph above shows, the largest percentage of organisations responding to the survey represented the health and social care sector (33, or 69%), followed by 13 (27%) organisations in the area of education, training and employment, and 11 (23%) organisations from "other" sectors. Those respondents indicating "other" described themselves as operating in counselling, youth and community work, support and training for third sector organisations, children and families therapeutic support, children's services in schools, homes and in the community, volunteering, community development, social enterprise network support, and food growing. In addition, 10 respondents (21%) indicated that they operated in the information, consultancy and support services sector. It is unsurprising that organisations representing health and social care were most dominant, as health and social care is the biggest sector within the third sector.[12]

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[12] For more information, please see the SCVO State of the Sector report for 2020 and the 2019 Social Enterprise Census.

The sample of representatives from third sector organisations and new businesses we interviewed was also diverse, and represented a good range of organisations, sectors and geographical areas. For example, we interviewed organisations operating in the fields of autism, employability, mental health and wellbeing, food and drink, consultancy, catering and cleaning, and from a range of geographical areas including Scottish Borders, Edinburgh, and Argyll and Bute.

This diversity of research participants gives us some reassurance that we heard views from a wide spectrum of organisations – however given the relatively small number of respondents overall and the fact that there were no survey responses received from some sectors at all, the findings cannot be taken as fully representative. We did not, for example, receive any responses to the survey from organisations operating in the fields of tourism, heritage and festivals, religious activities, or the arts and creative industries.

Methodological challenges and limitations

Responses to the survey were lower than we would typically expect to receive to a survey of this nature, particularly given the potential number of respondent organisations in Scotland. According to SCVO data, the Scottish voluntary sector comprises approximately 40,000 organisations; more specifically, the 2019 Social Enterprise in Scotland Census states that there are around 6,025 operating in Scotland. These figures, however, are estimations and should be treated with caution[13].

The relatively low number of survey responses does mean that caution should be exercised in interpreting the data and taking the findings as representative – they are, rather, a snapshot of recent experiences which provides useful learning for future developments. The low response rate meant that we had to be cautious in relation to breaking down survey data, and in drawing conclusions from that data. We did not, for example, separate out the survey results by third sector and new private businesses due to the small sample size and the high level of similarity between responses across the two sectors.

We did not meet the target number in relation to new private businesses, managing only to interview representatives from six companies. Despite the range of steps taken to recruit participants from new private sector businesses (as set out previously), we encountered significant difficulties in engaging these businesses in the research.

It is impossible to know whether the lack of engagement to the survey in general, and by new private businesses in particular, was due to a lack of awareness of public procurement, or a lack of interest in taking part in the research. It is very likely to be related to capacity issues, particularly in the run-up to the UN Climate

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[13] SCVO, State of the Sector report; Social Enterprise Census

Change Conference (COP26) which took place during the fieldwork period. There is no doubt that the restrictions and challenges businesses are facing as a result of the Covid-19 pandemic also contributed to the low numbers willing to engage in the research – this is a challenge which we have encountered across a range of research contracts during the last year. Organisations are focused on recovery, and reconfiguration of services, and do not have as much capacity to participate in research as they did previously.

Structure of the report

The remainder of the report is structured as follows:

- Chapter 2 sets out third sector organisations' and new private businesses' experiences of participating in public procurement in Scotland

- Chapter 3 explores the barriers to engagement with Scottish public procurement for third sector organisations and new private businesses

- Chapter 4 discusses the factors that enable third sector and new private businesses to engage with Scottish public procurement

- Chapter 5 brings the research findings to a close by providing a series of conclusions.

2. Third sector organisations and new private businesses' experiences of participating in public procurement in Scotland

In this chapter we give an overview of third sector organisations' and new private businesses' experiences of participating in public procurement in Scotland. Based on the findings of the research, we outline their recent experiences of Scottish public procurement and their views on the ways in which contracting with the Scottish public sector has benefited their organisation/company. We also begin to explore how easy or difficult third sector organisations and new private businesses have found the experience of participating in Scottish public procurement to be. This is covered in more depth in Chapters 3 and 4 of this report.

The findings in this chapter are drawn from survey findings, and findings from the interviews with third sector organisations, new private businesses and stakeholders.

Current levels of engagement by third sector organisations and new private businesses with Scottish public procurement

According to our survey and interview data there is wide variation in the frequency with which third sector organisations and new private businesses engage with Scottish public procurement. We asked survey respondents whether, in the last five years, their organisation had bid for a public sector contract in Scotland. The results are shown below.

Figure 4: In the last five years, has your organisation bid for a public sector contract in Scotland? (n=48)
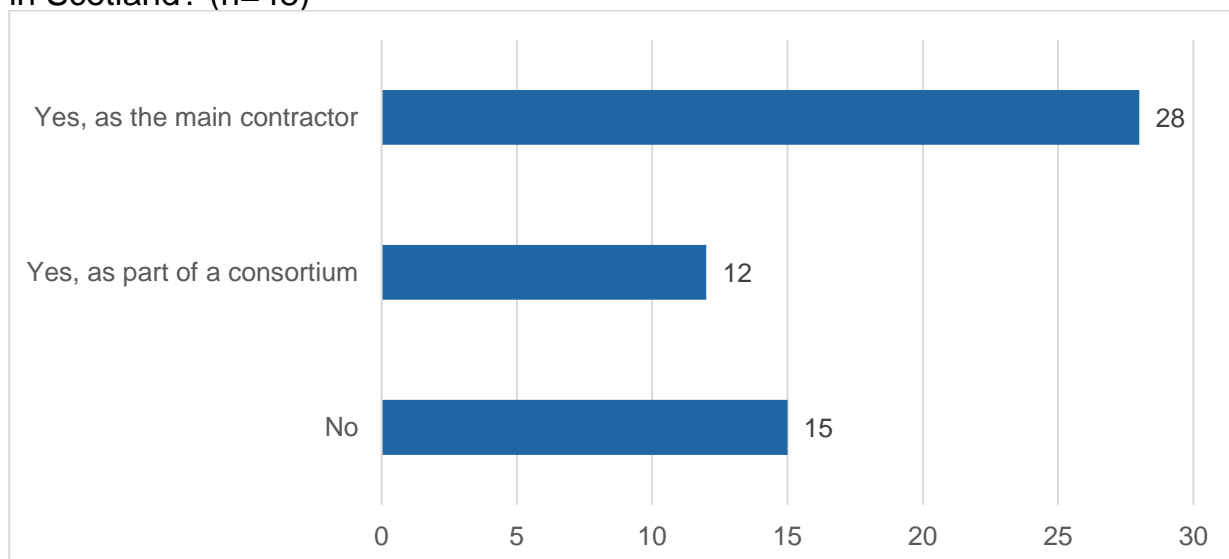
As indicated in the graph above, 28 (58%) respondents had bid as the main contractor, and 12 (25%) had bid as part of a consortium. Fifteen (31%) respondents to the survey had not bid for public sector contracts within the last five years and their insights were particularly useful in relation to identifying barriers to participation.

Figure 5 below shows the frequency with which survey respondents engage with Scottish public procurement. The graph excludes those respondents that have not bid for contracts within the last five years.

Figure 5: How often has your organisation bid for Scottish public sector contracts in the past five years? (n=33)
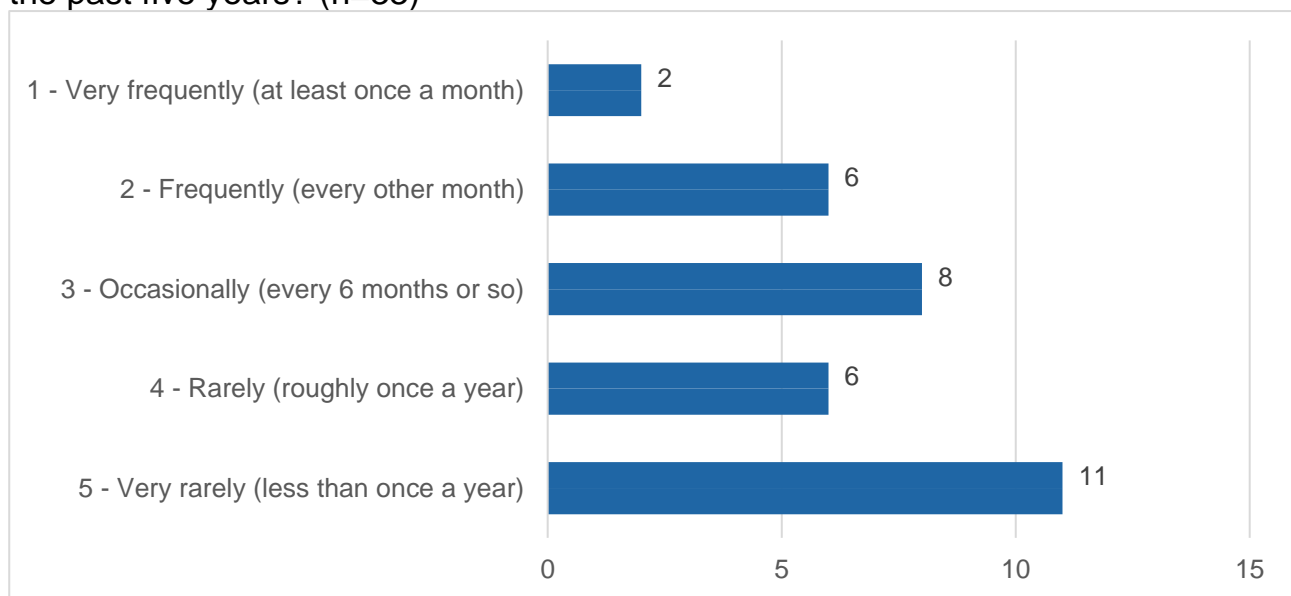

Figure 5 shows a mixed picture in relation to frequency of bidding for contracts. Eleven (33%) organisations bid very rarely (less than once a year), eight (24%) organisations bid occasionally (every six months or so), six organisations (18%) bid roughly once a year, and a further six (18%) bid frequently (described as every other month). Only two (6%) organisations reported bidding very frequently (at least once a month).

This accords with what interviewees told us. Some indicated that they bid frequently for contracts (as frequently as once a month), whereas others bid only occasionally or very rarely.

"We have bid once, but it took up so much time." (New private business interviewee)

> "We have bid on a number of occasions and we are working towards being 40% funded by public contracts, 40% funded by grants, and 20% funded by public donations." (Third sector interviewee)

> "We have bid a lot and we have been undertaking contracts and commissions for 10 years. We monitor opportunities all of the time." (Third sector interviewee)

Which parts of the public sector do organisations contract with?

Survey respondents were asked which parts of the Scottish public sector their organisation has contracted with in the last five years. As can be seen in Figure 6, 28 (85%) survey respondents had contracted with local authorities, six (18%) had contracted with central government and six (18%) had contracted with the NHS. A smaller percentage had contracted with universities and colleges (9%, or three respondents) and registered social landlords (6%, or two respondents). "Other" organisations that respondent organisations had contracted with included schools. It is not surprising that the percentage of organisations contracting with local authorities was the highest, given that local government accounted for two thirds of procurement spend in Scotland in 2019/20.[14]

Figure 6: Which parts of the Scottish public sector has your organisation contracted with in the last five years? (n=33)

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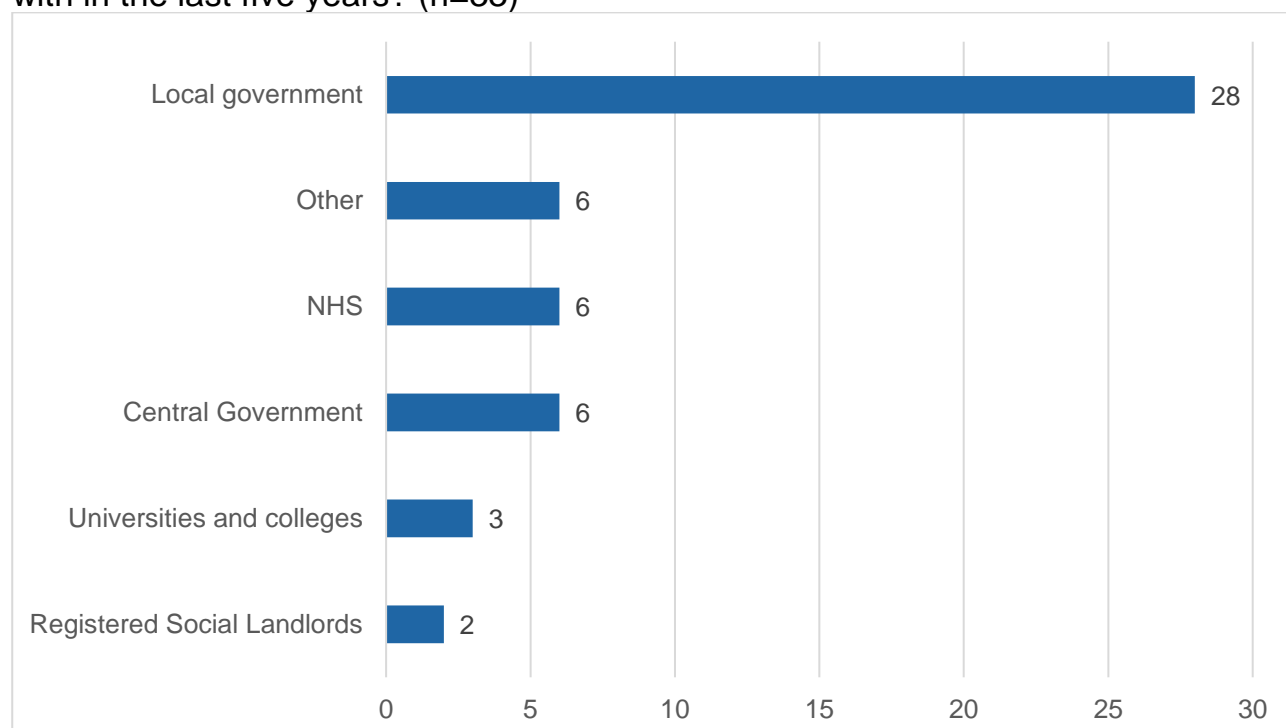
[14] Annual Report on Procurement Activity in Scotland 2019-20

Among interviewees, the picture was less skewed towards local government, however most had contracted with either local government, the NHS or Scottish Government.

In some instances, organisations had bid previously to one part of the public sector but had then ceased to do so because of their low rate of success. For example, one small third sector organisation had submitted bids on their own and as part of a large consortium of organisations to their local authority but had consistently lost out to larger providers.

> "We tried to bid but it was so complicated. It feels like the right language needs to be used." (Third sector interviewee)

> The NHS seems particularly geared towards larger providers." (New private business interviewee)

This variation in levels and types of engagement has been valuable in giving us insight into organisations' views of public procurement based on a range of different types of experiences.

Benefits of bidding and contracting

Through the research, we sought to explore why third sector organisations and new businesses contract with the public sector. Research participants were consistent in their feedback, with survey respondents and interviewees alike noting that security of contracts and reliability of payments were the greatest benefits of public contracts.

> "We bid for contracts that align to our strategic aims, and contracts allow us the opportunity to secure income for multi-year programmes." (Third sector interviewee)

In Figure 7 we provide a breakdown of the benefits of contracting with the public sector, as indicated by survey respondents:

Figure 7: In what ways has contracting with the Scottish public sector benefited your organisation? (n=33)
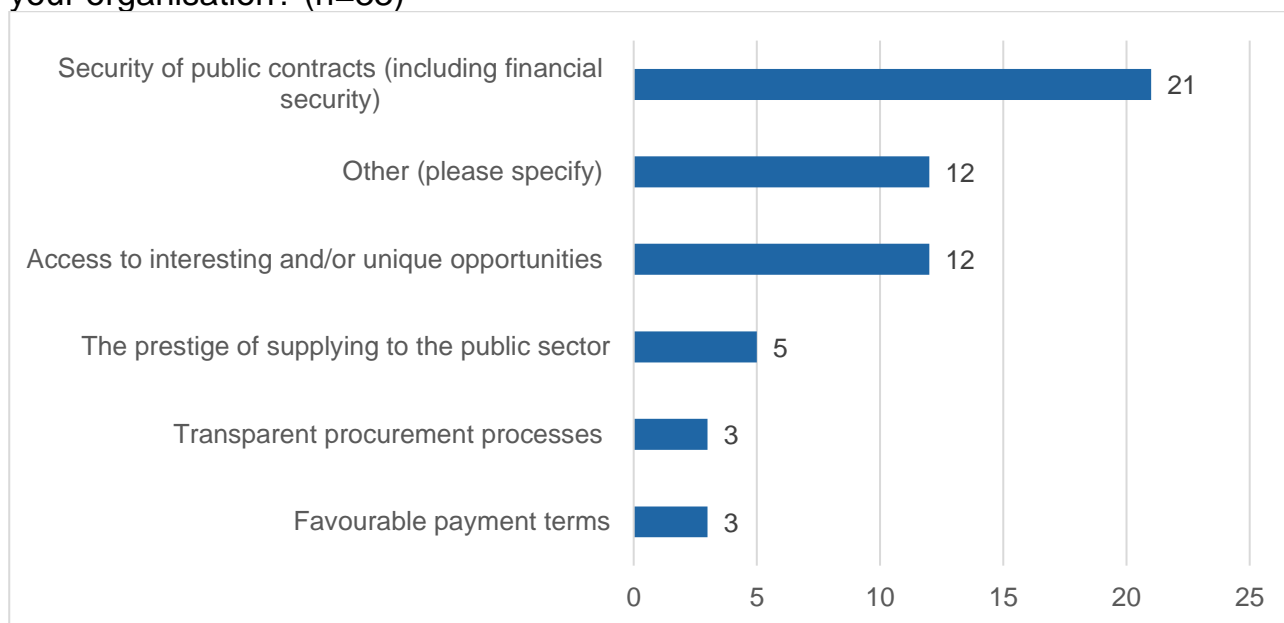
As can be seen above, security of public contracts was most frequently cited as a benefit of public contracts (21 respondents, or 64% of respondents, indicated this was a benefit). Twelve (36%) respondents also cited access to interesting and/or unique opportunities as a benefit. A smaller number indicated that the prestige of supplying to the public sector (five respondents, or 15%) and favourable payment terms (three respondents, or 9%) were among the benefits they had gained from bidding.

Some of the additional comments from survey respondents to this question included:

"It gives sustainability and unrestricted funding for the benefit of our organisation." (Third sector survey respondent)

"Ultimately our purpose is to help people so getting funding enables this." (Third sector survey respondent)

"It helped us to transform services from organisation-centred to person-centred." (Third sector survey respondent)

These findings were backed up by interviewees from both the third sector and new private businesses who described the public sector as very reliable in relation to payments and stability of contracts. Some interviewees also observed that the

potential for winning future contracts served to incentivise organisations to "do a good job". In addition, some interviewees observed that relationships with the public sector tend to be less commercial and more collaborative (once procurement processes were complete).

A small number of other benefits were also cited by survey respondents and interviewees including:

- enabling the organisation to provide consistency of support to service users and build capacity in their relationships with and knowledge of local people
- improving communication and links to the public sector
- enabling provision to people who use their services
- enabling the organisation to be innovative in their approach to their work
- building the resilience of local supply chains
- reputational benefit.

Stakeholders also confirmed that reliability of payments was a key benefit for organisations in their sector.

"It is a good route for income/survival." (Stakeholder)

"The public sector makes prompt payments. The public sector also ensures that the main contractors are paying sub-contractors. This is all good progress and it increases confidence in organisations." (Stakeholder)

"The public sector is a good customer, they pay reliably." (Stakeholder)

One stakeholder also pointed out the benefits of contracting with the public sector in relation to capacity building. The additional funding provided through winning public sector contracts enabled them to build skills and expand their workforce, creating additional capacity within their organisation for the future.

However, another stakeholder also noted the risk for some new private businesses that only contract with the public sector:

"Some are in a precarious situation where the public sector is their only contractor and could change supplier." (Stakeholder)

A few interviewees also reported that contracting with the public sector was particularly important when there is an economic downturn and the private sector may be more reluctant to spend. This point was emphasised by some stakeholders too.

> "The public sector gives me access to clients. The private sector is not always as willing to afford consultancy. It has been a game-changer for me. It's worth the pain of tendering!" (New private business interviewee)

What new private businesses and third sector organisations can offer the public sector

In addition to exploring what the benefits of public sector contracting are to third sector organisations and new private businesses, we also asked interviewees about the benefits, for the public sector, of contracting with them, and about what they felt they could offer to the public sector.

Many cited local knowledge and expertise in particular. This was considered by many to be their unique and strongest selling point. A number highlighted the growing importance of this, particularly in the context of the community wealth building agenda and climate change targets.

> "We are very well placed to help the public sector. We have a good reputation in schools. They miss a trick when they remove things from organisations like us. We bridge gaps to families for schools. We have local relationships – 18 families came to our meeting recently. They trust us because we are a local service." (Third sector interviewee)

Views on the extent to which the Scottish public sector is willing and able to contract with the third sector and new private businesses

We asked survey respondents and third sector and new private business interviewees to reflect on the extent to which the Scottish public sector is willing and able to do business with third sector organisations and new private businesses.

Figure 8 shows the survey responses to this question, with 19 (58%) indicating that the public sector was willing and able "to some extent", nine (27%) felt that it was willing and able "to a great extent", and five (15%) felt that it was not at all able or willing.

Figure 8: To what extent do you think the Scottish public sector is willing and able to do business with organisations like yours? (n=33)
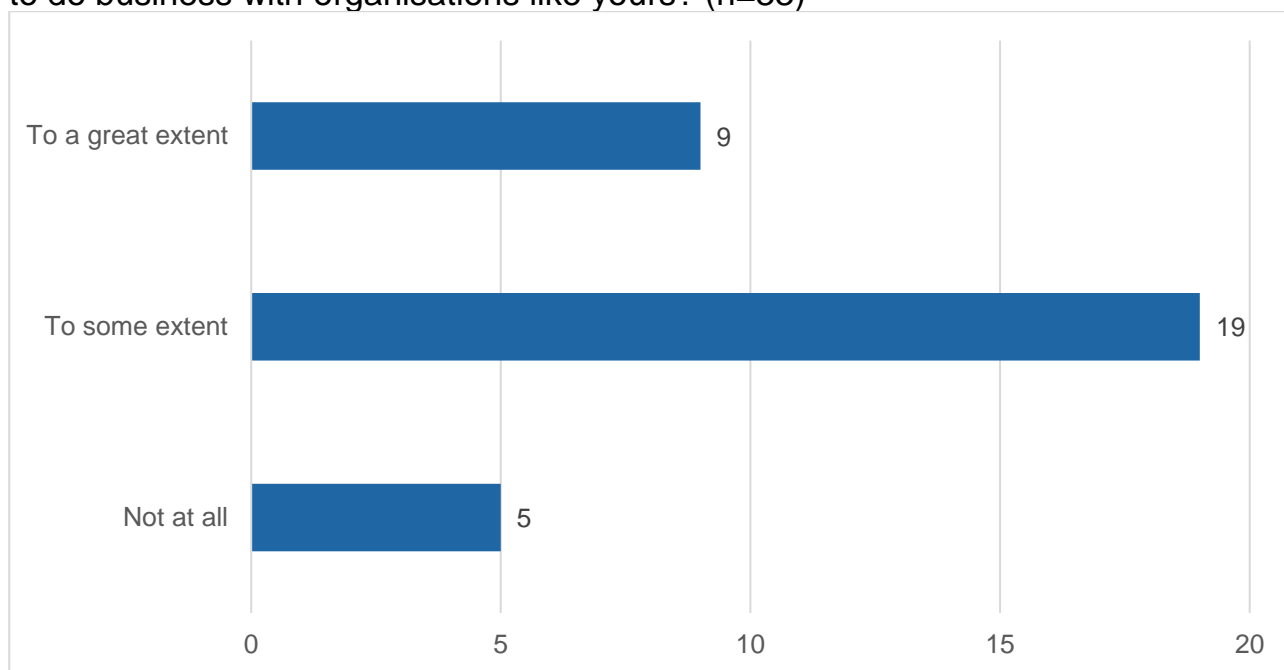
Supporting comments suggest that respondents' perceptions are that public procurement was designed for large corporate organisations that have the manpower to develop and submit bids, and that the public sector does not see the third sector as having the capacity to deliver large contracts.

"They tend to go for national or multi-national organisations instead of smaller niche organisations." (Third sector survey respondent)

"It is designed for big corporates and there is never anything [available] for East Lothian and Scottish Borders." (Third sector survey respondent)

Interviewees responded very similarly. Some felt that while the public sector was, in theory, willing to do business with organisations like theirs, the reality was different. This was due to the same reasons highlighted by survey respondents – a lack of understanding of the burden of procurement processes on smaller organisations, and too little value placed on local knowledge and relationships.

A small number of organisations were more positive in their responses, commenting that:

"In general we feel respected and valued in our relationships with local officials – but do we really need to re-tender Health and Social Care?" (Third sector survey respondent)

> "We have experience and credibility in successfully delivering contracts, however we are not a large national organisation."(Third sector survey respondent)

Extent to which it is easy to bid for Scottish public sector contracts

Through our survey, we asked respondents to indicate the extent to which they found it easy to bid for Scottish public sector contracts. As can be seen in Figure 9, a combined 27 respondents (82% of respondents to this question) indicated that the process was difficult or very difficult. Only six (18%) described the process as easy or very easy.
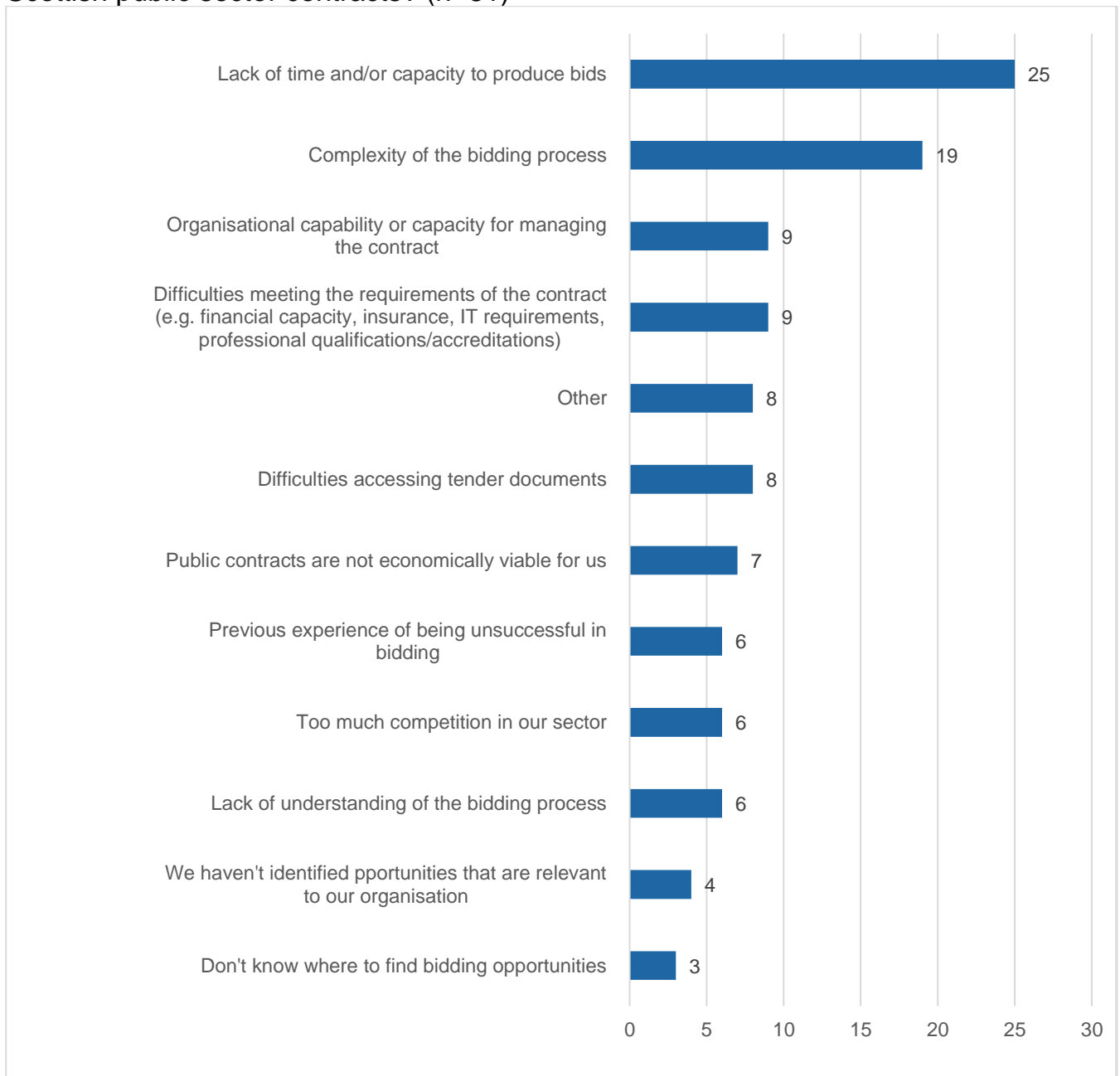
Figure 9: On a scale of 1 to 4, with 1 being very easy and 4 very difficult, how easy is it for your organisation to bid for Scottish public sector contracts? (n=33)
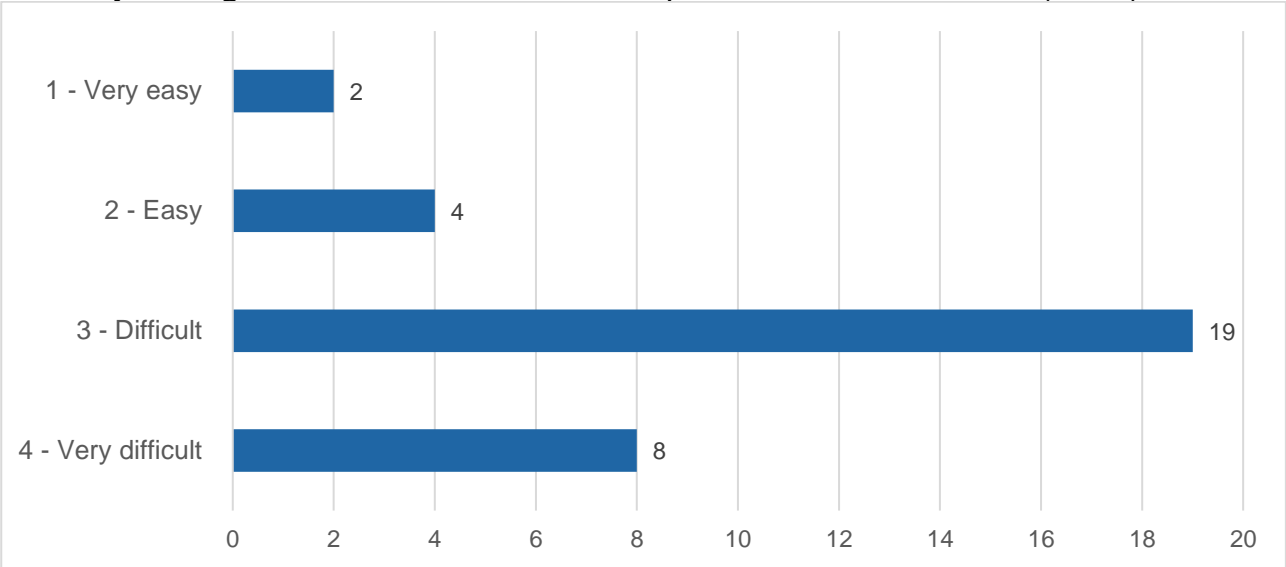
Of those who indicated that the process of bidding for Scottish public sector contracts was easy or very easy, one respondent described the process of application as "very easy and electronic" and another felt that there were clear processes to follow if you had resources available within your organisation. Another organisation referred to the ease of being sent tenders that may be of interest once you had registered on the procurement site (whilst noting that the process of bidding itself can be cumbersome).

In our survey, we also asked respondents what, if anything, has made it difficult for their organisation to bid for Scottish public sector contracts. As shown in Figure 10, the vast majority of respondents highlighted a lack of time/capacity to produce bids (25 respondents, or 81%), and the complexity of the bidding process (19, or 61%) as the two most significant challenges.

Figure 10: What, if anything, has made it difficult for your organisation to bid for Scottish public sector contracts? (n=31)

Category	Value
Lack of time and/or capacity to produce bids	25
Complexity of the bidding process	19
Organisational capability or capacity for managing the contract	9
Difficulties meeting the requirements of the contract (e.g. financial capacity, insurance, IT requirements, professional qualifications/accreditations)	9
Other	8
Difficulties accessing tender documents	8
Public contracts are not economically viable for us	7
Previous experience of being unsuccessful in bidding	6
Too much competition in our sector	6
Lack of understanding of the bidding process	6
We haven't identified pportunities that are relevant to our organisation	4
Don't know where to find bidding opportunities	3

Survey respondents were asked to note any other issues that had made it difficult for their organisation to bid for public sector contracts and their comments included:

"Too many to mention – bids are designed for the organisation and not the bidder or recipient." (Third sector survey respondent)

"Mismanaged processes by [the] tendering authority – [including] stalled/restart processes – [and the impact of this] on our resources." (Third sector survey respondent)

"Contracts [are] not written in ways to suit person-centred services for citizens, carers and communities." (Third sector survey respondent)

"[Our] managerial capacity to go through the procurement system especially as this was new to us." (Third sector survey respondent)

These issues were mirrored throughout the in-depth discussions we had with representatives of third sector organisations and new private businesses. These are outlined further in Chapter 3.

Uptake of training and support

Training and support is an important component of the public procurement system in Scotland. This is currently provided through organisations and initiatives such as Just Enterprise and the Supplier Development Programme (SDP).

Just Enterprise, a consortium of third sector organisations, has been delivering Scottish Government-funded business support to the third sector since 2011. It offers targeted, tailored support to complement and enhance local advice services through one-to-one specialist support, workshops, webinars and resources via a network of delivery partners across Scotland. It provides procurement training tailored to the needs of the third sector and complements the support funded by the Scottish Government since 2016 to help enterprising third sector organisations to form new partnerships or consortia, strengthen existing collaborations, and ensure organisations build their capacity to better secure contracts or funding.

Previously known as Partnership for Procurement (P4P), Scottish Government support for partnering for procurement will continue to be provided through future iterations of the business support contract, providing a 'one-stop shop' for third sector organisations seeking specialist procurement support.

The SDP was established in 2008 and provides free tendering advice and assistance with contract management, and holds national and local Meet the Buyer events for Scottish SMEs and third sector organisations.

The results of our survey (shown in Figure 11) indicate that take-up of current support provision among those who had recently bid for a public contract is reasonably good. This ties in with the findings from our discussions with new private businesses and third sector organisations and with stakeholders.

Figure 11: Has your organisation engaged with any of the following mechanisms for training, support and advice around bidding for Scottish public sector contracts in the last five years? (n=30)[15]
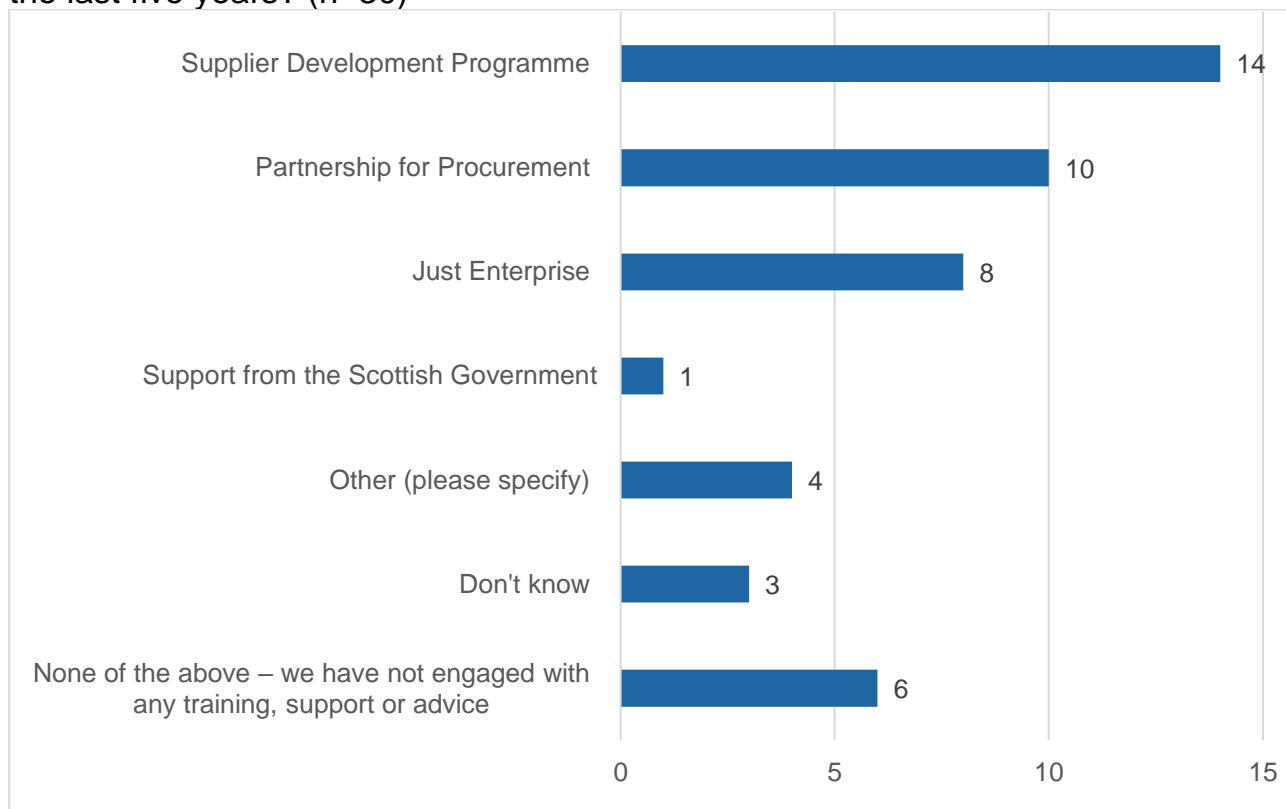

As the graph above indicates, 14 (47%) of respondents who had recently bid for a public contract had engaged with the SDP, 10 (33%) had engaged with P4P and eight (27%) had engaged with Just Enterprise at some stage in the last five years. Those respondents indicating through our survey that they had accessed support from other sources noted that they had received support from Third Sector Interfaces, Community Enterprise in Scotland (CEiS), and private advisors that they paid for themselves.

In addition, through our survey we asked a number of questions that were directed at organisations that do not currently bid for public sector contracts. As Figure 12 below shows, among these, nine organisations (69%) had not engaged with any training, support or advice in the last five years, but three (23%) indicated that they had engaged with Just Enterprise, two (15%) with P4P and two (15%) with SDP.

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[15] Multiple responses to this question were possible, therefore percentages do not add to 100.

Figure 12: Has your organisation engaged with any of the following mechanisms for training, support and advice around bidding for Scottish Public Sector contracts in the last five years? (n=13)[16]
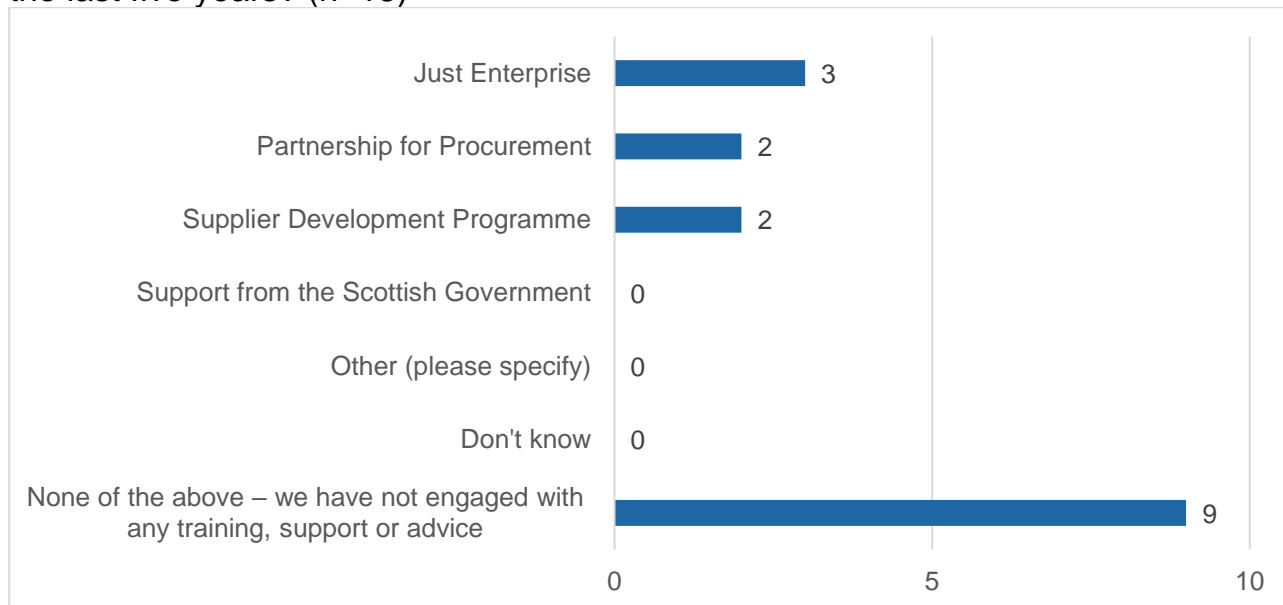
When comparing the results outlined in Figures 11 and 12, the data suggests that there is a positive correlation between engaging with training and support on one hand and engaging with the procurement process itself by bidding for contracts on the other. We return to the issue – and value – of training and support in Chapter 4 in more detail.

Experiences of Quick Quotes processes

One of the ways in which the public sector has sought to make public procurement processes more streamlined is through the introduction of the Quick Quote process, through which a limited number of organisations are invited to tender for a contract. The contract must be below a set value (for goods and services, £50,000 excluding VAT) to qualify for a Quick Quote process[17] [18].

We explored with survey respondents and interviewees the extent to which they had experience of Quick Quote processes, and how effective they found these. Among the responses from organisations that had recently bid for a public contract, Figures 13 and 14 show the proportion of survey respondents that had been invited to tender through a Quick Quote process, and how this experience compared to any open tender processes they had participated in.

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[16] Multiple responses to this question were possible, therefore percentages do not add up to 100.

[17] Public Contracts Scotland Quick Quote Process - Purchaser Guide

[18] Public Contracts Scotland Quick Quote Process - Supplier Guide

Figure 13: In the last five years, has your organisation been invited to tender for a Scottish public sector contract through the Quick Quote process? (n=33)

14

19

■ Yes ■ No
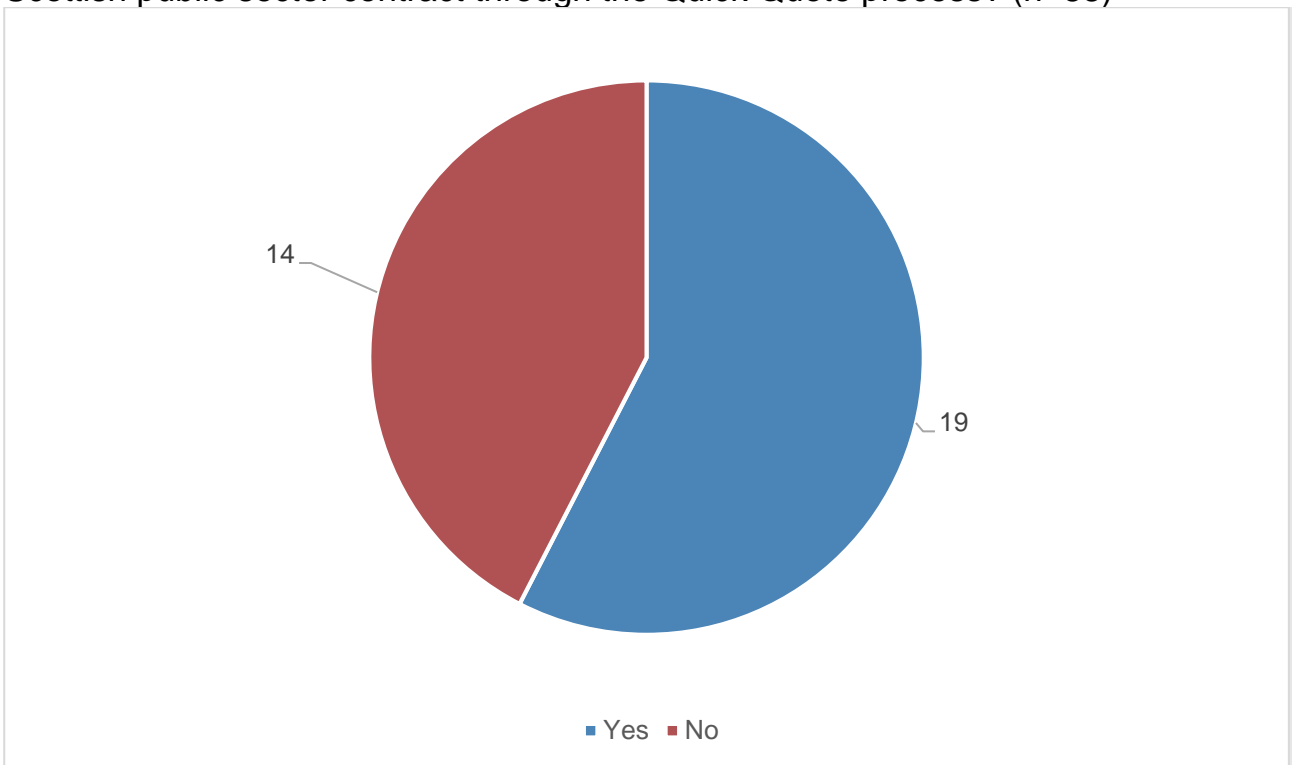
As Figure 13 shows, the majority of bidding organisations (19, or 57%) had experience of the Quick Quote process.

Figure 14: How did this experience compare with any open tender process you have participated in? (n=19)
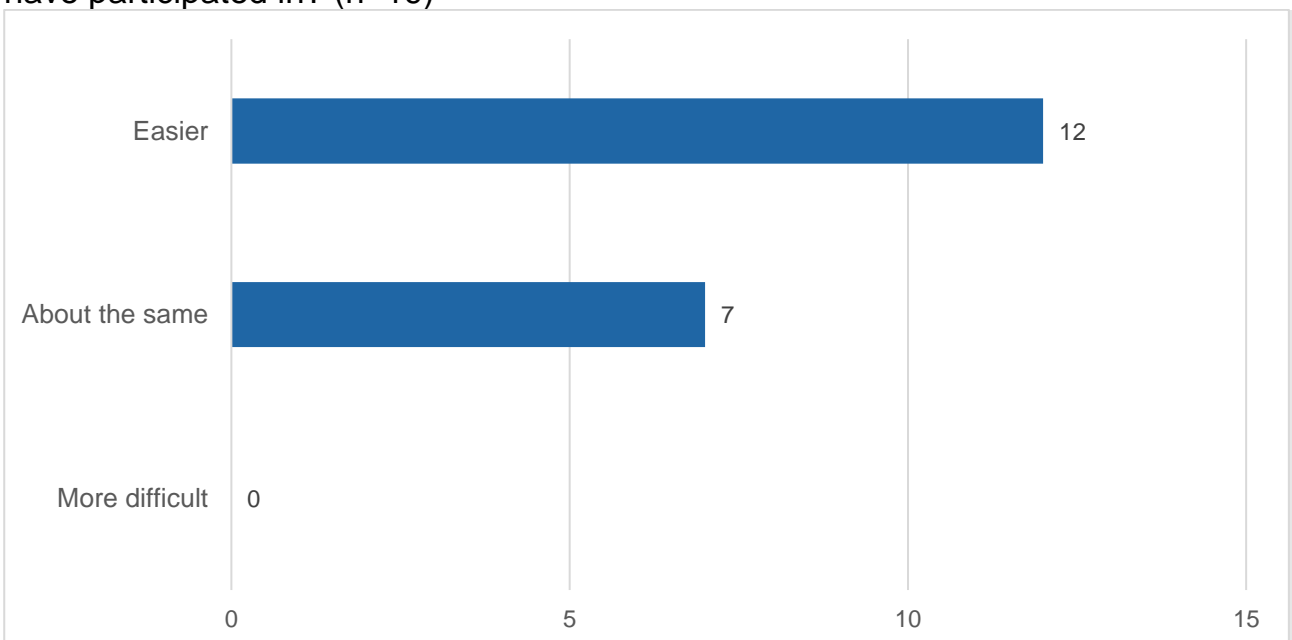
As shown in Figure 14, survey respondents with experience of Quick Quote processes had found the Quick Quote process easier than the open tender processes they had been involved in. Twelve respondents (63%) had found the

Quick Quote process easier, and seven (37%) organisations had found the process about the same as the open tender process.

The qualitative feedback gathered on the Quick Quote process through the survey and interviews was less clear. Very few interviewees had been involved in Quick Quote processes. Of those who had experience of Quick Quotes, most found the process easier, but a number indicated that it had not improved their levels of success in winning contracts. Similarly, as one survey respondent noted:

"Quick quotes are not necessarily easier. Tender processes are too rigid." (Third sector survey respondent)

We return to the issue of Quick Quotes later in this report.

Reasons for not bidding for public contracts

We also explored the reasons why some organisations had not bid to the Scottish public sector in recent years. Figure 15 shows the reasons why respondents to our survey indicated that they had not bid recently:

Figure 15: Why has your organisation not bid for Scottish public sector contracts in the last five years? (n=15)
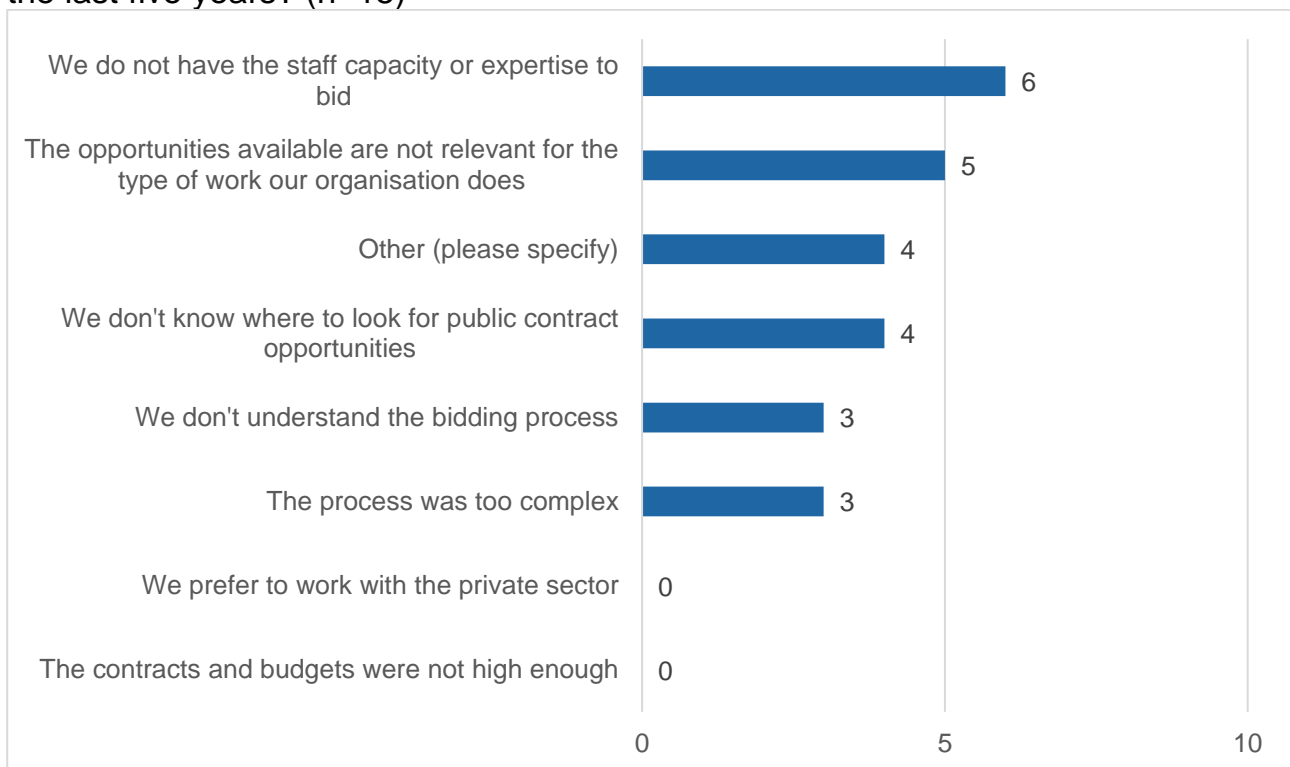

As Figure 15 shows, survey respondents gave a variety of reasons for not bidding for public sector contracts. The highest proportion of respondents (six, or 40%) indicated that they did not have the staff capacity or expertise to bid, with a similar proportion (five, or 33%) indicating that the opportunities were not relevant for the

type of work they undertake. Four respondents (27%) said they did not bid because their organisation did not know where to look for public contract opportunities.

Other reasons given for not bidding included one organisation already having a service level agreement in place with their local authority, and another had an ongoing contract with their local authority.

In our survey, we then asked organisations that had indicated they had not bid for public contracts in the last five years whether they would consider doing so in future. As Figure 16 shows, 80% of respondents to this question (or 12 respondents) indicated that they would consider doing so in future. This clear appetite to engage suggests that there is the potential for Scottish Government and the wider public sector to tap into a greater supplier base than it does currently.

Figure 16: Would your organisation consider bidding for any public sector contracts in the future? (n=15)
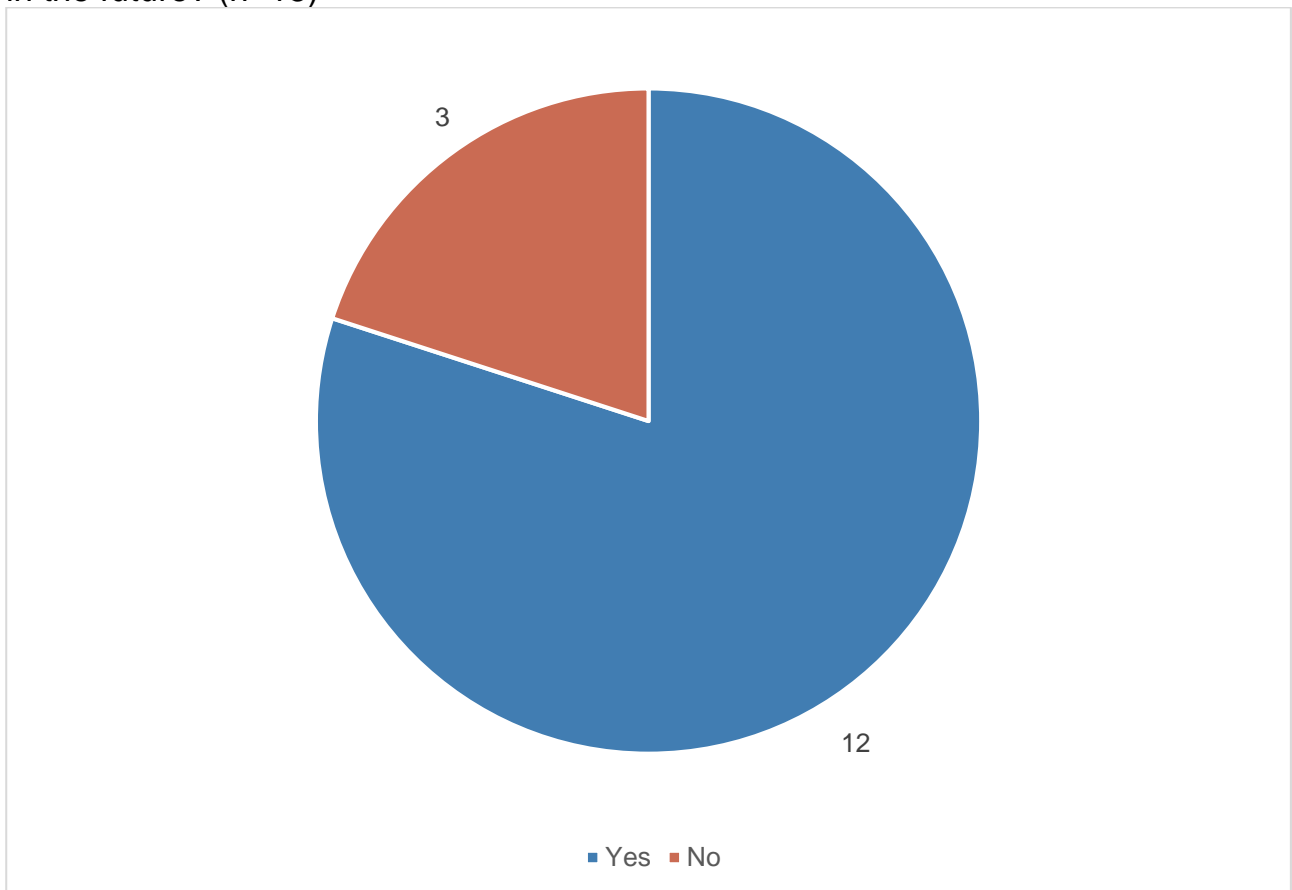
Those who indicated they would not consider doing so in future indicated that they either did not have the capacity to expand outwith their current area, or that it was not applicable to them.

We explore these challenges and barriers to participation in Scottish public procurement in further depth in the next chapter.

3. Barriers to third sector and new private business engagement with Scottish public procurement

Introduction

In Chapter 2 we described the extent to which survey respondents and interviewees found the process of bidding for Scottish public sector contracts easy. Very few organisations responding to our survey (six respondents, or 18%) indicated that they had found the process easy or very easy. All other research participants described the process as complex and in need of significant improvement.

In this chapter, we outline third sector and new private businesses' experiences of the barriers they have faced in participating in Scottish public sector procurement. These barriers were identified through feedback provided through the survey, interviews with frontline organisations and businesses, and interviews with stakeholders.

It is important to note that there was little variation in views between third sector organisations and new private businesses, but where these diverged or were unique and specific, we highlight this in the relevant sections.

Later in this report we discuss enablers to participation and solutions to the barriers that we outline here.

Lack of capacity

Many of the third sector organisations and new private businesses participating in the research identified a lack of capacity as one of the key barriers to participation in Scottish public procurement. As discussed in the previous chapter, among the survey respondents from organisations which had bid for a Scottish public sector contract in the last five years, 81% highlighted a lack of capacity and time as a key barrier to bidding.

Third sector organisations and new private businesses echoed this in our interviews with them. Interviewees described their difficulties in having both the staff time and the skills to take part in tendering processes. This was particularly the case for small third sector organisations, but also an issue for small private businesses. Stakeholders also raised this as a key concern. Although we did not specifically ask whether this lack of capacity was a barrier to bidding for both lower- and higher-value contracts, there was no sense that the value of the contract in question made any difference in this respect.

> "The process of bidding for contracts often puts off smaller suppliers. There are many barriers regarding paperwork and legislation but also the expertise that suppliers need to successfully bid for contracts is high and specialist, and this means that smaller suppliers don't get the chance to supply into the public sector." (Stakeholder)

> "What is needed is having someone that can support organisations individually with the bid, i.e. take on the legwork. Advice and training is good but most SMEs do not have the staffing capacity or capability to undertake this." (Stakeholder)

> "Procurement is favoured to larger organisations that have manpower/bid teams to submit bids, often at higher costs than smaller organisations." (Third sector survey respondent)

Organisations described the significant time investment required to get up to speed with the procurement process at the outset. They also noted that substantive staff time and cost was required each time a tender was issued due to the wide variation in requirements in relation to Invitations to Tender (ITTs), meaning that each time a bid was prepared, new materials had to be produced. Some indicated that this was prohibitive and the reason they had not bid for public contracts in recent years, while for others it was tolerated as a "necessary evil" in order to win contracts, but described as an ineffective and inefficient use of time which was costly to the organisation.

A few interviewees also noted the importance of having reliable IT infrastructure and skills to enable organisations to fully engage with the public tendering process. There are still third sector organisations in particular that do not have adequate access to IT and this is a key barrier to their participation in public procurement.

> "We know of an organisation that is sitting with one laptop in a caravan." (Third sector interviewee)

Consideration for improvement: Consider potential for ongoing improvements to PCS and PCS-Tender; support for training and development in public procurement; and sharing of experiences of tendering processes.

Complexity of procurement processes

The majority of research participants described the procurement processes they had participated in as too complex and disproportionate to the contract. As shown in the previous chapter, 61% of survey respondents highlighted this as a key barrier to bidding for public sector contracts in Scotland, and interviewees from third sector organisations, new private businesses, and stakeholders also raised this as a key concern. This was a barrier highlighted by participating organisations, regardless of

size, sector or location. This related to both specifications for contracts and the tendering process itself.

"The level of complexity is a major issue – both the myth and the reality of that!" (Stakeholder)

There was a strong sense that procurement processes required skills and expertise, and staff within organisations with dedicated time to devote to the process of bidding. Most felt that the bidding process is more suited to large organisations than to smaller companies or third sector organisations, however even larger organisations that participated in the research were concerned about the complexity of bidding.

"Requirements of a tender process can be onerous and negate a level playing field." (Third sector interviewee)

"Simplify the process. With the current constraints in the care sector this is impacting on already stretched resources."(Large third sector survey respondent)

Many research participants described the extensive amount of time they spent preparing bids and argued that greater consistency is needed within bidding processes. A lack of standardisation within bidding processes was a significant barrier identified by research participants. They emphasised the time spent in presenting the same information in many different ways for different commissioning organisations, but also for different teams or departments within one organisation.

Among those who highlighted this lack of standardisation within bidding processes, all wanted to see templates being used which asked questions in the same way, in the same order, to reduce the amount of time spent tailoring the same information each time they bid. They were also keen that buyers avoided asking for the same information to be provided in different places throughout bidding documents. Some even felt that standardisation of font size would contribute to a more even playing field. These adaptations were considered to be crucial to fundamentally changing the accessibility of procurement.

"There is the function within Public Contracts Scotland to submit some data once per year, but buyers don't use it. They ask for the data each time organisations bid." (Stakeholder)

Some research participants referred specifically to challenges they had faced with word counts which had been applied to tendering processes. While respondents did not have an issue in principle with word counts, and indeed some welcomed these as a pragmatic way to ensure an even playing field between bidders, many referred to word counts being applied which were not proportionate to the information being requested.

> "Word counts currently bear no relation to the demand." (New private business survey respondent)

Many research participants felt that there were too many mandatory sections within bidding processes that, in their view, were not relevant to the contract and also required repetition of information. Some noted that changes in policy frequently resulted in new sections and/or conditions being added to tender documentation and contracts (for example, related to climate change or modern slavery) – and that these needed to be relevant and proportionate in future. We return to the issue of terms and conditions of bidding later in this section.

> "They need to request fewer documents and make them shorter. Ask for a four-page tender overview. And please include less legalese in the terms and conditions." (Third sector interviewee)

> "There is too much variation between buyers. Suppliers are turned off, especially in a market where there is plenty of private business. Brexit and Covid-19 means suppliers want the easiest route to market." (Stakeholder)

Some highlighted their impression that there was a 'right language' to be used to gain points and that the process began to feel like a tick box exercise rather than a process to ensure the best quality bidder is awarded the contract.

A few research participants felt that individuals within public bodies' procurement teams were trying to improve things but that legal teams block actions and change due to a highly risk-averse culture and concerns about litigation (if people feel a procurement process has been unfair), leading to over-caution about process and language.

Some research participants raised concerns about the quality control of tender documentation, feeling that this was often lacking and that it led to tender documentation being issued which was confusing and lacking in clarity. Requests for change included more standardisation of terminology within tender documentation, a more logical flow of information that is required, and clarity about whether VAT is included or not (there is no consistency in this regard currently).

Overall, the message from research participants was clear – that the process needs to make it as easy as possible for both the organisation bidding and the people assessing the tender.

We return to a number of these issues in the next sections.

Consideration for improvement: Consider opportunities to simplify tender processes and ensure that tender processes only require information to be provided that is proportionate and relevant to the goods or services being procured.

Public Contracts Scotland and Public Contracts Scotland-Tender

Public Contracts Scotland (PCS) is a national portal enabling suppliers to browse for, register an interest in, and bid for Scottish public sector contracts. In addition, Public Contracts Scotland-Tender (PCS-Tender) also enables suppliers to bid for public contracts.

The majority of research participants were familiar with PCS and/or PCS-Tender. However, as described previously in Figure 10, 10% of our survey respondents reported not knowing where to find bidding opportunities, and 26% reported having had difficulties accessing tender documents. This suggests that there remain gaps in awareness raising about PCS and PCS-Tender and how to identify tender opportunities.

Across the board, participants who were familiar with these systems stressed the difficulties of using them. Both systems were unpopular – being described variously as "cumbersome", "old-fashioned", "not user friendly", "frightening for new organisations" and "confusing".

More specifically, third sector and new private business interviewees referred to the many different sections within PCS and PCS-Tender making them hard to navigate, the need to submit information across a range of different documents rather than just one, the unclear language used to label different parts of these systems, and search functions that are difficult to use.

"I am familiar with PCS but I find it very hard to search on it." (Third sector interviewee)

"The key words that you can choose to categorise your business on Public Contracts Scotland are not very good – we had to put in Social Work and Education but that doesn't really fit with what we do. This needs to be fine-tuned to make it easier to search." (Third sector interviewee)

"The language used on Public Contracts Scotland involves too much short-hand – it needs to use accessible language." (Third sector interviewee)

"PCS and PCS-Tender are too fiddly. Why are there two systems?" (New private business interviewee)

"The process is too complex – finding the tenders first, then the bidding process."
(New private business interviewee)

While organisations welcomed PCS as a central point for accessing information about tendering opportunities, almost all queried why there was a need for two systems and were keen to see these consolidated into one system.

All interviewees voiced a need for the systems to be improved to ensure that they become more user-friendly and accessible to all sizes of organisations. Research participants were keen to see these systems simplified to make information quick and easy to find, with more user-friendly functionality and improved guidance.

These systems were also seen as a potential repository of organisational data which could be entered once (potentially annually) and drawn on by any buyers, meaning that the amount of information which had to be produced separately to respond to a tender would only be information specific to that tender. While some research participants recognised that Single Procurement Documents were an attempt to do this, they had also experienced these being used ineffectively – with information requests being duplicated elsewhere in the procurement process.

Insufficient early market engagement with potential bidders

Early market engagement is the process of a buyer meeting with or making information available to potential bidders ahead of a tender being issued.

According to our third sector and new private business interviewees, early market engagement between buyers and potential suppliers has a variety of benefits. For example, many interviewees felt that such engagement was an important way of ensuring that all interested organisations had equal access to tender opportunities. Early engagement was also seen as an opportunity to explore alternative approaches to procurement such as innovation partnerships or collaboration. Moreover, a significant number of research participants also felt that early market engagement was an important way of ensuring that tendering was the most appropriate way of commissioning services, and that the market engagement often needed to take place earlier in the pre-commissioning process.

"There needs to be someone specific to talk to for new businesses with new products. It is impossible to speak to someone, [even at] Meet the Buyer events. There is a need for a panel who meets, say, once a quarter specifically for new products and new businesses." (New private business survey respondent.)

"There is much less early market engagement than is needed." (Stakeholder)

While some organisations had attended Meet the Buyer events,[19] feedback about how valuable these were was mixed and some interviewees felt that Meet the Buyer events often needed to happen more frequently. Some organisations also noted the challenge of feeling able to speak up at Meet the Buyer and other procurement-related events with competitors also present.

> "It is hard for suppliers to speak up at Meet the Buyer events – they are a competitive environment." (Third sector interviewee)

One interviewee from a new private business raised concerns about the barriers they had encountered trying to engage with the public sector about a new product they had designed. They had attended Meet the Buyer events, but had not found these to be an appropriate forum – this participant highlighted a need for tailored events or meetings for organisations wishing to pitch a new product.

Some research participants also raised concerns about lead-in times for tender responses being too short and suggested that greater use of Prior Information Notices would help businesses and organisations to plan ahead in advance of competitions going live. Many had experience of lead-in periods of four weeks or less and noted that this was often insufficient, especially if they wished to form a partnership for delivery.

> "A four-week window is tricky, especially if you have three or four bids on the go. It is difficult to plan as you don't know when an opportunity will come about. A Prior Information Notice would be useful. A six-week deadline would be better." (New private business survey respondent)

Overall, there was a sense that much more could be done to ease access for new private businesses (particularly SMEs) and third sector organisations and that early market engagement and stronger relationships between buyers and suppliers are needed, while longer lead-in times for bid preparation would be helpful.

Consideration for improvement: Consider opportunities to engage earlier, and more meaningfully, ahead of tendering opportunities.

Lack of transparency in relation to short-listing of suppliers

A number of research participants raised concerns about a lack of transparency within procurement processes, and felt that this was a barrier to them making effective decisions with regards to whether to tender for contracts.

Interviewees raised particular concerns about a lack of transparency in relation to which organisations were selected for Quick Quotes processes, and how to ensure that their own organisation was included in a list of potential suppliers. Some also

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[19] Meet the Buyer events are organised by the Supplier Development Programme and delivered at both national and regional levels. The purpose is to provide suppliers with an opportunity to meet public sector buyers and learn about upcoming contract opportunities.

noted concern about the challenges new businesses and organisations face because they are not yet on the radar of public sector organisations and may not get opportunities to tender through, for example, Quick Quotes.

Some interviewees felt strongly that buyers should only include organisations in shortlists that genuinely had a chance of being awarded the contract – some were concerned that some organisations were included just to make up numbers. For example, a few interviewees representing small companies fed back that they had to compete against huge multi-nationals, against which they felt they had no chance.

"Put me in a ring with people who are comparable to me. We were beaten to a job by a very large accountancy and consulting firm even although they are three times as expensive as us". (Third sector survey respondent)

Consideration for improvement: Consider potential for greater transparency around selection for Quick Quotes, and for support to organisations to improve chances of selection for Quick Quotes.

Ineffective tender assessment processes

Many research participants felt that the tender assessment processes they had experienced to date did not always result in the best provider being selected, or in the best outcomes for individuals (in the case of service contracts). Some interviewees had experience of poor assessment of tenders and had been put off bidding again, for others this dissuaded them from bidding in the first place.

There was a strong feeling that the assessment processes are driven by a fear of breaching procurement rules, resulting in a risk-averse approach to decision–making. Some research participants felt that assessment processes were too punitive – with reports, for example, of tenders being eliminated from the process because a page was missing.

Research participants also raised concerns about lack of consistency in assessment – noting that what scores highly for one client may not be sufficient for another.

"Undue caution around risk of being sued for not tendering properly but surely risk of not getting outcomes for services users is great?" (Third sector survey respondent)

Some interviewees felt that a points-based assessment should often be avoided in favour of engaging with organisations in a more collaborative process. We heard some reports of this beginning to happen in some places. Other interviewees felt that partnership working was not incentivised enough in the assessment criteria, with some feeling that this is a result of it being easier for a local authority to work with one large organisation.

Many research participants raised concerns about the lack of emphasis placed on local knowledge and experience within scoring processes and felt that this was undervalued and should be far more heavily-weighted relative to other criteria. Likewise, some people felt that previous relevant experience is not weighted heavily enough. However, there are challenges in addressing this as procurement rules preclude purchasing decisions being taken on the basis of the location of the supplier. Purchasing decisions are made on the basis of criteria that relate to the nature of what is being purchased as opposed to where it is being purchased from.

A few participants noted the importance of buyers ensuring that assessment processes assess based on the requirements of their tender. One organisation, for example, which provides counselling support to children, reported being marked down because they had not offered to engage with families, but this was not a requirement of the tender.

Some research participants felt that more careful consideration of cost/quality ratios was required, with one observing that "If the price weighting is 40% then the quality is almost irrelevant." This is because costings are often scored on the basis of the cheapest price being awarded the maximum points possible on price. Some organisations are of the view that if maximum points have already been awarded to one organisation for 40% of the overall score, the chances of then being awarded a high enough score on the quality part of the assessment to beat this bidder were low. Depending on the nature and scale of the contract, this could dissuade organisations from bidding.

We heard from one stakeholder that there has been some progress in improving third sector input into tender assessments – for example, by involving third sector representation on tender assessment panels. There was a desire noted for this to happen more frequently in order to ensure that third sector organisations' views and perspectives are properly valued and understood within assessment processes.

Consideration for improvement: Consider opportunities to ensure that local supply of goods and services are appropriately valued in assessment processes, without breaching procurement rules.

Insufficient lotting of contracts

Lotting is the sub-division of larger contract requirements into a number of smaller ones – usually by factors such as geography or some other type of sub-category. It can be beneficial in a number of ways including spreading risk for the buyer, improving access to contracts for smaller or more specialist organisations, and creating more competition – providing it is done within procurement rules.

Many research participants reported that lotting was not yet happening enough, although there was recognition that there is now more lotting of contracts than previously. A significant number of research participants noted that the large scale of contracts and the insufficient use of lotting continued to be a barrier to their engagement with public procurement. This was particularly the case for smaller

companies or third sector organisations that may be able to fulfil one but not all elements of a contract.

> "We experienced one contract that included the provision of IT support, inter-personal skills, health and safety, and change management. We were able to deliver parts of the contract but not all of them and as the contract was not broken down into lots, we were unable to bid. This is lazy procurement – they did it in this way because it would be easier to manage." (Third sector interviewee)

This interviewee also pointed out the greater risk in appointing one company to deliver on all of these services.

Research participants were positive about the progress that some Centres of Expertise are making in terms of lotting, however they also raised concerns that local authorities in particular are not making the most of lotting opportunities, with some concern that this is related to costs.

Interviewees emphasised the importance of local authorities making the most of opportunities for lotting. They also emphasised the importance of Scottish Government actively encouraging this type of approach – the perception is that at the moment it is up to individuals in local authorities to make it happen.

Consideration for improvement: Explore opportunities to encourage greater use of lotting, where this is appropriate.

Ineffective use of framework agreements

Framework agreements involve multiple suppliers bidding to become part of a framework under which a range of contracts may then be individually let. Typically these are put in place for extended periods of time and can enable a longer-term relationship to be established between suppliers and buyers. Usually, the requirements of bidding for contracts within a framework are less onerous than bidding for individual contracts.

While some research participants noted the potential value of being on a framework agreement, a number of research participants had had poor experiences of these. Despite putting in a significant amount of time and effort to bid to be on a framework agreement in the first place, a few participants that had been successful in joining framework agreements reported that they had not been awarded any contracts through them.

> "We have been on a framework for two and half years now and have never been offered any work." (New private business interviewee)

> "We haven't had anything through the framework we are on. People have come to us directly, outside the framework, to commission work so the framework is not working." (Third sector interviewee)

One organisation also noted that there can be an administrative burden involved in being on a framework agreement even if they have not been awarded a contract – some buying organisations, for example, require suppliers on their framework agreements to submit progress updates even when they have not been awarded any contracts.

One organisation also raised concerns about a framework agreement they had been part of in which organisations on the framework were ranked, with the highest-ranking organisation then getting first refusal of contracts. This effectively meant that the lower ranking organisations did not have an opportunity to deliver any of the contracts as these were taken on by the highest–ranking organisation.

> "Framework agreements can be good but ranking successful organisations within these doesn't work at all." (Third sector interviewee)

Lack of feedback from public bodies

Receiving feedback from buyers in the event of an unsuccessful bid can be helpful in supporting organisations to improve the quality of future bids. Some organisations we interviewed reported that feedback was sometimes non-existent, and that when it was available, it often lacked detail.

> "Suppliers who are unsuccessful don't get enough feedback. Especially in the case of smaller contracts." (Stakeholder)

> "We have asked for feedback in the past, and got it, but it was never very detailed or helpful." (Third sector interviewee)

Some also questioned the veracity of some of the feedback – believing that a contract is often awarded based on price, or that buyers already had a company they wanted to award a contract to regardless of the quality of the other bidders.

Consideration for improvement: Explore potential to improve frequency and quality of feedback to unsuccessful bidders for lower value contracts not currently covered by any legislative requirement to provide feedback.

Short duration of contracts

Some research participants raised concerns about the duration of contracts awarded through public procurement. Among these participants, there was a sense that contracts were often short, usually a maximum of two to three years in

duration. Some felt this was not long enough and made the burden of re-tendering too great. This seemed to be a particular issue in relation to health and social care contracts where services were often delivered over a long-term period but contracts were limited to, for example, three years.

Some interviewees also reported that the often short duration of public contracts created challenges in relation to organisations' financial sustainability. Continually having to bid for short-term contracts makes it very challenging for organisations to project what their future income will be. This has a knock-on effect on decisions relating to size of workforce, office space and a range of other factors. As a result, staff in these organisations are often on short-term contracts that need to be regularly reviewed based on contracts won and can result in a lack of job security for staff and significant turnover within the workforce. This can then have a direct impact on the quality of service provided.

> "Constant and repeated re-tendering makes it very hard in relation to contracts for support workers and it creates barriers around financial sustainability."
> (Stakeholder)

> "Longer-term contracts are important for contractors and the people they support."
> (Stakeholder)

> "We have been trying to train procurement officers in designing contracts that are more flexible, have sustainable hourly rates etc. We have had good attendance."
> (Stakeholder)

Low contract values

Low contract values were frequently cited as a barrier to engagement in public procurement – in two respects. Firstly, organisations observed that if contract values were too low, they often spent a disproportionate amount of time in preparing bids which meant it was not financially worthwhile to bid.

Secondly, a number of organisations raised concerns about the hourly rates that buyers were prepared to pay for specialist services. In particular, this applied to contracts within the local government sector, with local authorities often being perceived as unwilling to pay a fair and realistic rate for high quality service provision. This does not necessarily mean that suppliers working with other parts of the public sector do not also face similar issues around low contract values, or that these issues disproportionately affect the local government sector. Rather, these findings likely reflect the fact that, as indicated in Chapter 2, most of our research participants had contracted with this sector.

> "Local authorities run competitive tenders to cut the price. It is a race to the bottom." (Stakeholder)

> "Every time we have bid we've had very good feedback but undercut by larger private companies who quote below what would be economically viable." (Third sector interviewee)

This was raised as a particular issue in relation to social care, where local authorities have a single hourly rate that is often too low to be attractive to companies and organisations to bid for. Some interviewees reported that payment rates are leading to market failure in some areas with insufficient numbers of care providers bidding to deliver contracts and services not being offered. This was considered to be a direct consequence of the rates that local authorities will pay.

Suggestions for change included paying a range of hourly rates based on a range of tasks, and paying for some specialist support at a higher rate. Another suggestion provided was that if fixed hourly rates were to be specified, then these needed to be a true, independently measured hourly rate which was consistent with the principles of being a Fair Work employer.

> "Our local area has realised [that paying rates that are too low is resulting in too few care providers in our area] – they are going through a transformation process just now, shifting from paying by hours and minutes and moving towards more personalisation and better quality." (Third sector interviewee)

A few research participants also felt that in order to effect change in relation to budgets, there was a need to re-frame the argument for senior leaders – for example, emphasising to them the long term benefits of healthy eating when considering the price and quality of school lunch contracts.

Onerous terms and conditions

All research participants, across both new private businesses and third sector organisations, and across a range of different sectors, reported that one of the biggest barriers to participation in public procurement were the requirements imposed by buyers during the bidding process. These were varied and included requirements related to insurance, accreditations, minimum IT requirements, community benefits clauses, financial standing, and requirements to address a range of policy issues such as Fair Work and climate change. Many of these were a barrier for smaller organisations and companies in particular but some large organisations also raised concerns about some of these issues. Stakeholders confirmed these concerns.

We describe these further below:

Insurance requirements

Some organisations raised concerns about the costs of putting in place insurances, such as public liability insurance, which were prohibitively high for some organisations and a significant additional financial cost for others. While there was recognition of the importance of these, some organisations reported that the level of insurance required often bore no relation to the value or nature of the contract being awarded.

Quality accreditations

Some interviewees reported that significant time and cost was associated with getting accreditation for quality control systems. This was raised as a particular concern by some newer businesses and third sector organisations.

> "Accreditations like ISO 9001 are a real challenge. For new businesses and organisations this constitutes a large upfront financial commitment and can take time to acquire." (New private business interviewee)

IT requirements

Many organisations we interviewed referred to the ever-increasing requirements placed on them in relation to IT security. In recent years, some public bodies have required bidders to be Cyber Essentials-accredited. Participants felt that this accreditation was effectively mandatory, and again constituted a significant additional cost for small businesses and organisations.

Turnover requirements

For some tenders, research participants reported that minimum turnover levels are often still too high for some organisations and that these high turnover requirements subsequently exclude them from bidding. Again, these were not always considered to be proportionate to the size of contract being tendered.

Output-based payments

Some contracts continue to pay out on the basis of concrete outputs delivered, and do not tend to make upfront payments to cover costs until the first outputs are delivered. A number of third sector research participants highlighted the challenges with cashflow that result from this. However, we acknowledge that addressing this issue may prove challenging, given that the Scottish Public Finance Manual advises public bodies not to pay contractors in advance of delivery unless there are exceptional circumstances.

Policy-related requirements

Organisations reported that in recent years, requirements within tender documents to address policy–related issues have become increasingly frequent. For example, research participants reported having to regularly respond to questions about their organisation's approach to climate change actions – which while being recognised

as important, were frequently described as irrelevant to the contracts being commissioned, and onerous for small businesses and organisations to address.

They also reported having to show how their organisation met the Fair Work First policy and research participants noted that being required to pay the real Living Wage could become a barrier to the third sector's ability to deliver within the available budgets.

Demanding community benefits clauses

A number of research participants had experienced bidding processes which required them to demonstrate that they were delivering community benefits in some form. Some organisations reported that these can be challenging and costly to accommodate but are sometimes scored and mandatory and therefore impossible to avoid. There was a clear sense that these were not always proportionate or relevant to the contract value or content and were considered to be a significant financial commitment for a small company or organisation.

One third sector interviewee felt that third sector organisations should be exempt from delivering community benefits clauses "since charities already operate in the public interest". This is interesting given that third sector organisations, by nature, are often designed to provide added social value – in turn, this suggests that there is scope for Scottish Government and the wider public sector to better-promote the use and importance of community benefit requirements to the supplier base, where they are relevant and proportionate.

Financial requirements

A few organisations reported that the financial requirements specified in tender documents can sometimes be excluding – particularly for smaller or new organisations or companies. For example, sometimes buyers require audited accounts to be produced for the last three years which can exclude new businesses and organisations. In addition, some buyers require organisations to be VAT-registered, which not all small companies are at the outset and this can again present a barrier to bidding.

> "It is difficult to get through the financial standing checks when you are a new business." (New private business interviewee)

Track record requirements

Some research participants felt that the demands in relation to demonstrating prior experience were sometimes still too high, although others felt that prior experience needed to be more heavily weighted.

> "The requirements of a tender can be onerous and negate a level playing field. Social enterprises will not always have the required track record." (Stakeholder)

GDPR requirements

Some research participants raised concerns about meeting the requirements of GDPR, data security, and staying up to date with the rules.

Consideration for improvement: Consider opportunities to reduce onerous terms and conditions and ensure these remain proportionate to contract type and value.

Lack of a robust appeals process for lower value contracts

Some form of appeals system is an important component of any robust and transparent assessment process. It ensures that bidders can challenge decisions taken, with the expectation that a decision may be overturned if it was found to have been flawed. Some research participants expressed a view that there was currently no effective means of challenging decisions taken within public procurement processes, nor any recourse for bidders if poor or unfair decisions were made.

Currently, organisations do have the right to legally challenge decisions made in relation to higher value contracts at £50,000 or over for goods and services and £2 million for works. For contracts of any size, bidders also have the option of raising issues directly with the public body, or of approaching the Scottish Government's Single Point of Enquiry (SPoE) service.

The SPoE service offers organisations bidding for public contracts an opportunity to raise concerns and seek advice. However, while the SPoE can provide additional guidance, clarification and advice, it does not have formal powers to investigate concerns or change decisions made by buying organisations. It can only work with organisations on an informal basis to try and resolve any concerns.

Few research participants were aware of either their right to legal recourse (in the case of higher value contracts) or of the SPoE, suggesting a clear need for increased awareness raising of each of these mechanisms.

Those that were aware of the SPoE were concerned that it was not meeting the needs of organisations. The service is considered by those that were familiar with it to be ineffective as it has no power to reverse decisions taken by public bodies in procurement processes.

These research participants were keen to see the SPoE given greater authority to overturn decisions made by public bodies and extend its role to provide a wider range of services. For example, a few stakeholders felt that the SPoE could be an important source of data if it were to publish information related to the type of queries it received, and the action taken. They cited the value of data provided by the Public Procurement Review Service (PPRS) in England, which has legislative backing. However, we understand that while the PPRS can require contracting authorities to give reasonable assistance to its investigations, it cannot force a

contracting authority to award a contract, or refrain from awarding a contract, to a particular bidder. Any recommendations it may make to contracting authorities are non-binding. The PPRS regularly publishes data related to action that had been taken to address enquiries, and it provided bidders and stakeholder bodies with valuable information about issues arising within their sector. It was felt that functions such as this would be a valuable addition to the responsibilities given to the SPoE. This would clearly require significant consideration given the additional capacity that this would necessitate.

More generally, research participants also noted that organisations do not want to disadvantage themselves by complaining directly to buying authorities and there was a concern that a buying authority could not be objective, that the appeal was unlikely to result in any action (and certainly not likely to result in a change of decision), and that bidders may tarnish their reputation by complaining which could impact on future procurement decisions.

Consideration for improvement: Work towards ensuring that the SPoE is more visible and facilitate greater transparency of its work. Find means to enable it to make better use of available data to share lessons learned.

Conflicts of interest

A small number of interviewees identified conflicts of interest as a barrier to participation in some areas. This issue was raised specifically in relation to organisations which were acting as both commissioners of contracts and deliverers of other contracts. A few interviewees also raised concerns about conflicts of interest on the part of organisations that provided capacity building and business support to bidders, but who themselves could potentially bid against those organisations for contracts.

Buyer and supplier pre-conceptions

During our interviews with third sector organisations and new private businesses, and drawing on feedback from the survey, it became clear that there remain a number of preconceptions that are hindering access to public procurement. These preconceptions exist on the part of both public bodies and suppliers – in particular, they include suppliers' fears of participation based on misconceptions about processes; and perceptions on the part of some buyers in the public sector that the third sector does not have the experience or capacity to deliver large contracts.

Third sector and new private businesses' preconceptions about public procurement

Within the third sector in particular (but not exclusively), research participants reported that fear of the tender process amongst many organisations is a barrier to their participation. This was described as being in part due to personal experiences of attempting to engage with Scottish public procurement and having found it challenging, but for many it was felt to be about their perception of Scottish public

procurement based on hearsay. Stakeholders reported that this has resulted in some organisations ruling out engagement with public procurement on the basis that it is too difficult.

> "There is a fear of the tender journey." (Stakeholder)

Some stakeholders reported a need for a cultural shift to take place and for more third sector organisations (particularly social enterprises) to recognise the need for bidding for contracts to become part of their funding model. This was considered to be vital to their longevity, within the context of reducing amounts of grant funding.

Public sector preconceptions about the third sector

Some research participants raised concerns that public sector organisations view the third sector as not having the capacity to take on larger contracts and, in some cases, that third sector organisations are simply not on the radar of public sector organisations at all.

> "There is too much suspicion that small charities are not able to do the work properly. The perception of small charities needs to change. We need a positive boost. We are not taken seriously as a sustainable business." (Third sector interviewee)

> "The Third sector is seen as not having the capacity to deliver larger projects. Up against [the] commercial sector we do not get [the] recognition deserved." (Third sector survey respondent)

> "We have a strategic plan to move towards 40% being funded through public contracts. However, our local authority is very poor at engaging with local third sector organisations – it is like we don't exist as far as the council is concerned – despite taking our Board to meet senior staff." (Third sector interviewee)

While some organisations and stakeholders we interviewed felt that procurement practice has improved in recent years, many research participants felt that current public procurement processes were still often unsuited to third sector organisations and that different approaches to procurement needed to be considered. In particular, they highlighted challenges around procurement processes which favour the lowest bidder and which as a result can exclude organisations that work with the hardest to reach clients. They also made reference to capacity issues in terms of both experience and levels of staffing required to prepare competitive bids which is explored in further detail elsewhere in this chapter.

These organisations advocated for a more collaborative, partnership approach to procurement, where more extensive collaboration is enabled prior to tender processes taking place. We return to this issue in the next chapter.

> "The procurement environment is too competitive and cut–throat for many third sector organisations. The lowest bidder wins, terms and conditions are onerous, smaller organisations are squashed out. There needs to be more equitable partnership working and involvement of our sector in service design and commissioning." (Third sector interviewee)

> "Larger contractors need to be negotiated with companies to include the use of third sector in a main contract. Procurement need to view themselves as a service and enabler rather than as an initiator." (Third sector interviewee)
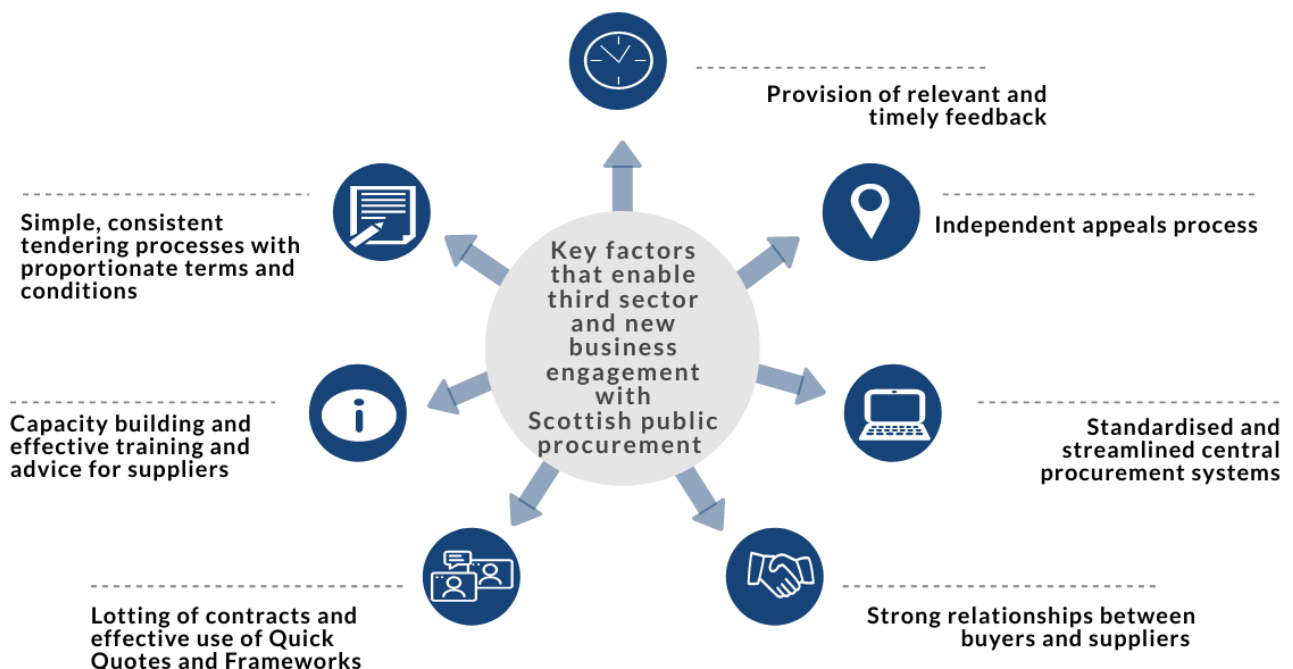
Consideration for recommendations: Explore opportunities to enhance understanding of the role of the third sector in the delivery of public contracts.

4. Factors that enable third sector and new business engagement with Scottish public procurement

While there is no doubt that the nature of this research inclines research participants to focus on the barriers they face to participating in public procurement, the research also aimed to determine the key enablers to third sector organisations and new private businesses in accessing and competing for public sector contracts.

From the evidence gathered through this research, we identified a number of key factors or enablers which must be in place. These link directly to some of the key barriers noted in the previous chapter. The extent to which these enablers are in place currently (and the quality of their provision) is variable, and there was a very strong message across research participants that despite improvements in the delivery of public procurement in recent years, there remains significant scope for further improvement.

The key enablers identified by research participants are illustrated in the infographic below:

Key factors that enable third sector and new business engagement with Scottish public procurement

- Provision of relevant and timely feedback
- Independent appeals process
- Standardised and streamlined central procurement systems
- Strong relationships between buyers and suppliers
- Lotting of contracts and effective use of Quick Quotes and Frameworks
- Capacity building and effective training and advice for suppliers
- Simple, consistent tendering processes with proportionate terms and conditions

Simple, consistent tendering processes with proportionate terms and conditions

In the previous chapter we highlighted some of the challenges organisations had encountered with complex tendering requirements. In order to ensure easier access to Scottish public contracts, research participants emphasised the need for processes that were streamlined, clear, and which only required essential information that allowed for good decisions to be made about contract awards.

There were serious concerns raised about the extent to which procurement was used as the vehicle through which to deliver on key policy priorities (such as Fair Work or climate change), without due consideration to the relevance of these issues to a particular contract or them being proportionate. Procurement is an important lever for delivering on some of these policy agendas, but there is a sense that this should be done with much more nuance than is currently the case.

In addition, some research participants felt strongly that the requirements placed on micro or small organisations should be less stringent than for large organisations.

"Businesses under a certain size should not be required to do some things." (New private business interviewee)

"Needs to be proportionate – small charities = small procurement." (Third sector interviewee)

To increase engagement with public procurement, it is important that the requirements of tender processes are proportionate and relevant to the work being commissioned, and take account of the size and nature of organisations bidding for the contract.

Capacity building and effective training and advice for suppliers

A lack of capacity – in the form of staff skills and staff time – remains one of the biggest barriers to participation in procurement. Some research participants noted that the last two years have been particularly challenging in this respect, with the restrictions resulting from the pandemic.

In Chapter Two, we described the range of support mechanisms that third sector organisations and new private businesses have engaged with in recent years. This included, but was not limited to, SDP, P4P and Just Enterprise. Not only is the support on offer well-used, but the feedback also indicates that it is useful. Taken from the survey responses, Figure 17 shows that 20 (87%) respondents who had accessed training and support (and who had recently bid for a public contract) had found it either 'quite' or 'very' helpful. This tallies with what interviewees told us.

Figure 17: On a scale of 1 to 4 with 1 being very helpful and 4 not helpful at all, how useful was this support and training? (n=23)
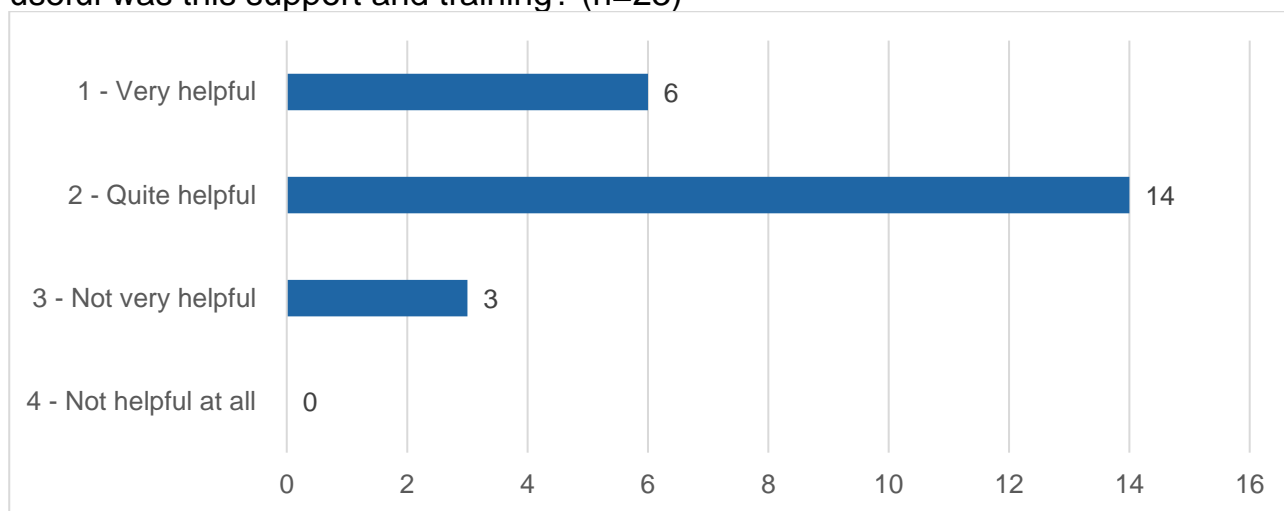
Among organisations responding to our survey that do not currently bid for public sector contracts but had accessed procurement-related training or advice, five out of seven organisations (71%) had found the support 'very' helpful or 'quite' helpful.

> "In the past six months we have used the Supplier Development Programme a lot. It has been excellent." (New private business interviewee)

> "Clear training regards cradle to grave of the procurement process is urgently needed for third sector small organisations." (Third sector survey respondent)

Research participants valued the advice they were given through these support mechanisms and had found it helpful in developing bids. A few felt that the current support offering was too generic and that more tailored, intense support would be more beneficial.

Some organisations are making big strides in developing their capacity to engage with public procurement. Others, however, need more help than is currently available. In order to facilitate better access to public contracts, it is vital that capacity continues to be built and providing the right kind of support to organisations is central to this.

There remains a need for support that is more tailored to individual organisations' needs. A few participants stressed that the support required was of a practical nature. One third sector organisation described the type of support they need as "Somebody sitting down next to me while I prepare the bid, highlighting where I am going wrong, and helping me to get all of the policies in place that I need to address the requirements of the tender."

"Have someone that can support organisations individually with the bid, i.e. take on the legwork. Advice and training is good but most SMEs do not have the staffing capacity or capability to undertake this." (New private business survey respondent)

In addition, some organisations remain unaware of the support that is available and are not accessing it. Twenty per cent of organisations that had bid for public contracts in the past five years – and who had completed our survey – had not accessed any form of support for tender development (see Figure 11), and 69% of organisations that do not currently bid for public sector contracts had not engaged with any training, support or advice (see Figure 12). It is unclear whether this was due to a lack of awareness of opportunities, but continued awareness raising of these support mechanisms will remain important.

Strong relationships between buyers and suppliers

All of the key stakeholders consulted during the research, and many of the new businesses and third sector organisations that participated in the research, emphasised the importance of strong relationships between buyers and suppliers. This was seen as crucial to ensuring that all potential suppliers were aware of tender opportunities; but additionally, it was considered key to ensuring that procurement achieves the best outcome for individuals.

"Stronger relationships between buyers and suppliers [are] needed. They need to invite the supplier community in annually. We also need more transparency from buyers about what they're doing – they need to put more detail into their annual procurement reports." (Stakeholder)

"Get local authority officers and procurement officers together to ensure collaborative commissioning processes." (Stakeholder)

"There needs to be more equitable partnership working and involvement of our sector in service design and commissioning." (Third sector survey respondent)

"We need increased engagement with local social enterprises to enable social enterprises to be aware of, bid for and secure contracts/sub-contracts."

A risk–averse procurement culture was considered to be the main barrier to this happening.

"There is too much risk aversion – they need to have more conversations with suppliers." (Stakeholder)

"Procurers need to be risk-pragmatic and use all of the tools available to them. Purpose over process!" (Stakeholder)

A few research participants noted the importance of different parts of the public sector joining up to improve procurement – in other words, of having strong working relationships within and across buying organisations themselves. This related to Scottish Government's work with local public bodies, such as local authorities, but also between different departments within organisations.

"The notion that procurement sits separately in an organisation has to be gotten rid of. Procurement departments need to be involved earlier in the process." (Stakeholder)

"The procurement policy team in Scottish Government are doing everything they can to make improvements but it has to trickle down to implementation of changes at local level. We need to make bigger strides." (Stakeholder)

Lotting of contracts

As highlighted in the previous chapter, insufficient lotting of contracts has a significant impact on organisations' (especially smaller organisations') ability to bid for public contracts. As previously noted, lotting contracts also has benefits for the buyer – by spreading risk across a number of contracts and by creating greater levels of competition.

We heard a number of examples in a range of sectors of where lotting is vital. In the food sector, for example, lotting seemed to be a particularly important enabler to bidding for public contracts – one participant from that sector explained that if a supplier only supplies one type of dairy product, then it is hard to bid to some of the relevant frameworks as they rarely break down contracts to individual product level. The result is that small suppliers go straight to market themselves instead. This suggests that the public sector is missing out on opportunities to work with potentially high quality, local producers.

A number of third sector organisations and new private businesses we interviewed described some contracts they had been involved in which had been split into geographic lots, and also contracts that involved the supply of products only (separate to distribution) which they noted were more attractive to smaller organisations.

It is clear that the size and breadth of contracts is a barrier to some organisations participating in public procurement, and more lotting of contracts is an important enabler in making procurement more inclusive.

Effective use of Quick Quotes and Framework Agreements

The Quick Quotes system, which involves a smaller number of organisations being invited to tender for a contract and can be used to procure goods and services below £50,000 (excluding VAT), is already frequently used by buyers to procure low-value goods and services. Quick Quotes can be an effective way of ensuring bids are received from organisations that have the relevant track record in delivering similar work. It can also increase the chances of success for organisations bidding, since they may be bidding against a smaller number of organisations compared with an open tender situation.

In Chapter Two, we described how, for many third sector organisations and new private businesses, the Quick Quotes process was easier compared with open tender processes. We explored participants' views on Quick Quotes in more detail during the interviews, where the findings were again positive. Some research participants had positive experiences of Quick Quotes and were keen to see this system being used more regularly.

> "We do some Quick Quotes from local authorities. They are fairly straightforward and our success rate on these is good." (New private business interviewee)

> "I would like more opportunities for Quick Quotes. They have given me great client experiences." (New private business interviewee)

Framework Agreements are another effective way of reducing the burden of continual bidding for individual contracts. They enable a buying organisation to have a pool of suitable contractors to work with across a range of related contracts. Again, we heard positive stories about organisations' experiences of being on frameworks.

When Quick Quotes and Framework Agreements are used properly they are a clear enabler to improving access to procurement.

> "There is definitely more lotting of contracts and Quick Quotes than previously but the public sector could be doing a lot more to ease access for SMEs." (Stakeholder)
>
> "There is a clear reputational benefit for an organisation if you are on a framework." (New private business interviewee)

Standardised and streamlined procurement solutions

Many research participants noted the value of having centralised procurement solutions such as PCS and PCS-Tender in place and highlighted that these procurement solutions could be streamlined in order to maximise value.

Most research participants were aware of PCS and PCS--Tender and were frustrated that they were not currently user-friendly or designed in a way to minimise the amount of information requested for individual procurements. As reported earlier in this report, feedback about the usability of these systems was overwhelmingly negative and considered to be a major barrier to participating in procurement in Scotland. Improving the accessibility and awareness of procurement portals was considered to be a crucial component of improving access to public procurement.

Relevant and timely feedback

Feedback provided in the case of unsuccessful bids was identified as a further enabler to improving access to procurement. It supports organisations to understand why they have not been successful and improve the quality of their bids in future. It is important that public bodies provide this feedback quickly, and that sufficient detail is provided for this to be meaningful.

Some research participants commented that the quality of feedback they had received was very variable but that when it was good quality it was a helpful and very important tool in improving their tender submissions in future.

Independent appeals process for lower value contracts

A number of research participants highlighted the importance of transparency in relation to decision making, and, linked to this, noted the absence of an effective means of appealing decisions taken within public procurement. An independent appeals process was considered by these organisations to be an important component of a robust procurement system.

While legal action can be taken in relation to higher value contracts, the process for raising concerns about procurement of lower value contracts is weak. Currently, the main form of recourse is to raise concerns with the client commissioning the work – which research participants noted was inappropriate and could lead to an organisation being disadvantaged within the procurement process. A few were aware of the Single Point of Enquiry within Scottish Government but this was described by those who were familiar with it as lacking in authority and too limited in its remit. Accountability should be a key tenet of a robust public procurement system and making sure that there is an effective appeals process in place was considered to be important going forward.

Other improvements that would support better access to public procurement

In addition to the enablers outlined above, research participants made a range of other suggestions about improvements that could be made to the public procurement system to increase access for third sector organisations and new businesses. These included having longer contracts to give bidding organisations financial security, the ability to build capacity, and reduce the burden of having to frequently re-bid for contracts.

Some interviewees gave examples of one or two areas which do issue four- or seven-year contracts. One organisation, for example, reported that one local authority is currently considering awarding a 10-year contract in the area of social care. These were seen as really positive changes that organisations would welcome becoming more widespread.

Other suggestions included:

- increased opportunities for social enterprises within extended supply chains and sub-contracts
- local authorities and other anchor institutions committing to a certain percentage of spend with social enterprises and/or third sector organisations
- separation of social enterprises and SMEs within contracts to create transparency regarding the percentage of spend that goes to asset-locked organisations (which must retain their assets to be used for the community purposes for which they were formed) and how much goes to private businesses
- implementing regional food hubs
- disseminating the message that the public sector wants to work with local suppliers (especially in the food sector)
- change in payment patterns – some organisations can only participate in procurement if contracts allow for upfront payments, although given current public sector finance policy this may be challenging to address.

5. Conclusions

The purpose of this research was to gain insight into the views and experiences of third sector organisations and new private businesses in relation to public procurement in Scotland, and to help inform future thinking and next steps around the delivery of public procurement by providing a snapshot of recent experiences which provides useful learning for future developments.

The views and experiences of third sector organisations and new private businesses participating in the research were generally consistent. Experiences tended to be similar across these two groups and were more likely to diverge based on the size of organisation rather than the type. Likewise, experiences did not differ much between organisations operating in different geographical areas or across different business sectors other than in relation to very specific issues such as contractual rates; or good practice being highlighted in relation to some local areas. Views among stakeholder organisations consulted during the research were also very consistent with those of the third sector organisations and new private businesses. Across the board, there was a high degree of consensus about the improvements that needed to be made.

The messages coming out of the research were clear. There remains a keen interest amongst third sector organisations and new private businesses in participating in Scottish public procurement. Research participants were able to identify significant benefits of contracting with the public sector, including financial security, favourable payment terms and access to interesting and unique opportunities. Those that are already active participants (on the whole) wish to continue to bid for public contracts, and among those organisations that had not bid for contracts in the past five years there was a keenness to become involved if barriers could be removed or reduced.

Among stakeholders, there was recognition that Scottish Government and the wider public sector have made significant progress in relation to procurement in recent years and there has been continuous improvement and a willingness to drive forward change. However, participants also voiced concerns that this does not always translate down to improvements in implementation at a local level. Organisations representing new private businesses reported that, in their view, despite the implementation of the Sustainable Procurement Duty, the dial has not moved in terms of the value and share of contracts going to SMEs. Meanwhile, the feedback in relation to third sector organisations is that their share of contracts has increased, but not sufficiently quickly.

Action to address the requirements of the Sustainable Procurement Duty in individual procurements is improving but feedback received during this research indicated that there is much work still to be done to improve access for third sector organisations and new private businesses, particularly smaller charities and SMEs. Public sector organisations should move away from structures and processes that

treat procurement as a separate function – and procurement departments need to be involved in discussions about contracts well ahead of these getting to the stage of tender briefs being developed. Procurement should be seen as a lever that can contribute to desired policy and practice changes.

It was very clear from the research that there remain significant barriers to the participation of third sector organisations and new private businesses in Scottish public procurement which are being encountered across sectors and geographies. Barriers were highlighted by all participating organisations but seemed to affect small to medium–sized organisations most significantly.

The main barriers to participation included:

- lack of capacity, particularly within small organisations, to participate in procurement processes
- complex procurement processes that require information to be provided that is not proportionate to the contract value
- central procurement systems that are difficult to use
- insufficient early market engagement with potential bidders
- lack of transparency in relation to short-listing of suppliers
- ineffective assessment processes
- insufficient lotting of contracts
- ineffective use of framework agreements
- lack of feedback from public bodies
- short duration of contracts
- low contract value
- onerous terms and conditions
- lack of a robust appeals process for lower value contracts
- conflicts of interest
- buyer and supplier preconceptions.

There remains a need for external organisations to ensure that continued support and guidance is in place for third sector organisations and new private businesses that are interested in bidding for public sector contracts, either on their own or as part of a consortium of bidders. There is also a demand for practical support to build capacity and confidence to participate in public procurement. Such support needs to be sustainably and adequately resourced.

Relationships are seen to be key to good procurement – with less risk aversion and more pragmatic conversations between buyers and suppliers seen as central to this. Research participants reported that national, regional and local conversations

are needed – and some highlighted that this is particularly important in relation to legislation on community wealth building. Participants were also keen to see earlier market engagement and better use of tools and flexibilities available.

Research participants identified a number of key enablers to participation which included simple, consistent tendering processes with proportionate terms and conditions; capacity building and effective training and advice for suppliers; improved, user-friendly and streamlined procurement solutions; strong relationships between suppliers and buyers; an independent appeals process for lower value contracts; relevant and timely feedback; and lotting of contracts and more extensive use of frameworks and Quick Quotes.

Appendix 1 Survey questions

Introduction

Scottish Government has commissioned Blake Stevenson Ltd., an independent research company, to investigate the views and experiences of third sector organisations and new private sector companies, in relation to public procurement in Scotland.

In our definition of 'third sector organisations', we include charities, social enterprises and voluntary groups. By 'new' private sector companies, we mean companies set up within the last 5 years.

You may have recently bid for a public contract (either as the lead or as part of a consortium) or may have decided not to for a variety of reasons. In either of these cases, we are interested in your views.

For the purposes of this survey, we are interested in your experience of public procurement related to public sector bodies which are based in Scotland and which relate only to Scotland. This includes, but is not limited to, the Scottish Government and the 32 Scottish local authorities, as well as Scotland's NHS, universities and colleges, and registered social landlords.

Your views will be analysed by the researchers and will inform future development of the public procurement system in Scotland, ensuring that it is as inclusive as possible and that organisations can better access, compete for and deliver public contracts.

How we will use the data you provide

The information gathered through this survey will be analysed alongside the information provided by other respondents. In our report – which Scottish Government plans to publish – we will reflect key messages from all responses and we will not attribute any of the information or comments that you provide directly to you. In other words, your comments will be anonymous.

At the end of the research, we will transfer the anonymised data to the Scottish Government and all data will be deleted within 12 months.

Blake Stevenson is compliant with the Data Protection Act 2018 and your responses will be returned directly to the Blake Stevenson research team. Taking part in the survey is voluntary. For more information on your individual rights and how your data will be kept securely, please open the document embedded below:

Thank you very much for taking the time to complete the survey.

Background Information

1. Name of organisation (free text response)

2. Is your organisation a:

   - Third sector organisation?
   - New private sector business?

Routings according to options selected above are indicated as appropriate throughout the document.

3. If Q2=third sector organisation, which of the following best describes your organisation?

   - Charity/voluntary organisation
   - Social enterprise
   - Community group/association
   - Intermediary/umbrella organisation
   - Other (please specify)

4. Approximately how many people work in your organisation? (By that, we mean both full-time and part-time employees on your payroll, as well as any working proprietors or owners, but excluding the self-employed and outside contractor or agency staff)

   - micro (1-9 employees)
   - small (10-49 employees)
   - medium (50-249 employees)
   - large (250+employees)

5. Which areas does your organisation operate in? (Tick all that apply)

   - International
   - UK wide
   - Scotland wide
   - Drop down of LA areas Scottish Local Authority (multiple responses possible)
   - Aberdeen City Council
   - Aberdeenshire Council
   - Angus Council
   - Argyll and Bute Council

- City of Edinburgh Council
- Clackmannanshire Council
- Comhairle nan Eilean Siar
- Dumfries and Galloway Council
- Dundee City Council
- East Ayrshire Council
- East Dunbartonshire Council
- East Lothian Council
- East Renfrewshire Council
- Falkirk Council
- Fife Council
- Glasgow City Council
- Inverclyde Council
- Midlothian Council
- North Ayrshire Council
- North Lanarkshire Council
- Orkney Islands Council
- Perth and Kinross Council
- Renfrewshire Council
- Scottish Borders Council
- Shetland Islands Council
- South Ayrshire Council
- South Lanarkshire Council
- Stirling Council
- The Highland Council
- The Moray Council
- West Dunbartonshire Council
- West Lothian Council

6. Which sector(s) does your organisation operate in? (Tick all that apply)

Drop down menu:

- Arts and Creative Industries
- Citizen's rights, legal, advocacy
- Community Centres and Halls

- Early Learning and Childcare
- Education, Training and Employment
- Environment and Recycling
- Financial Services
- Food, Catering & Hospitality
- Health and Social Care
- Housing
- Information, Consultancy and Support Services
- Property, Energy, Utilities and Land Management
- Religious activities
- Retailing
- Sport and Leisure
- Tourism, Heritage and Festivals
- Transport
- Other (please specify)

7. In the last five years, has your organisation bid for a public sector contract in Scotland either as a main contractor or as part of a consortium? Please tick all that apply. (multiple responses possible, unless *No* is selected) By 'main' contractor, we mean if you have bid as either the sole contractor or as the prime contractor. By 'consortium', we mean if you have come together with another supplier to bid.

- Yes, as the main contractor
- Yes, as part of a consortium
- No

If yes, continue to questions below. If no, route to questions in Section 2 of this survey.

8. How often has your organisation bid for Scottish public sector contracts in the past five years?

- very frequently (at least once a month)
- frequently (every other month)
- occasionally (every 6 months or so)
- rarely (roughly once a year)
- very rarely (less than once a year)

- don't know

9. Which parts of the of the Scottish public sector has your organisation contracted with in the last five years? Please tick all that apply.

- Central Scottish Government (including executive agencies and non-departmental public bodies - for further information please follow this link: National public bodies: directory - gov.scot (www.gov.scot))
- Local government
- NHS
- Universities and colleges
- Registered social landlords
- Other (please specify)
- Don't know

Benefits of Bidding and Contracting

10. In what ways has contracting with the Scottish public sector benefited your organisation? Please select up to three options from the list below.

- security of public contracts (including financial security)
- favourable/prompt payment terms
- the prestige of supplying to the public sector
- transparent procurement processes
- access to interesting and/or unique opportunities
- Other (please specify)

Please explain your answer

Enablers and barriers to bidding

11. On a scale of 1 to 4, with 1 being very easy and 4 very difficult, how easy is it for your organisation to bid for Scottish public sector contracts

- Very Easy
- Easy
- Difficult
- Very difficult

If Easy or Very Easy have been selected, route to the following question: What made this process easy? (Free text response)

12. What, if anything, has made it difficult for your organisation to bid for Scottish public sector contracts? Please tick all that apply.

- Lack of time and/or capacity to produce bids
- Difficulties accessing tender documents
- Complexity of the bidding process
- Lack of understanding of the bidding process
- Don't know where to find bidding opportunities
- We haven't identified opportunities that are relevant to our organisation
- Too much competition in our sector
- Previous experience of being unsuccessful in bidding
- Difficulties meeting the requirements of the contract (e.g. financial capacity, insurance, IT requirements, professional qualifications/accreditations)
- Organisational capability or capacity for managing the contract
- Public contracts are not economically viable for us
- Other (please tell us what)
- None of the above

13. In the last five years, has your organisation been invited to tender for a Scottish public sector contract through any Quick Quote processes?

- Yes
- No (please go straight to Q16.)

14. If yes, how did this experience compare with any open tender process you have participated in?

- Easier
- About the same
- More difficult

15. To what extent do you think the Scottish public sector is willing and able to do business with organisations like yours.

- To a great extent
- To some extent
- Not at all

Please explain your answer

Take up of advice and support

16. Has your organisation engaged with any of the following mechanisms for training, support and advice around bidding for Scottish public sector contracts in the last five years?

List 1 below will appear for those who answer Third Sector in Q2:

- Supplier Development Programme
- Just Enterprise
- Partnership for Procurement
- Support from the Scottish Government
- Other (please specify)
- None of the above – we have not engaged with any training, support or advice (Route to Q19)
- Don't know (Route to Question 19)

List 2 below will appear for anyone who selects Private business at Question 2:

- Supplier Development Programme
- Support from the Scottish Government
- Business Gateway
- Other (please specify)
- None of the above – we have not engaged with any training, support or advice (Route to Q19)
- Don't know (Route to Question 19)

17. On a scale of 1 to 4 with 1 being very helpful and 4 not at all helpful, how useful was this support and training?

   1. Very helpful
   2. Quite helpful
   3. Not very helpful
   4. Not helpful at all

   If 3. Or 4. selected, route to question below:

   Please explain why these were not helpful? Free text response

18. Do you have any other comments about what the Scottish public sector can do to enable more third sector organisations to bid for and deliver public contracts? (Free text response)

Section 2 Non-Bidders

1. Why has your organisation not bid for Scottish public sector contracts in the last five years? (multiple responses allowed)

- We don't know where to look for public contract opportunities
- The process was too complex
- We don't understand the bidding process
- We do not have the staff capacity or expertise to bid
- The contract budgets were not high enough
- The opportunities available are not relevant for the type of work our organisation does
- We prefer to work with the private sector
- Other (please specify):

2. Has your organisation engaged with any of the following mechanisms for training, support and advice around bidding for Scottish public sector contracts in the last five years?

List 1 below will appear for those who answer Third Sector in Question 2:

- Supplier Development Programme
- Just Enterprise
- Partnership for Procurement
- Support from the Scottish Government
- Other (please specify)
- None of the above – we have not engaged with any training, support or advice (Route to Q3 below)
- Don't know (Route to Question 3 below)

List 2 below will appear for anyone who selects Private business at Question 2:

- Supplier Development Programme
- Support from the Scottish Government
- Business Gateway
- Other (please specify)
- None of the above – we have not engaged with any training, support or advice (Route to Q3 below)
- Don't know (Route to Question 3 below)

3. On a scale of 1 to 4 with 1 being very helpful and 4 not at all helpful, how useful was this support and training?

1. Very helpful

2. Quite helpful
3. Not very helpful
4. Not helpful at all

If 3. Or 4. Selected, route to question below:

Please explain why these were not helpful? Free text response

4. Would your organisation consider bidding for any public sector contracts in the future?

   - Yes
   - No

4a). If no, please explain why not. (Free text)

4b) If yes, please tell us what would help with this. (Free text)

5. Do you have any other comments on what the Scottish public sector can do to enable more third sector organisations to bid for and deliver public contracts? (Free text)

Appendix 2 Interview questions

Interview Guide – New Businesses

Background questions

1. In which year was your business founded?

2. Can you tell me a bit more about the work that your company undertakes?

3. 1a. Is there a particular sector that you work in?

4. 1b. In which geographical areas do you operate?

5. 1c. How large is your company? (number of employees, turnover or some other indicator)

6. Who are your clients?

7. Have you ever bid for public sector contracts as the lead contractor, or as part of a consortium?

If yes, continue with questions below. If no, move to questions in section 2 of this guide.

8. Can you tell me more about how frequently and which type of contracts you have bid for?

9. Which parts of the public sector do you usually work with (e.g. local government, health etc.)?

10. Why do you bid for Scottish public sector contracts?

Benefits of bidding

11. What are the benefits for your company of contracting with the public sector?

12. What are the benefits for the public sector in contracting with your company?

13. What are the benefits for the public sector in contracting with the private sector more widely? What do companies like yours have to offer?

Enablers and barriers to bidding

14. To what extent do you think you are well-placed to bid for – and deliver – Scottish public sector contracts?

15. Are there any particular types of contracts that your company does not bid for? If yes, why do you not bid for these contracts? (e.g. particular parts of the public sector e.g. health/local government)

16. What helps you to bid for and deliver contracts? (For example, giving suppliers enough time to bid, having clear and easy to access tender documents, making it easy to seek clarifications, providing support to develop your capacity or your staff's skills).

17. Have any of the contracts you have delivered been tendered through a Quick Quote process? Were your experiences of the Quick Quote process different to your experiences of open tender processes? If yes, in what way?

18. What are the barriers to bidding for contracts? Is there anything that makes it difficult for your organisation to bid?

19. To what extent do you think that the Scottish public sector is willing and able to do business with companies like yours?

Delivering public contracts

20. What are your experiences of delivering public contracts? Have these been positive experiences?

21. Is there anything about delivering public contracts that would put you off bidding in future?

Take-up of advice and support

22. To what extent do you engage with the available mechanisms for training, support and advice around bidding for public contracts (e.g. Supplier Development Programme, Business Gateway)?

23. How useful are these?

24. (If they do not engage with the available support mechanisms) Why not? (prompts: not aware, don't need any etc)

25. Are there any other types of advice or support that your company would find useful when it comes to bidding for public contracts? (Prompts: more targeted support)

26. Is there anything else that the public sector can do to enable more new businesses to bid for and deliver public contracts?

Section 2 – Non-bidders

1. Why do you not bid for public sector contracts currently?

2. Have you considered doing so and ruled this out for any reason?

3. Is there any appetite to do so in future?

4. What would make it more attractive to you to bid for public contracts? Are there any barriers that could be addressed?

5. Are there sufficient opportunities for organisations like yours to bid for public sector contracts?

6. If not, how could this be improved?

7. What would the benefits be for companies like yours of being able to bid for public contracts?

8. What would the benefits to the public sector be, of contracting with companies like yours?

9. To what extent has your company ever engaged with the available mechanisms for training, support and advice around bidding for public contracts (e.g. Supplier Development Programme, Business Gateway)? (Prompts: more targeted support)

10. If not at all, why not? Is there any other support or advice that would help you to bid?

11. Is there anything else that the public sector can do to enable more new businesses to bid for and deliver public contracts?

Interview Guide – Third Sector Organisations

Background questions

1. Can you tell me a bit more about your organisation and the range of services that your organisation delivers?

    1a. Is your organisation a social enterprise/charity/voluntary group?
    1b. Is there a particular sector that you work in?
    1c. In which geographical areas do you operate?
    1d. How large is your organisation (number of employees, turnover or some other indicator)?

2. Who are your service users?

3. Have you ever bid for public sector contracts as the lead contractor, or as part of a consortium?

If yes, continue with questions below. If no, move to questions in section 2 of this guide.

4. Can you tell me more about how frequently and which type of contracts you have bid for?

5. Which parts of the public sector do you usually work with (e.g. local government, health etc.)?

6. Why do you bid for Scottish public sector contracts?

Benefits of bidding

7. What are the benefits for your organisation of contracting with the public sector?

8. What are the benefits for the public sector in contracting with your organisation?

9. What are the benefits for the public sector in contracting with the Third Sector more widely? What do organisations like yours have to offer?

Enablers and barriers to bidding

10. To what extent do you think you are well-placed to bid for – and deliver – Scottish public sector contracts?

11. Are there any particular types of contracts that you do not bid for? If yes, why do you not bid for these contracts? (e.g. particular parts of the public sector e.g. health/local government)

12. What helps you to bid for and deliver contracts? (For example, giving suppliers enough time to bid, having clear and easy to access tender documents, making it easy to seek clarifications, providing support to develop your capacity or your staff's skills)

13. Have any of these contracts been tendered through a Quick Quote process? Were your experiences of the Quick Quote process different to your experiences of open tender processes? If yes, in what way?

14. What are the barriers to bidding for contracts? Is there anything that makes it difficult for your organisation to bid?

15. To what extent do you think that the Scottish public sector is willing and able to do business with organisations like yours?

Delivering public contracts

16. What are your experiences of delivering public contracts? Have these been positive experiences?

17. Is there anything about delivering public contracts that would put you off bidding in future?

Take-up of advice and support

18. To what extent do you engage with the available mechanisms for training, support and advice around bidding for public contracts (e.g. Supplier Development Programme, Just Enterprise and Partnership for Procurement)?

19. How useful are these?

20. Are there any other types of advice or support that your organisation would find useful when it comes to bidding for public contracts (e.g. more targeted support)?

21. (If they do not engage with the available support mechanisms) Why not? (Prompts: not aware, don't need any etc)

22. Is there anything else that the public sector can do to enable more third sector organisations to bid for and deliver public contracts?

Section 2 – Non-bidders

23. Why do you not bid for public sector contract currently?

24. Have you considered doing so and ruled this out for any reason?

25. Is there any appetite to do so in future?

26. What would make it more attractive to you to bid for public contracts? Are there any barriers that could be addressed?

27. Are there sufficient opportunities for organisations like yours to bid for public sector contracts?

28. If not, how could this be improved?

29. What would the benefits be for organisations like yours to be able to bid for public contracts?

30. What would the benefits to the public sector be, of contracting with organisations like yours?

31. To what extent has your organisation ever engaged with the available mechanisms for training, support and advice around bidding for public contracts? (E.g. Supplier Development Programme, Just Enterprise and Partnership for Procurement).

32. If not at all, why not? Is there any other support or advice that would help you to bid? (Prompts: more targeted support)

33. Is there anything else that the public sector can do to enable more third sector organisations to bid for and deliver public contracts?

Interview Guide – New Business Stakeholders

Introduction

Scottish Government has commissioned Blake Stevenson Ltd., an independent research company, to investigate the views and experiences of third sector organisations and new businesses, in relation to public procurement in Scotland.

Your views will inform future development of the public procurement system in Scotland, ensuring that it is as inclusive as possible and that organisations can better access, compete for and deliver public contracts.

How we will use the data you provide

This interview is confidential - nothing you say will be attributable in our final report.

In our report – which Scottish Government plans to publish – we will reflect key messages from all the interviews we conduct and the survey findings and we will not attribute any of the information or comments that you provide directly to you. In other words, your comments will be anonymous. We may quote from some interviews, but we will ensure that any quotes are also non-attributable.

Interview questions

1. How do you support/work with new businesses in relation to procurement?

2. To what extent do the companies that you support engage with the Scottish public procurement system currently?

3. How important are public contracts for the companies in your sector?

4. What works well in relation to public procurement in Scotland currently?

5. What are the specific factors and barriers that can make it challenging for new businesses to participate in public procurement? Please give examples if you can.

6. What needs to be done to address these barriers?

7. Are you able to give me any examples or experiences of interventions/support (from any organisation) that have worked well to enable new businesses to participate in public procurement?

8. Are you aware of any specific interventions/support programmes been put in place that target the new businesses that you support? If yes, what are these and how effective have these been?

9. There have been a range of changes to legislation, and policy and practice, in relation to public procurement in Scotland in recent years. Do you feel that it has

become easier or more challenging over the past 5 years for new businesses to participate in public procurement? In what way?

10. In your view, to what extent is the Scottish public sector willing and able to do business with the companies that you support?

11. Are there any other types of advice or support that are needed to support new businesses to bid for public contracts (e.g. more targeted support)?

12. Is there any potential to open up Scottish public sector contracts to new markets within your sector? If so, to whom? And how can this be encouraged?

13. Is there anything else that the public sector or others can do to enable more new businesses to bid for and deliver public contracts? Who is best placed to help with this?

14. Do you have any final thoughts or comments in relation to new businesses and public procurement in Scotland?

Thank you for taking part in this interview.

Interview Guide – Third Sector Stakeholders

Introduction

Scottish Government has commissioned Blake Stevenson Ltd., an independent research company, to investigate the views and experiences of third sector organisations and new businesses, in relation to public procurement in Scotland.

Your views will inform future development of the public procurement system in Scotland, ensuring that it is as inclusive as possible and that organisations can better access, compete for and deliver public contracts.

How we will use the data you provide

This interview is confidential - nothing you say will be attributable in our final report.

In our report – which Scottish Government plans to publish – we will reflect key messages from all the interviews we conduct and the survey findings and we will not attribute any of the information or comments that you provide directly to you. In other words, your comments will be anonymous. We may quote from some interviews, but we will ensure that any quotes are also non-attributable.

Interview questions

1. How do you support/work with third sector organisations in relation to procurement?

2. To what extent do the organisations that you support engage with the Scottish public procurement system currently?

3. How important are public contracts for the organisations in your sector?

4. What works well in relation to public procurement in Scotland currently?

5. What are the specific factors and barriers that can make it challenging for third sector organisations to participate in public procurement? Please give examples if you can.

6. What needs to be done to address these barriers?

7. Are you able to give me any examples or experiences of interventions/support (from any organisation) that have worked well to enable Third Sector organisations to participate in public procurement?

8. Are you aware of any specific interventions/support programmes been put in place that target the Third Sector organisations that you support? If yes, what are these and how effective have these been?

9. There have been a range of changes to legislation, and policy and practice, in relation to public procurement in Scotland in recent years. Do you feel that it has become easier or more challenging over the past 5 years for the Third Sector to participate in public procurement? In what way?

10. In your view, to what extent is the Scottish public sector willing and able to do business with the organisations that you support?

11. Are there any other types of advice or support that are needed to support Third Sector organisations to bid for public contracts (e.g. more targeted support)?

12. Is there any potential to open up Scottish public sector contracts to new markets within your sector? If so, to whom? And how can this be encouraged?

13. Is there anything else that the public sector or others can do to enable more Third Sector organisations to bid for and deliver public contracts? Who is best placed to help with this?

14. Do you have any final thoughts or comments in relation to Third sector and public procurement in Scotland?

Thank you for taking part in this interview.

social research

The views expressed in this report are those of the researcher and
do not necessarily represent those of the Scottish Government or
Scottish Ministers.

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