



The Jimmy Reid Foundation

Procurement Report

Summary of Evidence

There are 122 different public sector organisations which spend £9.2 billion of public money every year	
Central Government	£1,379 million (14.9%)
Local Authorities	£4,771 million (51.6%)
NHS	£2,088 million (22.6%)
Further and Higher Education	£805 million (8.7%)
Police	£145 million (1.6%)
Fire	£50 million (0.5%)
Total	£9,238 million

They buy an extremely wide range of goods and services	
Construction and materials	£2366 million (25.6%)
Social and Community care	£1,255 million (13.6%)
Healthcare	£819 million (8.9%)
ICT	£768 million (8.3%)
Facilities Management	£750 million (8.1%)
Public Transport	£488 million (5.3%)
Financial Services	£385 million (4.2%)
Environmental Services	£328 million (3.6%)
Human Resources	£289 million (3.1%)
Total all categories	£9238.6 million

Procurement in Scotland is heavily influenced by the "McClelland Report" (Review of Public Procurement in Scotland 2006)	
Pages in the McClelland Report	74
Mentions of economic development	None
Mentions of 'economic benefit' or 'benefiting the economy'	2
Reference to social benefit	1 (stating "Social economy agenda not well articulated")

The main players in Scottish procurement	
APUC	Central agency for university and college procurement
FireScotland Procurement	Central agency for fire procurement
Procurement Scotland	Central agency for central government procurement
National Procurement	Central agency for health service procurement
Scotland Excel	Central agency for local authority procurement
Scottish Futures Trust	Is a central agency for infrastructure investment
Scottish Police Services Authority	Central agency for police procurement
Scottish Water	Carries out its own procurement

Scottish companies have low success rates in many tenders by the Scottish public sector	
Local authority waste containers (£50 million)	16 recommended suppliers, only one is Scottish
School early learning materials (£26 million)	8 recommended suppliers, only 1 is from Scotland
Trade tools and sundries for local authorities (£10 million)	7 recommended suppliers, 1 in Scotland
Classroom activity materials (£16 million)	8 recommended suppliers, at most 2 in Scotland
Street lighting materials (£23 million)	11 companies won contracts, only 2 are Scottish
All central government contracts from Procurement Scotland (£789 million)	49 contracts in total, of which only 21 have any involvement by a Scottish headquartered company
Central government office supplies (£19 million), travel services (£35 million) and cleaning and associated services (£4 million)	No Scottish company bid for contract
Central government office supplies, IT consumables, fuel cards, travel services, cleaning, cash collection, catering and associated services, mobile and desktop computing, IT peripherals, childcare vouchers and natural gas	No Scottish company successful
Procurement Scotland awarded 'single supplier' contracts to 31 firms	Only 9 of these are Scottish
All 37 school PFI contracts	24 construction firms involved in construction work, only 6 were headquartered in Scotland
Scottish Water construction contract (£500 million)	Managed by Scottish Water Solutions (no employees) and contracted out to private companies, none of which is Scottish
Remaining Scottish Water 'Construction Delivery Partners'	16 CPDs, 3 Scottish
Scottish Futures Trust Hubs (£1.4 billion by 2020)	4 out of 5 have agreed partners, 3 out of the 4 have no Scottish company involved in the winning consortia
Contract for all Scotland library books (between £15 million and £22 million)	7 companies chosen, 6 wholesalers based in England, one specialist Scottish supplier

There is a lack of competition for too many contracts, leading to a risk of poor value for the public purse	
Procurement Scotland contracts with only 1 company tendering (out of 49)	2
Procurement Scotland contracts with only 2 companies tendering (out of 49)	3
Procurement Scotland contracts with only 3 to 5 companies tendering (out of 49)	19
PFI schools contracts with only one bid (out of 37)	2
PFI schools contracts with only two bids (out of 37)	28
PFI schools contracts with only three bids (out of 37)	7
Number of individual groups of companies making up all 79 PFI bids	22

There are some practices which seem highly questionable	
Length of 'single supplier' contracts in SFT Hubs (EU legal limit on these contracts is 4 years)	30 years
Threshold for projects to be limited to the suppliers identified in SFT Hubs (EU threshold is just under £4 million)	£750,000
Proportion of APUC contracts for Scotland which were negotiated by non-Scottish organisations	57%
Number of Scottish suppliers involved in APUC contracts negotiated by regional organisations outside Scotland	5 out of 152 (compared to 74 out of 260 for those negotiated in Scotland)

Total proportion of the £9.2 billion of Scottish public procurement spend which has been retained in the Scottish economy	
No-one knows	

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