FINANCE COMMITTEE CALL FOR EVIDENCE

PROCUREMENT REFORM (SCOTLAND) BILL: FINANCIAL MEMORANDUM

SUBMISSION FROM ABERDEEN CITY COUNCIL

Consultation

Did you take part in the Scottish Government consultation exercise which preceded the Bill and, if so, did you comment on the financial assumptions made?

1. Yes, we did provide a response. The overall aims of the bill were positive and welcomed in our consultation response. There was very little commentary to provide on financial assumptions as few of these were detailed in the Consultation, and those that were generally applied to the Public Sector as a whole – so could not be evaluated from purely a local authority perspective. Financial implications of the proposals in the consultation were commented upon and further details of these are given at question 4 below.

Do you believe your comments on the financial assumptions have been accurately reflected in the FM?

2. See response to question 1 above.

Did you have sufficient time to contribute to the consultation exercise?

3. Whilst additional time is always welcome in order to consult widely across our organisation, we did manage to produce a response within the time given, albeit further timing would have allowed wider consultation.

Costs

If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the FM? If not, please provide details.

4. As highlighted in our responses to the consultation we outlined areas that would increase the administrative burden on Local Authorities. Many areas which we outlined would prove unnecessarily burdensome or costly if implemented, have been reworked to make these more deliverable. There are, however, additional administrative responsibilities that are not reflected in the FM. To demonstrate, the FM recognises there are administrative burdens and details that its expectations are that “…there may be nominal compliance costs, (but) the proposed measures will be absorbed into existing work practices and are therefore likely to be cost neutral.” Whilst this is cited in relation to Scottish Government spending it is also extended to include Local Authorities too. As Local Authorities deliver a wide portfolio of services with a very high volume of lower value procurements and consequently a large number of personnel undertaking procurements – the impacts of lower thresholds on Local Authorities are therefore greater than that upon the Scottish Government. Whilst currently resource is focussed on the highest value procurements in Local Authorities, the Bill will require the extension of this focus to a wider number of contracts and will require additional processes to be run in line with each and every contract and will require training to be provided to a wide number of personnel. The administrative requirements of the new bill whilst welcome and on the whole promoting improvements in procurement practice, will undoubtedly lead to additional
cost being incurred in the way of additional staffing time to undertake these, in short these include the additional requirements in relation to administering the procurement process, publication on Public Contracts Scotland (where this was not previously undertaken), additional debriefing requirements, monitoring of contracts to ensure the accordance with any targets for recylcate utilisation, consultation processes that must be undertaken (for instance on Community Benefits and procurement strategy) the provision of information in relation to planned procurements, and the completion of template reports on procurements undertaken. Whilst moving a strong focus on to how we spend the public’s money, these will clearly require additional resource to deliver as they are not undertaken currently. There are also elements in the bill that could potentially add to resource requirements that are as yet unspecified. For example the clauses that relate to Ministers being able to stipulate further requirements on areas like how Public Contracts is used, on how consultation should be undertaken, on how selection processes should be administered.

Do you consider that the estimated costs and savings set out in the FM and over the timescales for which they are projected are reasonable and accurate?

5. The Bill details that the Scottish Government considers that the effect on Local Authorities is that there is no overall net impact on costs, there are additional administrative requirements which will require additional resource and training provision that will therefore incur cost. As requirements are already competed there is unlikely to be a major increase in the competitiveness of our procurements, so there will be only a very limited savings in relation to our procurements.

If relevant, are you content that your organisation can meet any financial costs it is expected to incur as a result of the Bill? If not, how do you think these costs should be met?

6. Whilst economies will be made wherever possible, with an increase in administrative tasks an increase in funding is necessitated.

Does the FM accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?

Wider Issues

7. This would benefit from further investigation, as outlined above there are a number of additional responsibilities that will require additional resource – particularly from our Local Authority perspective, although this does not appear to be reflected.

Do you believe that the FM reasonably captures the costs associated with the Bill? If not, which other costs might be incurred and by whom?

8. With the publication of parties names who are involved in a tender process – the blind bidding nature of the process will be lost. In this respect the Bill shows a departure from the EU Regulations and could facilitate collusion and a revision of bids based upon the knowledge of who is involved in the process. This could cost the public sector overall more money.
Do you believe that there might be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?

As detailed in question 4 the Bill provides flexibility for Ministers future stipulations on areas like the value at which procurements are subject to the bill, how Public Contracts is used, on how consultation should be undertaken, on how selection processes should be administered, this would have further impacts on processes and therefore resource requirements. As this flexibility has no limitations it is not possible to quantify these costs.