

Scottish Public Sector Construction Procurement

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Overview

- Public Sector Construction Spend
- Review of Public Sector Procurement in Construction
- Guidance
- Key issues
- Focus going forward



Public Sector Construction Spend

**31,000
businesses**

**170,000
people**

**2/3^{rds} in Small
Companies**

**£4bn public
sector spend**

**Multiplier
of
x4**

**£16bn
financial value
to economy**

Economic Value



Schools

Hospitals

Prisons

Courts

Water

Roads

**Public
safety**

**Museums
and
Libraries**

Housing

Public Value



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Review of Scottish Public Sector Procurement in Construction

- 2006 – McLelland Review of Public Sector Procurement in Scotland
 - Did not cover construction
- 2012 – Ken Lewandowski and Robin Crawford asked to conduct construction review
- 2013 – Report Published – made some 60 recommendations
- 2014 – Scottish Ministers accept all bar one recommendation and start to implement recs.
- Key themes – Collaborative, Efficient, Sustainable and Outcomes focused procurement
- Majority of work completed



- Still to complete:
 - Construction Capability Assessment
 - Rolling Pipeline – data collated as part of the CCA
 - Spending Tracker – data collated as part of the CCA
- Construction Manual
 - 4 Handbooks
 - Project Initiation and Business Case – in production
 - ***Construction Procurement – Published 21 Dec by Construction Policy Note 1/19***
 - <https://www.gov.scot/publications/construction-procurement-handbook/>
 - Contract Management
 - Asset Management



Guidance

- SG issues range of Guidance
 - Scottish Public Finance Manual
 - Chapter on Procurement
 - Construction Manual
 - Scottish Procurement Policy Notes
 - Construction Policy Notes
- Mandated for those subject to SPFM
- Good practice for those who are not



Key Issues

- Project Initiation
 - Early engagement
 - Adequate and appropriate resources
 - Appropriate analysis
 - Every project unique
 - No default solution
- Quality
 - Output
 - Process
- Payment
 - Velocity of money
- Price
 - MEAT vs Lowest Price
 - Abnormally Low Tenders – pay the right price for the job or change the job
- Access
 - SMEs
 - Frameworks



Focus Going Forward

- Improving the quality in the construction of public sector buildings
- Improving good business practice (fair payment & fair work) within the construction sector
- Improving the capability of public sector clients to procure construction works

