



Scoping Exercise

Development of a web based resource for
public procurement professionals to identify
social economy organisations

Final Report

Carried out by GCVS on behalf of
Glasgow Social Economy Partnership



CONTENT PAGE

Introduction

Procurement & the Social Economy

Research Approach

Current and potential procurement resources

Results

1. General Research Issues
2. Social Economy Perspective on Public Procurement
3. Public Sector Understanding have & Interaction with Social Economy
4. Defining Social Economy Products & Services
5. Level of Support & Views on Resource
6. Resource Format & Features

Key Considerations and Recommendations

References

INTRODUCTION

The primary purpose of this exercise was to determine the viability of the development of a Social Enterprise and Voluntary Sector Product & Services Web Interface.

The impetus for this research is the result of discussions between the Head of Procurement for NHS Greater Glasgow and Clyde, Glasgow Council for the Voluntary Sector and Glasgow Social Economy Partnership. The NHS in Greater Glasgow & Clyde have expressed a willingness to provide procurement opportunities to social enterprise and voluntary sector organisations within Greater Glasgow, but have found it difficult to establish what products and services these organisations can offer. Although some pre-existing databases can provide lists of social enterprises and voluntary sector organisations, their products and services are not appropriately defined for procurement professionals to consider.

Following initial discussion, GCVS and GSEP developed a proposal to scope the extent to which public sector organisations are committed to utilising social enterprises and voluntary sector organisations to deliver public sector contracts and to examine the readiness of social enterprises and voluntary sector organisations in Glasgow and beyond to deliver public sector contracts and therefore improve their sustainability. The role of the web-based resource in facilitating this is central to the scoping exercise.

THE SOCIAL ECONOMY & PROCUREMENT

The Scottish public sector spends approximately £8 billion¹ annually purchasing goods and services, and there is a growing recognition that this expenditure can be used to deliver wider social, environmental and economic benefits.

The social economy has been successfully delivering elements of public sector services for many years. To date, they have predominately been involved in health and social care - areas where they demonstrate key strengths. New EU legislation² has made more explicit the opportunities for the public sector to take account of these strengths, by way of two new tools:

- Social and Environmental Clauses - these enable organisations in the public sector to take account of social and environmental benefits (sometimes known as community benefits) within their contracts. In order to use these clauses, the public sector organisations should take such factors into account when awarding a contract. This has the potential to provide social economy organisations with the opportunity to gain recognition for strengths which might previously not have been taken into account.
- Reserved Contracts - these enable organisations in the public sector to limit competition to organisations that provide employment to people at a disadvantage in the labour market - where they constitute 50% or more of the workforce.

There are a number of examples of community benefit clauses³ currently being piloted in Scotland. This work has shown that community benefit clauses do have place in enabling public sector organisations to meet multiple objectives through procurement.

The procurement landscape in Scotland is already changing. The McClelland Review has set a course for the public sector to train and develop its people to use procurement as a driver for change in the delivery of public services. One key element of this agenda is also to develop economies of scale, which will allow public sector organisations to come together in order to gain more purchasing power through the buying of larger volumes of goods and services. As a consequence, many of the contract opportunities to emerge in the future are likely to be bigger. Although clearly there are some types of services for which this approach may not be appropriate.

¹ Communities Scotland Social Economy Unit (2007) Tendering for Public Contracts, 2nd Edition

² European Commission (2004) Directive 2004/18/EC

³ The Scottish Government (2008) Community Benefits in Public Procurement

Given that many social economy organisations already have concerns about their capacity to deliver public sector contracts, it is anticipated that the social economy will require to find new models for working with the public sector. There are already examples of social economy organisations working as subcontractors within larger contracts and of organisations working together (as consortia) to be able to deliver contracts they could not provide alone.

RESEARCH APPROACH

To gauge the level of interest, support and commitment for the development of a resource of this type and to explore the relevant issues we carried out interviews with individuals from a wide range of agencies and organisations. It was anticipated that semi-structured face to face interviews would provide the opportunity not just to explore the relevant issues, but would also ensure there was adequate flexibility for participants to contribute within the context of their own sector and organisation. This was particularly important given the range of types of organisations we sought to include.

Whilst we had initially considered exploring some of these issues through focus groups, the limited timescales in which the research was to be carried out prevented us from administering this additional approach. This would have been particularly useful in accessing the views of additional social economy organisations and possibly in generating further viewpoints.

A total of fifteen face-to-face interviews were conducted, in addition to several informal telephone / email responses from individuals who were interested in the study but did not have the time to fully participate.

The participants' current roles, understanding and experience in procurement varied substantially, both in terms of the level of staff and in representing a wide range of agency and organisation types, including:

- Social economy organisations
- Social economy support organisations
- Public agencies
- Private sector interest groups
- Government
- Procurement support programme

The participants were primarily Glasgow based, but we felt it was important to consider the issue of geographical boundaries for Glasgow in relation to any resource development and to learn from other areas. As a result of this we ensured that several participants operated either beyond or outwith the Glasgow local authority area.

A full range of participants is included in Appendix 1.

CURRENT & POTENTIAL PROCUREMENT RESOURCES

There currently exists a range of web based resources that have either been designed to promote procurement contracts or that have potential to be used to identify suppliers and their products and services. There are also several existing resources that contain information relating to Social Enterprise organisations, however, these have not been designed specifically for procurement purposes.

We have outlined below the main features of the existing resources in relation to procurement and social enterprises.

Resources with information on buyers and contracts only

myTenders Procurement Website

Website: www.mytenders.org
Providers: Millstream Associates (private sector)
Current Users: Procurement related purchasers and suppliers. Low and high (OJEU) value notices are published and suppliers can identify those suitable for tender
Geographical reach: UK
Social economy: No reference made
Products & services: Products and services of suppliers not defined

Glasgow City Council E-tendering Service

Website: www.glasgow.bravosolution.com/web/login.shtml
Providers: Bravo Solution, Italcement Group
Current Users: GCC procurement staff and suppliers. Tenders can be identified and resource facilitates the process.
Geographical reach: UK
Social economy: No reference made
Products & services: Products and services of suppliers not defined

Authorities Buying Consortium - Scotland Procurement Portal

Website: www.abc-scotland.g2b.info/index.htm
Providers: BIP Solutions
Users: Suppliers can identify ABC contracts as soon as they become available
Geographical reach: Scotland
Social economy: No reference made
Products & services: ABC Purchasing managers have profile with products and services that they procure.

Resources with information on suppliers and buyers and / or contracts

Supplier Development Programme

Website: www.sdpscotland.co.uk
Providers: Glasgow City Council in partnership with other local authorities (public sector)
Users: Local Authority & other public agency purchasers and local SME suppliers. Suppliers can be identified and joint tendering is facilitated. Suppliers can access support resources and mentoring.
Geographical reach: Scotland (in process of developing this reach)
Social Economy: No focus on social economy organisations
Products & services: Broad categories not specifically defined in terms of Social Economy

Supply2.gov.uk

Website: www.supply2.gov.uk
Providers: Developed by the Small Business Service (SBS) and the Office of Government Commerce (OGC)
Users: Range of public bodies NHS, local councils, SME suppliers
Access to lower-value contract opportunities, learning support resources for putting a bid together, simple PQQ to assess suitability for tender
Daily email alerts re contracts that meet a supplier's profile
Geographical reach: UK
Social Economy: Seems to be 'open market', focus on contracts under £100,000
Products & services: Common procurement vocabulary codes used to identify services

Select - Supplier Information Database

Website: www.bipselect.com
Providers: BIP Solutions (private sector)
Users: SME suppliers and largely UK local authorities
Select buyers list and supplier accreditation
Geographical reach: UK and Europe
Social Economy: Reference to social enterprise in supplier guidance on procurement strategy but no specific focus in actual resource
Products & services: Common procurement vocabulary codes and product or service description

Resources with information on social economy organisations

Social Economy & Enterprise Database Scotland (SEEDS)

Website: www.socentdb.org.uk/SocialEconomy/SocialEconHome.aspx
Providers: Social Economy Scotland
Users: Members of public sector and social economy organisations
Geographical reach: Scotland
Social Economy: Background information refers to social economy, but organisations listed include various
Products & services: No, just the general service areas e.g. charity listings

Firstport

Website: www.firstport.org.uk/organisations/location
Providers: Developed by Senscot but now operated by Firstport funded by Communities Scotland
Users: Purchasers can search for Social economy orgs by sector, district and organisation type
Geographical reach: Scotland wide
Additional features: 'The Exchange' Advice, support and brokerage offered
Social Economy: Definitions, case studies and background information on social economy
Products & services: General description of services on offer but not clearly defined

Scottish Social Economy Database (Scottish Social Enterprise Coalition)

Website: www.ssec.org.uk/news/db/
Providers: SEEDS
See SEEDS database entry

Infobase

Website: www.infobaseglasgow.org
Providers: Glasgow Council for the Voluntary Sector (voluntary sector)
Users: Anyone looking for information on social economy or voluntary organisations. Potential to identify social economy organisations and for products and services to be marketed
Geographical reach: Glasgow local authority area only
Products & services: Not clearly defined in terms of procurement

OSCR

Website: www.oscr.org.uk
Providers: OSCR
Focus: listings of registered charities
Users: Not clearly defined who it is aimed at
Geographical reach: Scotland
Products & services: Search is by area of social purpose nothing about products or services

Summary of existing resources

While there appears to be a wide range of existing procurement resources in existence that provide access to potential contracts, these vary greatly in terms of who they are aimed at and how they can be used. A co-ordinated approach across all the public agencies would benefit social economy suppliers greatly in their efforts to identify potential contracts.

The existing social economy related resources have not been designed with procurement in mind and therefore do not meet our requirements although there is perhaps potential to develop an existing resource.

Some of these resources will be referred to in the 'Key Considerations and recommendations' section.

RESULTS

Section 1: General Research Issues

1.1 Level of interest in the research

The majority of participants displayed a significant level of interest in the subject area when approached to participate in the research. Amongst social economy and support organisations there is a substantial amount of interest in procurement and the potential within this for social economy organisations.

1.2 Social economy understanding of procurement

Whilst carrying out the interviews with social economy and support organisations it became apparent that there is much confusion around procurement. In relation to what exactly procurement is and how it relates to social economy organisations. Subsequently, there are fairly high levels of concern around the implications of procurement developments for the social economy. This indicates a clear educational issue that needs to be addressed.

1.3 Clarity on the procurement resource

Following on from this, we encountered various notions and ideas on what a 'Resource for Procurement Professionals to Identify Social Economy Organisations' might involve, what it should involve and how that differs from what is wanted by the various stakeholders we interviewed.

For the purposes of continuity and clarity, we consistently outlined the resource concept in the following way to interview participants:

'An online resource that would enable public procurement professionals to identify social economy organisations and the products and services they provide.'

We also explained that no decision had been made with regards to the location, host, final content and funding of the resource and that the feedback from the research participants would inform suggestions and recommendations to Glasgow Social Economy Partnership on how this could be developed. It was emphasised that this research was also examining the level of support, interest and commitment that exists in relation to the development of a resource of this type.

1.4 Issues to be addressed prior to consideration of procurement resource

Most interviewees felt that there were a lot of issues that should be addressed prior to a resource of this type even being considered, or at least considered alongside the development. It's therefore important that this report also outlines these recurring issues and concerns and recognises the

flexibility of the semi-structured interview schedules in enabling the researchers to explore the issues raised by participants. We feel that these are key issues that require to be addressed prior to and during the development of any resource.

As a consequence of some interview discussions having a much broader focus, some participants had limited interest or felt they were not in a position to contribute greatly to the actual format, structure and purpose of the online resource. Some felt that it was too early to make a decision.

Possibly as a consequence of the variety of organisations involved and the different experience and knowledge level of participants interviewed, a substantial amount of 'scene setting' before the format of such a resource could be considered was necessary.

Section 2: Social Economy Perspective on Public Procurement

2.1 General understanding of procurement

Overall the social economy organisations we interviewed demonstrated a reasonable understanding of what procurement is, although reported confusion around some aspects. Organisations conveyed that general caution and concern exists amongst the sector about the general shift from grant funding to becoming sustainable social enterprises. Whilst recognising this as an inevitable change, they appeared to generally accept this as something that simply has to be dealt with by organisations that wish to develop and become sustainable.

Whilst it is recognised as a challenging area, it is also viewed as an area of opportunity for social economy organisations.

Support organisations, in the main, were keen to emphasise procurement as providing new national opportunities that previously haven't existed for social economy organisations, some highlighting government support for agenda.

The majority of support organisations were very positive about the opportunities available in relation to public procurement but stressed that it's important that organisations are ready for this and the necessary support is put in place to prepare them. However one agency was concerned that too much emphasis was being placed on the importance of procurement and the subsequent social economy opportunities.

The lack of a 'level playing field' for social economy organisations in participating in procurement was also raised as a concern that requires to be addressed.

Similar to the view from social economy organisations, support organisations reported that there was a great deal of concern about the wider changes, of which procurement is a part. They outlined that some of this stems from general confusion, a lack of information, difficulties keeping up with new developments and a concern that they are not yet ready for this type of development.

For the social economy organisations that already have some involvement in public procurement they indicated that it was by no means a straightforward process and felt there were specific issues for social economy organisations that should be addressed through training for the organisations themselves or in terms of awareness raising for public procurement staff.

Overall, three main types of concern expressed: including current structural inequalities; the procurement process and organisational issues.

2.2 Structural inequalities and cultural barriers

2.2a Lack of a level playing field

Expressed by many participants was the view that, to begin with the playing field is not level in procurement to begin with. Support organisations, particularly, tend to feel this is the case, although not uniformly in agreement on this and with different perceptions on why this is the case. Interestingly none of the social economy organisations participating in the research highlighted this as an issue.

The lack of equality is based on the fact that voluntary sector service providers historically have been disadvantaged in procurement, repeatedly facing an 'uneven playing field' in contracting. For several organisations this refers to a situation where the social added value provided is not considered and in failing to be acknowledged, the additionality that social economy organisations provide is not recognised. They are then viewed to have priced themselves out for the market.

It is therefore viewed as unequal as procurement officers don't routinely adopt social clauses in contracts, and subsequently they haven't taken true 'best value' into account and are not therefore comparing like with like.

It was also suggested that national developments in procurement should take this into account and that commissioning requires a much more strategic approach. This needs to be promoted and encouraged and would assist in a move away from an outdated and no longer relevant philanthropic view of giving.

Whilst it was generally recognised that in Scotland public sector procurement of services from the voluntary sector is early in its development, in England it is much more advanced. This could possibly be the result of being fully recognised and enforced, with Compacts ensuring that social clauses are included to engage the third sector. This was viewed by some as ensuring public buy in and acting as a safeguard.

This experience in England and recent developments in Scotland suggest that a cultural shift could be starting to take place here, with this being evident in an increase in the availability of investment funding, demonstrating a shift towards sustainability and the emergence of a contract culture.

In the meantime, the lack of enforcement, which could be possible via Compacts, social clauses being built in or a watchdog to oversee these processes, prevent there being a level playing field. This situation therefore discourages local authorities or other public agencies from engaging with social economy organisations.

It was recognised that a cultural change is required to address the situation and that marketing is a key element.

2.2b Variation between and amongst public agencies

Concern was expressed from most of the participating organisations around the lack of continuity in the understanding of the social economy and commitment to social added value, both within and between individual public agencies procurement staff.

The lack of continuity across different departments within public agencies was highlighted as a concern in respect to there being a lack of connection between departments' agendas. An example of this was provided by one participant, citing a situation where one department has a regeneration agenda that focuses on local regeneration, local delivery and local ownership, yet this fails to be considered or connected to other departments in the procurement of services.

Similarly, it was recognised that some agencies are more amenable to engaging with the social economy than others. There was a perception that the NHS is more supportive, with a couple of participants indicating that this could be the result of the social model of health and the suitability of social economy organisations to provide services in this area.

2.3 Procurement process concerns

2.3a Identifying and contacting procurement professionals

Most of the social economy organisation participants highlighted problems in identifying and getting access to public procurement professionals.

This was also highlighted as a problem by the support organisations and was similarly discovered by the research team in seeking to establish contact with procurement within and beyond Glasgow.

It was generally accepted that it is "difficult to get a road in" and that it takes considerable effort for organisations to get on suppliers lists. Several participants believed that once contact had been achieved there was a perception that procurement staff appear to lack an understanding of social enterprises and the different legal structures that exist.

2.3b Procurement process

The procurement process itself was raised as a concern by all of the participating social economy organisations and most of the support organisations.

The complexity of the various procurement processes that organisations had previously encountered was highlighted as a real concern, being viewed as a key factor in intimidating organisations, and requiring substantial amounts of time to be put into the procurement process.

The transparency of the process was raised by several organisations, as was the issue of how the 'social added value' was scored or acknowledged. With many of the research participants feeling that this isn't really

acknowledged. This indicates that some confusion exists around the extent to which public procurement processes are legally required to take this into consideration.

Interestingly, several support and social economy organisations emphasised that it should not be presumed that the organisation's social mission guarantees securing contracts. They recognised that they must compare themselves with other private sector companies on a like for like basis.

Overall it was felt tendering for contracts was a very time-consuming process and that it was not always necessarily worth the effort that was required.

Organisations also highlighted problems in meeting Pre Qualification Questionnaire criteria and in being able to adhere to adequate legal insurance cover, health and safety, etc.

2.3c Language on procurement

Some organisations reported that the language used around procurement was off-putting, very intense and confusing and anticipated that this would deter many organisations, particularly those new to the process. This was reinforced with reference to perceived ongoing changing of terms.

2.4 Organisational issues

2.4a Capacity

The capacity of social economy organisations was the most frequently raised concern by both social economy and support organisations and others in relation to procurement.

The social economy organisations all reported that they have real concerns or do not feel they have the capacity to deliver public sector contracts, issues often being in relation to the scale of the contract. Some of the organisations explained that they were only able to deliver part of a contract or were limited to small-scale contracts. Most of the support organisations echoed this as one of the key concerns for social economy organisations in procurement.

A danger was also highlighted by some participants for organisations that are good at promoting themselves but lack skills in business planning, potentially taking on work they do not have the capacity to deliver or to undertake to the necessary standard or quality.

Collective or collaborative working was a solution explored by both social economy and support organisations interviewed to address the issue of lacking capacity, although there were also concerns associated with this.

Two of the organisations involved in collaborative working reported finding this had increased their capacity. Other participants suggested that the

potential for developing this across specific areas of activity, such as childcare and health was substantial.

2.4b Readiness of social economy organisations

There was a substantial amount of feeling that social economy organisations in general are very far away from being ready to tender. Overall it was viewed that whilst there are some organisations successfully operating in this area, these tend to be the exception.

This view was also linked into organisations needing to become more business like, which was identified as a key area of support they require.

Some support organisations also reported that conflict and ambivalence exists within the voluntary sector in relation to this and that many organisations are reluctant or lack ambition to adopt a private sector approach. Whilst it is acknowledged that some organisations are reluctant to participate, it was emphasised by support organisations and others that they should not feel they are being pressured into something they do not feel comfortable with and that awareness raising on the importance of these new developments and training would help significantly.

2.4c Appropriateness of procurement for some organisations

In addition to the readiness of organisations, the appropriateness for some organisations was highlighted.

All of the social economy organisations we interviewed were either currently involved in procurement or had an interest in being involved in the future. However some of them noted that this would not necessarily be appropriate for all social economy organisations.

Support organisations acknowledged that public procurement is not suitable for all organisations. One support organisation voiced a concern regarding the potential divisiveness of promoting a procurement strategy that might start to provide a split between organisations providing 'sellable' services and those that do not.

Several support organisations noted that not only does procurement not suit all voluntary organisations but that for some it is against the ethos of the organisation. Some support organisations predicted that many organisations will have problems overcoming this and that addressing this requires a massive educational process and cultural change.

For organisations that provide wide ranging, complex and general holistic work, such as supporting addicts, it this can be difficult to define services and difficult to separate out the various strands of the service.

A variety of participants referred to current examples of resistance to change and highlighted that it is mainly larger organisations that are involved in procurement to date. Whilst work can be done to convince and educate organisations that are simply set in their ways, there is concern

from some support organisations that deliberate resistance from organisations will put many organisations at risk. However it was pointed out that it is essential to make a distinction between organisations that it is not appropriate for and organisations that are simply reluctant to change.

2.4d Threat to social mission of organisation

Some concern was also raised about the potential threat to social economy organisation's social mission. A particular concern was outlined in relation to the danger of organisations developing their services to suit contracts rather than their social mission.

This was developed by other participants who voiced concern about the role and input of voluntary boards and their strategic input where a more modular approach was applied to procurement.

Another problem stemming from this was the danger of organisations becoming reliant on one prominent buyer.

Representatives from all areas expressed concern for organisations and their ability to deliver services when they start confusing their social mission with their business delivery. It was highlighted that social enterprises must operate just like any other business, and then in addition to this should promote and market their social mission.

Section 3: Public Sector Understanding & Interaction with Social Economy

3.1 Social economy perceptions

3.1a Capacity

Social economy and support organisations reported that they felt the main concern public agencies had about them was the lack of capacity to deliver contracts on the scale they required. Whilst the organisations themselves acknowledged that capacity is an actual issue, there was also some feeling that this perception extended beyond capacity and more in relation to the ability of social economy organisations, with the notion that they are perceived as “not being up to the task”.

3.1b Lack of professionalism

Some of the organisations reported that they felt that the local authorities lacked faith in them and perceived them to be continually anticipating problems. They felt that much of this stemmed from perceiving the voluntary sector as having a lack of professionalism.

This was emphasised as an issue for smaller organisations, often with the feeling that that are unfavourably compared to larger national organisations. There were several comments on smaller organisations not being taken seriously in comparison to larger organisations (whether from the private or social economy sector).

Several participants noted that as social economy organisations become increasingly businesslike this will help change attitudes and should challenge the idea of social economy organisations not being professional or credible. Thus they will be recognised not only for the social added value but also for their business approach.

Overall, there was a general feeling amongst support organisations that the NHS is possibly more aware of the additionality, at least at a senior level within the agency.

3.1c Lack of understanding about the social economy

Participants also reported a feeling that public agencies do not understand social economy organisations and do not generally recognise or value the social added value or additionality that they have to offer.

Several organisations suggested that public agencies start from a point of lacking an informed understanding of the voluntary sector and there is a tendency to fail to provide recognition of the valuable services that are provided by the social economy. This relates not only to a lack of understanding on definitions of the voluntary sector and social economy, but also a lack of knowledge and recognition of the complex services provided.

However, most of the support organisations felt that there is some evidence of change to this area. With a growing recognition of the additionality and social added value that is starting to emerge at a senior level, they see a lot of potential for further development and attitudinal change.

Most of the organisations reported that they felt there was a wide variation in understanding of the sector and commitment to social added value within most public agencies. In general it was suggested that there is evidence of varying levels of top line support that appears to be sincere and an understanding of the additionality offered by social enterprises. However, the experience of procurement officers produced a different impression. Some support organisations indicated that for officers with a focus on legal factors and the procurement process focus, a much less informed and committed approach was evident.

For some respondents it was suggested that there is a need for improved connection of public sector policies and strategies, both across agencies and between departments, in terms of recognising the need to avoid procurement being located outwith key agendas, such as regeneration and active citizenship.

Overall it was felt there was limited understanding of the additionality.

3.2 Public Sector account

The public sector agencies (and other contracting organisations) interviewed were invited to comment on how they perceive social economy organisations and to outline their experience so far in working with them. This provided somewhat mixed feedback, including reference to their procurement processes and current ways of working.

The representatives from the various public agencies we interviewed worked at a variety of levels, from senior management to procurement officer level. Whilst this was problematic in providing continuity across public agencies, it was useful in indicating the variation of views at different levels, with some of this reinforcing the feedback from social economy and support organisations.

3.2a General perception of social economy

There was only one agency that made reference to social economy organisations lacking credibility within the public sector, noting that whilst this was not her personal opinion, she was aware that this impression of the social economy lacking professionalism existed throughout the public sector.

Another participant outlined the current tendency within her agency to view social economy organisations as people focused rather than business focused, and suggested that in this sense they were possibly not recognised as especially businesslike.

It is unclear whether the other agencies interviewed were also aware of this or whether the research issues prevented them from voicing this. They may have been reluctant for their agency to be associated with this view.

Participants were keen to emphasise that social economy organisations were welcome to apply for tenders, but just like any other business they are required to demonstrate their ability to win contracts and that the social mission on its own did not make them superior for any work. The view that they should be treated just the same as SMEs was also expressed.

3.2b Involvement with social economy

Most of the agencies made reference to some experience of social economy organisations, whether in relation to service level agreements or contracts. However, this did not represent regular or common working practice for any of the agencies. Most of the examples provided tended to be referring to individual situations that had developed historically via a previous relationship or agreement within their agency.

Overall, they all indicated that they currently have very limited contact with social economy organisations and are very rarely approached by social economy organisations.

One agency emphasised that social economy organisations are welcome to be involved in tenders but would have to prove that they are the best organisation for the contract, alongside private sector organisations. They gave an example of a social economy organisation that had historically provided a service to the agency, but when required to competitively tender they were awarded some contracts but not all. They went on to emphasise that organisations must also demonstrate financial stability and technical ability to deliver contract.

One agency referring to services previously provided from the voluntary sector via grant funding and now funded via service level agreements, noted that this will be changing to contracts and that it will pose real challenges, not only for the social economy organisations but also the public agency keen to continue this working relationship, in that fairness and transparency must be evident.

Another agency emphasised the need to ensure a broad quality suppliers base. In relation to this they explained how it was essential that they consider a range of suppliers. Recognising that the voluntary sector is a part of this, they feel that they should support a healthy sector and are exploring different ways they can do this. They are clear in reporting that they wish to buy from both smaller and larger organisations within both the private and social economy sectors. They recognise that whilst specialised services can be expensive, they also recognise that local smaller organisations can be cheaper in providing this as they have specialist skills and knowledge.

One of the participants noted that they similarly wish to include social economy organisations but highlighted that they struggle to identify the products and services they are looking to purchase from them.

3.2c Procurement guidelines & social economy

All of the agencies made clear reference to the guidelines in which they procure services. Given the scope and complexity of this, the report will not consider these but instead will consider the implications of this in relation to the social economy.

Most agencies reported that their procurement guidelines prevent them from approaching or actively seeking out social economy organisations. Similarly they tend to be bound by legal restrictions in terms of advertising for contracts and with suppliers listing. Whilst there is variation, all have European legislative considerations, variations depending on the threshold and the area of work, between departments etc.

Several of the agencies raised concern that they could be seen to be giving preferential treatment to social economy organisations by approaching them or going out of their way to invite them to bid for contracts. Following on from this it was highlighted that social economy organisation need to look out for the contracts being advertised and take the initiative themselves, with varying opinions on the extent to which public agencies could facilitate this.

All agencies indicated that the only point at which social economy organisations would have an increased chance is where they provide additionality in terms of added social or environmental value. This being based on the rest of their proposal being on a par with others.

However, following on from this, several agencies reported that very rarely do contracts include any type of social clause. With the current experience being that most contracts criteria do not have a huge focus on community benefits, they indicated that there is no incentive to seek out social economy organisation.

Other than one public agency, it was generally reported that they would only seek out a social economy organisation if required to. As highlighted as a concern by support organisations, this lack of incentive certainly represents there being no real driver to engage with the social economy. Although the agencies recognise that this is in the realm of policy it has not yet been formally adopted.

Thus, in the meantime, it is felt that social economy organisation to demonstrate the extra added value within the guidelines.

3.2d Marketing ability of social economy

An observation most of the public agencies made was in relation to social economy organisation's ability to market themselves. It was generally felt that they do not do this well. One agency reported, *"I'm sure in the most*

*part they are professional enough, but they have to demonstrate this...
...marketing appears to be an issue for them."*

This also relates to being able to define their products and services in a manner that is appealing to public agencies purchasing products and services.

Several agencies emphasised that to be able to compete with the private sector the social economy should invest in marketing, as they seem to lack marketing abilities that the private sector employ staff to do.

In contrast, one public agency reported that they've encountered some organisations that are very good at promoting themselves but not good at business planning and this is what poses a problem for them, in terms of recognising capacity and ability.

Section 4: Defining Social Economy Products & Services

Defining social economy products and services was the initial concern that triggered the discussion on the requirement for developing such a resource, with the concern being that social economy organisations do not, generally, provide information on their products and services that is meaningful or useful to public agencies. However, the background to this issue is potentially broader and more complicated than organisations being required to simply reword or reconsider what they do to market their products and services to public or private sector buyers.

4.1 Social economy defining products & services

Most of the public agencies and other participants reported that social economy organisations do not seem to define their services and products in a way that allows them to identify what they would be looking to purchase.

Following on from this, there was an observation and general impression that the organisations do not seem to market either themselves or their products and services very well. In comparison to the private sector, they appear particularly poor at this. This was therefore viewed as being an area that the organisations must develop if they wish to become involved in contracts of any type.

Most support organisations agreed that social economy organisations need to provide much clearer information on products and services and that they need to be clearer on exploring and promoting the social added value of this.

The social economy organisations we interviewed did not feel that their own organisations individually have a problem in defining their products or services. Whilst they were all reasonably clear on this, it may be an indication of their individual stages in development and awareness of the importance of this in relation to preparing and proceeding with their interest in procurement. Thus other social economy organisations may not feel as confident.

4.2 Separating social purpose and business delivery

In terms of the way social economy organisations refer to their aims and social purpose, it was generally felt that there is a tendency to promote this rather than their products and services, with it being emphasised that this does not appeal to buyers.

Support organisations and other participants were also in agreement that it is essential that organisations separate their business issues from their social purpose and the ethos of the organisation, noting this as very dangerous for the social economy. Support organisations generally felt that the muddying of the distinction between the organisations social purpose and the business delivery is unhelpful.

It was acknowledged by support organisations that getting a balance in this was often difficult and it was recognised as a clear training issue within the social economy. It was felt that further support is required to enable organisations to become more business-like and to understand how operating as a social enterprise allows them to pursue their social mission.

Participants involved in providing support to organisations in this area indicated that many organisations struggle to clearly define their products and services separately from their social value.

However, the social economy organisations we interviewed, again appeared confident in this area and were very aware of the difference between their social mission and business delivery and of the problems in blurring the distinction.

One local authority keen to support social economy organisations suggested that encouraging organisations to consider their own products and services from the perspective of buyers is essential. She suggested that via carrying out market research and consulting stakeholders, they can find out what buyers want to buy. Although she went on to explain that it may then be necessary for organisations to adapt and alter their services to make them more sellable.

This was a fundamental concern for some support organisations. They expressed concern that this could result in social economy organisations designing and delivering services based on what services sell and to suit contracts rather than around their social mission. It was felt that this had the potential to change the role that the voluntary sector has traditionally provided in identifying and addressing gaps in service provision and in providing innovative solutions to social problems at a local level. For some support organisations it was felt that this could result in problems and questions around the identity of the voluntary sector. It was felt that this could result in them losing their independence and losing their social mission as they attend to public sector agendas.

4.3 Improved public sector definitions

It was highlighted by social economy and support organisations and acknowledged by some public agencies that how the public sector defines what they are looking to purchase could also be defined more clearly. One example of this was provided in relation to health services, particularly problematic in relation to complex services. For instance buying in refurbishment services is fairly straightforward in comparison to defining and purchasing mental health services.

Overall it was felt that if the social economy were being expected to define their products and services in terms of what buyers need to know, before this can happen they require a clear indication of what this might involve. This would enable social economy service providers to plan ahead.

One local authority outlined that they felt their own agency could be much clearer in describing the services they are looking to buy. They went on to explain how it would be useful if all public agencies outlined what they will be providing in-house and what they will be buying in and then promoting this to suppliers, including the social economy.

Section5: Level of Support & Views on Resource

5.1 Public agency views & level of support

Only one public agency reported that they would routinely or actively make use of a resource of this type and this was the agency that had approached GCVS in the first instance.

Another agency indicated that they might use it initially to access a mailing list of social economy organisations that they would use to send out their local authority information pack. Other than that they reported that they did not envisage the resource being of any use to them. They also did not anticipate that other local authorities would make use of it.

On prompting interviewees as to whether they would use it in relation to seeking organisations that could provide social added value or in relation to community benefit clauses, most agencies reported that as this is encountered so rarely, whilst it could be of potential use they did not currently anticipate this becoming a significant part of what they do.

Some public agencies emphasised that they still felt in these cases (i.e. community benefit clauses) that the onus remained on the social economy organisations to promote themselves and get in contact. Other than one, all of the public agencies, presented this approach and tend not to use any resources to actively engage organisations. None of the representatives we met with indicated that they make use of the Suppliers Development Programme for this either. However, one agency noted that the SDP is a useful resource for signposting any organisation (private or social economy) that approaches them that is not yet ready for procurement, highlighting the support dimension.

For the one public agency that indicated they would make use of a resource containing details of social economy organisation products and services, they reported that they would use an online resource of this type along with their current listing of suppliers and viewed it as a buyer's tool. They explained how it would enable them to identify suitable organisations for any given area.

5.2 Support organisations views & level of support

Most of the support organisations indicated that they felt a resource of this type would be useful for marketing both the sector in general and individual organisations and felt that it would be welcomed by social economy organisations. The main recognised purpose of the resource being a marketing tool for the sector.

Whilst it was generally viewed as a great opportunity for social economy organisations to 'up their game' and seize new opportunities, one representative did have serious concerns. This concern being that the role of procurement and the potential benefits to the social economy have been

exaggerated. He also expressed the view that although some kind of brokerage service might be useful once we have a better idea of how these developments are going to take shape; in the meantime he was sceptical of social network and trading websites, particularly where these lacked a full consideration of quality standards.

Several organisations challenged public agencies in relation to not making use of such a resource. They claim that additional sources of suppliers must be a positive development and opportunity for public agencies and that if they are not using it they should be challenged as to why not.

5.3 Social economy views & level of support

There was a mixed response from social economy organisations interviewed as to whether public agencies would make use of the resource. There was also concern from a couple of organisations in relation to a resource focusing specifically on the social economy, making a clear distinction between the social economy and the private sector. They felt that there were potential dangers with this and that in the long run this could be damaging to strong social economy organisations, as they are wary of being treated differently. A support organisation representative also echoed this view, suggesting that as a business they should be no different from one another.

However all of the social economy organisations were very interested in accessing further training and support in this area and reported that other organisations would welcome this. They also supported the idea that the sector needs to be marketed as more professional and capable, with some organisations feeling that this might be more successfully done in promoting the sector alongside the private sector.

5.4 Key Resource Components

5.4a Training and support

Almost all of the interviewees felt very strongly or acknowledged that in general social economy organisations require more support to become prepared and active in procurement.

Participants from all organisation types recognised that training and support in this is essential, with many indicating that the development of a resource of this type could lead the way in marketing an associated support programme.

However, there was fairly unanimous agreement that there was no point in developing a resource that is not accompanied by either of the following:

1. Training and support
2. Extensive marketing

Thus in acknowledging that the resource provides real opportunities for social economy organisations in relation to procurement, it is also implicit that this is within the context of the training needs being met and

organisations being ready to become involved in procurement. The general training areas referred to included:

1. Pre Qualification Questionnaire areas
2. Defining products and services in clear and well defined in terms of what buyers are looking to purchase
3. Promotion of 'additionality'
4. General marketing
5. General business planning, including market research

Essential for most participants is that the principle of continuous development is established and that a support programme helps to develop quality standards amongst organisations through a rolling programme.

Several participants noted that the differences between organisations must also be recognised and any support programme should take into account and address the following:

1. Different levels of experience regarding contracts and procurement
2. Variation in potential for growth and development
3. Variation in levels of interest
4. Potential for collective work (to avoid larger contracts preventing smaller organisations participating)
5. Different abilities to articulate their needs

Several organisations suggested that there is a role for Councils of the Voluntary Sector as intermediaries within this, and that they would be best placed to facilitate and develop this.

Some of the public agencies also indicated an interest in providing support on tendering, though via means that ensured all organisations are being treated equally. Various suggestions included the provision of mentoring help to complete the form and the provision of information on tendering processes. Although, again it was emphasised that this would be routinely provided to all organisations and that the onus is always on the organisation to respond. They also indicated that perhaps they should rethink how they advertise tenders and ensure that organisations are educated on how to find tender adverts.

Another agency suggested that procurement could be made easier for small businesses, including social economy organisations via online tendering. Also making officers more available at 'meet the buyer' events could be useful.

One agency noted the importance of their internal teams working together to ensure that practical procurement and legal issues are addressed along with strategic issues and specialist knowledge on any given area. This was tied in with the idea of more procurement officer staff attending events and getting along to events.

5.4b Readiness of organisations to tender

A key concern raised in many of the interviews was the readiness of social economy organisations to participate in procurement. It was suggested by several participants that this resource could potentially provide buyers with an indication on how ready organisations are, either by ensuring that all organisations on the resource have reached a certain level or quality standard or that organisations have some kind of rating in terms of how developed they are. Whilst this could certainly link in with the idea of a 'differentiated support programme', it was recognised that given the wide-ranging areas in which organisations operate and the potential number of public agencies, this could quickly become very complex and requires further consideration.

Several participants indicated that this could be addressed via PQQs. One agency suggested that having developed a Scottish PQQ that could be used by all agencies to know if organisations are ready to tender, this could provide the quality standard. Information could then be available on the level they have reached via the resource.

It was recognised by many participants that a resource of this type could help prevent public agencies approach social economy organisations that are not yet ready to become involved in procurement and in this way prevent wasting time by both buyers and sellers.

5.4c A social economy marketing tool

The most commonly reported use for a resource of this type was as a marketing tool, both for the social economy in general and individual organisations.

Mainly support organisations felt that a directory resource focussing on the social economy would help raise the profile of the sector as a provider of services amongst the public sector. It was suggested that would help challenge the current lack of understanding, not just of the social economy but also of best value and social added value.

How this 'marketing tool' itself should be promoted was also raised as an issue of concern by some participants, with several indicating that the promotion of the resource must be linked in with community planning and that they have key role to play in increasing corporate buy-in and in encouraging agencies to tender in a common way.

There was also reference to extending the resource to beyond the social economy and public sector and including wider involvement from the private sector via the Chambers of Commerce.

5.4d Other potential users

Participants from various areas indicated that there could be interest from the private sector in a resource of this type.

There were several suggestions that there has been a change to the private

sector's view of the social economy and that they are now recognising the social value of social economy organisations.

Whilst one participant indicated that within the private sector there is still a tendency to view the voluntary sector as dealing with the 'needy and hopeless cases' where there is little or no money to be made, that this view has been challenged. There are now opportunities for joint working and increasingly private sector companies are aware of corporate social responsibility and are keen to identify social economy organisations to work with, particularly in relation to service delivery including social clauses. A resource of this type was viewed as one way to facilitate this.

It was also pointed out by various participants that the resource could also be used by social economy organisations looking to work in collaboration with other organisations. If the resource allows organisations to identify potential partners across geographical boundaries and operational areas of activity, this joint working could be facilitated.

5.5 Funding commitments

In looking to measure commitment to the resource from the perspective of funding commitments, there is very little indication of support.

None of the public agencies felt that it was suitable for them to contribute towards the development of the resource, although one indicated that they would consider paying a subscription fee if it was developed as a buyer's tool. However, other public agencies did not envisage paying any type of ongoing subscription fee.

Some raised the issue of fairness and transparency, suggesting that a contribution towards the development could be interpreted as providing an unfair advantage to social economy organisations.

For the participants that commented on this aspect, it was generally anticipated that the initial development of the resource and associated support programme would require government funding. Following the establishment of the resource, there was mixed opinion as to whether it should be funded by social economy organisations contributing a membership fee for inclusion of an organisational entry on the resource or whether the public agencies using it should pay subscription fees.

Section 6: Resource Format & Features

There is a clear lack of unanimous support for the development of such a resource. This is accompanied by a general feeling within the current situation that the social economy is not ready for this type of development. In addition to this there are various understandings and ideas that repeatedly appeared through interviews in relation to the format and possible features of such a resource.

6.1 Directory format

Overall, it was generally felt that an online directory format would be ideal for identifying social economy organisations and their products and services.

However, as referred to previously, there is a difference of opinion as to whether social economy organisations are listed separately within a social enterprise focused resource or whether they should be listed alongside private sector listings.

Identifying the primary purpose of the resource development should inform a decision on this. i.e. If the main purpose is to promote the social economy overall and to encourage public agencies to seek out and engage with the social economy, a separate listing would be more appropriate.

6.2 Two way information

Whilst the focus of this scoping exercise was on the provision of information about the social economy, many social economy and support organisation participants indicated that for social economy organisations it would be useful to develop the resource to include information on available tenders.

Ideally, it was envisaged that the resource should provide a central point for a two-way information approach:

- Information on social economy organisations and their products and services
- Information hub with details on what tenders are available and which online procurement resources each of the public bodies have on offer

One public agency expanded on this to explain how the resource could generate emails to potential suppliers to try and encourage them to submit interest in contracts. This could be through an automatic email notification for organisations operating within that area.

6.3 Geographical scope of resource

Views on the potential geographical scope of the resource were divided based on practical issues versus seeking to ensure inclusiveness and / or improve market viability.

Based on a practical approach, it was felt by a wide range of participants that it would be unrealistic to establish the resource any wider than Glasgow in the first instance. It was recognised that following a pilot it could then be offered to wider areas. In the first instance it would be important to secure local support and commitment to ensure the resource's success and that widening this out to other areas would be too ambitious.

The case for creating the resource on a wider basis initially was put forward by several organisations on various grounds.

NHS Glasgow and Clyde are keen to incorporate the entire area in which they operate. Whilst several support organisations and other participants agreed this would be ideal, they noted the practical reasons to initially developing the resource within the Glasgow local authority boundary.

One support organisation suggested that widening the geographical coverage would increase the market place and reduce limited markets, which can currently be a problem for social economy organisations.

Several organisations indicated an interest in working collectively across local authority boundaries.

6.4 Positioning of resource

There was no general agreement as to where the resource would be most effectively positioned. Views on this tended to be determined by participants' understanding of the purpose or focus of the resource. This was determined by the following factors:

- Whether resource accompanied by a support programme
- How resource will be marketed
- Avoiding duplication of other resources
- Funding of resource
- How it fits with other resources

6.5 ICT issues

Overall it was accepted by participants that it would be seen to develop the resource that it would incorporate and be accessed via a web interface. To enable data to be searched and information to be presented in this manner it would require a database in which the data would be handled and maintained.

Overall the technical options of developing the resource would involve one of the following:

- Develop a new database system and web interface
- Develop an existing database and create a new web interface
- Develop an existing database and website

6.6 Financial issues

Given the lack of agreement on whether or how the resource could be developed, it is impossible to provide indicative costs. The main impact on the costs will be whether an accompanying support programme is required. Aside from this, the following areas would have to be considered:

- Data capture
- Training and support
- Marketing
- ICT development
- Ongoing data / web maintenance
- Project management
- Administration

6.7 General resource features

In more general terms there was common agreement that the resource should be characterised by the following:

- Easy to use
- Accessible
- Contain current and accurate information
- Demonstrate fairness & transparency
- Clearly indicate how relates to procurement

KEY CONSIDERATIONS & RECOMMENDATIONS

Level of support for resource

Key Considerations

- There is very little interest or commitment from the public sector for the development of a resource of this type. Only the public agency that initially approached us expressed support.
- Whilst social economy organisations are not against the idea, they are not convinced on the benefits and are unconvinced that public agencies would use it.
- It is largely support organisations that are supportive of such a development.
- Where there is support for the resource, there are additional functions incorporated and a general recognition that it could only be developed as part of a larger support programme.
- Those supporting the development, view it primarily as a marketing tool for the social economy.

Recommendations

- If the development of this resource was to be taken forward it should be carried out in conjunction with the one supportive public agency. If it is successful, other agencies could be approached.
- As social economy organisations are more interested in a resource that provides information on available tenders, this should be considered within the pilot development to maximise their buy in.

Training & support programme

Key Considerations

- Regardless of whether a resource is developed, most interviewees felt that it was important that additional support and training is provided to the social economy organisations. A general feeling emerged that there was no point in developing a resource without an accompanying support programme.

Recommendations

- The need for a support programme should be explored further in relation to ensuring that social economy organisations are prepared for involvement in procurement.
- Based on issues raised through this exercise, a support programme should address the following areas:
 - defining products and services
 - separating social mission from business delivery
 - business planning
 - marketing
 - PQQ requirements / quality standards
- Whilst work would be done separately with organisations to define their products and services to enable these to be listed and identified a web-based resource, this would not address the issues such as

capacity, and subsequently would not provide a guarantee of organisations listed being ready for procurement.

Public sector understanding & engagement with sector

Key Considerations

- There is substantial feeling amongst social economy and support organisations that public agencies tend to lack an understanding of the sector and the additionality that social economy organisations have to offer and that subsequently they do not engage with the social economy.

Recommendations

- This could be addressed via marketing of the social economy, however there needs to be addressed via a strategic citywide, ideally national, approach. It was commented on by several participants that whilst there appear to be several agencies trying to promote the social economy, this does not appear to be happening in a cohesive manner.
- A clearer approach would also inform what marketing messages should be promoted via a 'marketing tool' such as an online resource focusing specifically on the social economy.

Separate listings of social economy organisations

Key Considerations

- Concern about not including social economy organisation details in general supplier listings of private sector businesses.

Recommendations

- Organisations could be encouraged to identify supplier listings appropriate to their area of work and find out about adding themselves to relevant current listings that incorporate private sector businesses. This should be informed by their market research.

Avoiding duplication & making use of current systems

Key Considerations

- The content of 'Current & Potential Procurement Resources' section provides a notion on the variety of current systems that exists and what appears to be a lack of reference to the social economy amongst most of these.
- None of the systems included in that section meet the needs set out by NHS Greater Glasgow, or what most of the participants supportive of developing a resource feel a resource requires.
- The Suppliers Development Programme has indicated that social economy organisations are welcome to register as suppliers and to access support resources and mentoring. However, neither the training nor supplier listing has a social economy focus. In addition to this the NHS currently cannot access this information.

- Similarly, SEEDS, or at a Glasgow level, Infobase are open to developing their systems to include searchable information on social economy products and services. Again, the wider issue of support and training would need to be considered by the host organisations.

Recommendations

- There is substantial learning from the SDP in terms of establishing Procurement Team contacts, cooperation and understanding their needs. This could be brought together with the experience and knowledge of the Infobase development or similar resources in establishing contact with Glasgow's social economy organisations to develop a section or relevant links within the SDP website.
- To decide on the best way to select what current systems (if any) could be utilised or built upon, it is necessary to consider in more detail the training requirements of the sector in this area and whether this should be incorporated into general procurement support or provision specific to the sector.
- It is not within the scope of this exercise to consider this further and it is anticipated that this is a discussion that is best taken place within the GSEP.

Funding of a resource

Key Considerations

- Given the levels of support the funding of a resource of this type is not going to come from public sector agencies, and if were to become part of a larger support programme the resources required would increase substantially.

Recommendation

- Further costs and funding sources should be explored.

REFERENCES

Communities Scotland Social Economy Unit (2007) Tendering for Public Contracts, 2nd Edition

European Commission (2004) Directive 2004/18/EC

The Scottish Government (2008) Community Benefits in Public Procurement

APPENDIX 1: REPRESENTATIVES FROM THE FOLLOWING ORGANISATIONS PARTICIPATED

CEiS
Coach-house Trust
Glasgow Chamber of Commerce
Glasgow City Council
Glasgow Community Planning Limited
Glasgow Council for the Voluntary Sector
Glasgow Housing Association
Glasgow Social Economy Partnership
Glasgow South West Regeneration Agency
Gorbals Healthy Living Network
Greater Glasgow & Clyde NHS
Renfrewshire Council for the Voluntary Sector
Ruchill Furniture Project
Scottish Executive, Third Sector team
Spruce Carpets
Stirling Council
Suppliers Development Programme

Thank you to all of the representatives from the participating organisations that input to the scoping exercise via interviews or provision of information.