



RIAS | The Royal Incorporation
of Architects in Scotland

Aonachadh Rìoghail nan Ailtire ann an Alba

11th March 2019

Economy, Energy and Fair Work Committee Inquiry into Scotland's Construction Sector Response from Royal Incorporation of Architects in Scotland

Context for response

RIAS attended the Economy, Energy and Fair Work Committee's SME workshop on 18th February 2019. Serious concern about current public procurement processes in Scotland were a significant theme of the workshop, and views expressed on the day echoed those reported to RIAS by its members. This response records additional insight from RIAS on this matter.

Procurement in the Scottish construction industry

Procurement is a fundamental issue for the construction industry, controlling as it does the means of selection of designers and contractors, their roles and responsibilities, their contractual relationships, their liabilities and their remuneration.

The structure of the public sector procurement process in Scotland does not promote high quality output as a primary purpose of construction. It specifically marginalises smaller or newer practices (micro businesses and SMEs) by demanding very specific types of project experience and excessive turnover and professional indemnity insurance as selection criteria. The RIAS believe that failure to nurture this talent contributes to the loss of design quality in public buildings, and does not deliver the business-friendly, socially responsible ethos of the public procurement reform programme.

When scoring bids, the difficulty of judging design quality can result in too little differentiation in scores between competing bids. Price, however, displays clear variation, and therefore can become the key criteria for awarding contracts. The RIAS understand that this has generated a 'race to the bottom' regarding fees, resulting in projects which would be either under-resourced or unaffordable to designers. Some RIAS members report that they barely bid for projects on PCS, as they find that the low fees generated combined with the time required to bid result is not viable.

In a rural context the constraints of the system can result in public contracts generally being awarded to larger, remotely located firms. The RIAS believe that this is unsustainable and detrimental to local supply chains and economy.

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Next steps

The RIAS believe that significant reform of public procurement is necessary to secure the public interest. Design team selection needs to promote quality outcomes, which will necessarily allow for proper remuneration for professional input. Forging links between professional responsibility, liability and authority will help to improve the quality of buildings.

There are examples across Europe which discourage the 'race to the bottom'. Northern Ireland, in particular, have a system where the best price is defined as the price closest to the average of the prices (subject to proximity margin), as opposed to the lowest price. This approach has been reviewed from a legal perspective and has been deemed to comply with EU requirements. Other avenues being considered by RIAS are to score resource and fee together, or to impose a 90%/10% quality/fee ratio.

The RIAS is currently looking into the limitations of construction procurement in Scotland and considering ways of reform. It is a sector-wide issue, and RIAS are keen to engage with all interested parties. The aim is to enable the sustainable development of a high-quality built environment for Scotland.

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