By email to: balanceofcompetences@bis.gsi.gov.uk

13 January 2014

Dear Sir/ Madame,

Balance of Competences Review: Free Movement of Services – Call for Evidence

1. The Institute of Chartered Accountants of Scotland (“ICAS”) is the professional body of accountants for over 20,000 members who advise and lead businesses across the UK and in almost 100 countries around the world. Almost two thirds of our working membership work in business, many leading some of the UK’s and the world’s great companies. The others work in accountancy practices ranging from the Big Four to small practitioners.

2. We welcome the opportunity to comment on this Call for Evidence. The ICAS Charter requires it to act primarily in the public interest, and our responses to consultations are therefore intended to place the public interest first. Our Charter also requires us to represent our members’ views and to protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

Our key messages on public procurement

3. The rules are complex, this is incompatible with achieving greater effectiveness and we would welcome further simplification. Our members in business and practice reported that the public procurement process is overly prescriptive and burdensome. There are concerns that the organisation does not come out of the procurement process with a better result. It is slow and costly to implement and as a result, disadvantages small suppliers who do not have the resource to absorb this. In addition, we would also highlight that grant procedures are arduous and too detailed.

4. In our view, the EC procurement thresholds are set too low, particularly for supplies and services which can range from as low as €80,000. There is minimal if any cost benefit to apply procurement rules at current levels, given their arduous administrative burden. Our preference is for the rules to be applied at a much higher threshold, at least €1m or even better, €5m. Secondly, tendering is based on the full life cycle rather than annual amounts – again this is too low and it brings in too many lower value projects. Our view is that it should be on the annual amount to avoid lower cost annual contracts being brought into the EC procurement rules.

We hope this is helpful.

Yours sincerely,

ALICE TELFER
Assistant Director, Business Policy and Public Sector