



The Business Services Association
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General Election Briefing 2019

The BSA - Business Services Association - is a policy and research organisation. It brings together those who are interested in delivering efficient, flexible and cost-effective services and infrastructure across the private and public sectors.

Business services are vital to the UK economy because they provide essential support for other industrial sectors. We invest in administrative services, facilities management, infrastructure and IT so our business clients can focus on what they do best. Almost a third of the sector's activity is supplying services to government. Working in partnership with the public sector brings new thinking and investment to improve quality and deliver savings for taxpayers. The sector:

- employs 1 in 10 of the workforce across all UK regions¹;
- contributes 9.3% of GDP²;
- is the second-largest contributor to the trade surplus in services and attracts significant foreign direct investment³; and
- raises productivity as clients can focus on delivering their core activities more efficiently. An increase in outsourcing of just 1 per cent adds £2 billion in productivity gains to the UK economy each year⁴.

For the sector to continue growing and delivering prosperity we need access to a willing and motivated workforce. The new government must act to retain the skills of people who have already migrated here, to continue attracting talent into the UK, and, in tandem, work with industry to improve the skills of UK workers and become self-sufficient over the medium-to-long term.

With the major political parties having committed to increase public spending and invest in the British economy, the key challenge lies in ensuring that it is spent as efficiently as possible in order to deliver services and infrastructure of the highest quality to the British public. We believe that the private sector has a vital role to play in this regard by ensuring that competition and innovation continue to drive the quality and effectiveness of our public services ever upwards.

This document sets out the BSA's policy priorities to help inform the policy development processes of all the political parties:

¹ Economic contribution of the business services sector, Oxford Economics, January 2015

² Economic contribution of the business services sector, Oxford Economics, January 2015

³ Office for National Statistics - UK trade: June 2016 - August 2016

⁴ Oxford Economics, 2015, The use of business services by UK industries and the impact on economic performance



1) Skilled workforce

Uncertainty over access to staff, both skilled and unskilled, remains a concern for business services providers. A post-Brexit migration system will need to recognise the labour supply needs of the business services industry across a range of skill levels. This needs to include an ongoing commitment by the government to upskilling UK workers, a flexibility to allow it to cope with rapidly changing circumstances, and it needs to involve as little bureaucracy as possible, especially at a time when the economy is in a fragile state and labour costs have already risen.

2) A range of commissioning models that are fit for purpose.

Government spent £284bn on external suppliers in 2017/18 (not including academies)⁵. The way it manages its supply chain is very important to the efficiency and effectiveness of public services. Since the BSA published its Sturges Review in 2017, the government has made good efforts to improve commissioning, for example, the publication of the Outsourcing Playbook and the establishment of the Government Commercial Function. However, there is still evidence of poor contracting behaviours and these impact most heavily on charities and SMEs. For example, iniquitous risk transfer, inconsistency across departments, and excessive complexity in the tendering process. We recommend the following:

- The government should review current levels of risk transfer which are prohibitively high for SMEs and constitute commercially inadvisable levels of exposure for larger organisations.
- The government should review whether more can be done to ensure that all public bodies provide detailed feedback in a timely fashion to those who have been unsuccessful in tendering for public contracts.
- The government should review the effectiveness of Dynamic Purchasing Systems and other commissioning models, particularly looking at their role in encouraging greater SME and VCSE participation.

3) A commitment to infrastructure investment including HS2

Ensuring that any new expenditure is conducted in a manner that is as efficient and effective as possible will be key to the success of the British economy both now and in the years to come. Our members and others in the private sector have a key part to play in this by ensuring that competition and innovation continue to drive the quality and effectiveness of our public services ever upwards.

The BSA has long called for continued efforts to upgrade, extend and modernise the UK's physical and digital infrastructure. HS2 forms a vital part of this. It represents significant commitment and investment in a modern Britain, not only in improving connectivity but also in enabling a rebalancing of the UK economy and securing the future of the construction and infrastructure sector. We believe that projects such as HS2 will bring about significant investment in local economies and help to drive truly inclusive growth, particularly in the North of England and the Midlands.

⁵ Government procurement: the scale and nature of contracting in the UK, Institute for Government, December 2018



4) Devolved & Local Government

The BSA has engaged extensively with devolved governments and governmental organisations in Scotland and Wales, infrastructure organisations across the UK, and metro mayors, combined authorities, local authorities and LEPs in England. This has included the work of the BSA Scotland Group, the BSA Wales Group, and through a dozen local industrial strategy seminars across England.

In doing so we have witnessed at first hand the benefits of a devolved and localised approach to decision-making. It is only by encouraging a new level of collaboration and partnership working between stakeholders at a local level, including those in the business services sector, that genuinely inclusive growth which benefits all communities can be achieved. The BSA therefore supports a widening and deepening of devolution across England, in areas with and without combined authorities, and the continued roll-out of City Region and Growth Deals across Scotland, Wales and Northern Ireland. We strongly support greater regional decision-making power over infrastructure in particular, including through Transport for the North and over the development of Northern Powerhouse Rail. Skills development is another area where localised control has clear benefits.

To ensure efficient and effective spending at a local level, local authorities should continue to be granted sufficient scope to invest in the infrastructure and services that are key to supporting British businesses and should be supported by central government in this regard. The continued proliferation of advice and best practice guidelines from central government will continue to be of use here.

5) Control the costs of doing business

Given the unpredictability of recent times and the impact this uncertainty has had on British businesses as well as the economy writ large, government should endeavour to make the day to day operation of business as uncumbersome as is appropriate. This means not increasing the burden of taxation at a time when businesses are already facing upward pressures on costs through statutory wage increases, changes to employment laws (such as IR35 reforms), and changes to pension regimes.

6) Supporting businesses to provide social value

Delivering efficient and effective services also affords businesses the opportunity to provide additional social value. The BSA strongly supports recent efforts to use government purchasing power to deliver increased social value. A shift away from contracting purely on short-term costs helps to support a more sustainable and effective market and will help improve public trust in partnerships between the public and independent sectors. It is our experience that suppliers are ready for this development and would even support more ambitious proposals, for example, the development of a new unit for social value measurement, enabling the UK Government to become a world leader in this area.