



The Scottish Parliament
Pàrlamaid na h-Alba

PUBLIC PETITION NO.

PE01824

Name of petitioner

Bill Alexander

Petition title

30 day supply chain payment for government work

Petition summary

Calling on the Scottish Parliament to urge the Scottish Government to ensure the 30 day supply chain payment policy is being complied with.

Action taken to resolve issues of concern before submitting the petition

I have written to the Scottish Government and Audit Scotland.

Petition background information

In 2009 the then First Minister, Alex Salmond, announced an innovative policy which was intended to ensure that on all government funded work the supply chain would be paid within 30 days. It was decided at the time to put a clause into all government contracts, requiring that the supply chain would be paid within 30 days.

The benefits of this policy are unarguable in terms of giving confidence to suppliers and contractors that their cash flow will be protected.

In the construction industry where sub-contractors and suppliers can wait well in excess of 60 days to be paid, this would be particularly helpful.

Further steps were subsequently taken, with the Procurement Reform (Scotland) Act 2014, so that this policy would be extended to local authorities. Again, this was a progressive step in helping to grow the economy. If the government and local authorities were ensuring 30 day payment for the supply chain, then potentially the private sector would also adopt the same policy, if for no other reason, that it would save the need to have different accounting processes.

Section 15 (5) of the Procurement Reform (Scotland) Act states that a local authority must:

(d) set out how the authority intends to ensure that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the payment is presented— (i) payments due by the authority to a contractor, (ii) payments due by a contractor to a sub-contractor. (iii) payments due by a sub-

(i) payments due by a contractor to a sub-contractor, (ii) payments due by a sub-contractor to a sub-contractor

Unfortunately, if the construction industry is anything to go by, the policy has never been monitored or policed. For example, Scottish Futures Trust, when asked, confirmed that it did not carry out any supply chain payment audits on their projects. Their view was that it was the responsibility of Audit Scotland to carry out this function. Audit Scotland appear to have rejected this suggestion. So the reality is, no one actually knows what is happening, and it does appear, that no one actually cares.

If this petition is incorrect, then there surely will be audit evidence to demonstrate that the supply chain is being paid within 30 days.

In 2014, Nicola Sturgeon, as Deputy First Minister, supported the outcome of the "Scottish Public Sector Procurement In Construction Review" and stated that officials would implement its recommendations (apart from one). Section 10.3 of the Review refers to the need to treat the supply chain fairly when it comes to payment.

For the construction industry, the 2009 and 2014 policies are a really good idea. It was the wish of Alex Salmond and Nicola Sturgeon that fair payment should be complied with, and yet it appears that no one has ever consistently audited to see if this is the case. Is this due to an apparent lack of interest in taking the necessary steps to ensure that it is being complied with, or are there other justifiable reasons?

Any suggestion by officials that suppliers and sub-contractors can complain, or seek late payment interest, betrays a lack of reality of how business works, since to do so runs the risk of losing out in future work opportunities. In any event, officials must have a proactive obligation to ensure that the policy is being complied with.

An additional question might be; why does there appear to be such a fundamental lack of management procedures in place that government policy can seemingly be ignored for over a decade, despite the ministers' wishes, with no one willing to take responsibility in order to ensure that it is carried out?

Unique web address

<https://www.parliament.scot/GettingInvolved/Petitions/PE01824>

Related information for petition

Do you wish your petition to be hosted on the Parliament's website to collect signatures online?

YES

How many signatures have you collected so far?

0

Closing date for collecting signatures online

24 / 09 / 2020

Comments to stimulate online discussion

Do you agree the 30 day supply chain payment for government work should be audited

Do you agree the 60 day supply chain payment for government work should be added to ensure it is being adhered to?