

PE1824/C

Federation of Small Businesses submission of 13 October 2020

I noticed that the Federation of Small Businesses (FSB) was referred to in the background briefing for the above petition on payment times in public contracts.

Our UK work on late payment broadly was referred to however I thought it might be helpful to flag that we have referred specifically to the matter of late payment in public procurement in Scotland in a report we published last year (see pages 16-17 in particular): <https://www.fsb.org.uk/resources-page/broken-contracts-smaller-businesses-and-scottish-procurement-pdf.html>

I just thought ahead of the discussion it would be useful to highlight the points we'd made. Just owing to our focus being on the crisis for most of this year I've not had a chance yet to assess this year's Scottish Government annual report, and some of those of public bodies, to assess whether there's been much progress against the recommendations we made in early 2019.

For wider info, here's what's in the statutory guidance about it for public bodies:

"Section 2.5.12 <https://www.gov.scot/publications/guidance-under-procurement-reform-scotland-act-2014/pages/2/>

Effective contract management and monitoring should be undertaken to ensure that prompt payment continues to be applied throughout the duration of the contract, for example, by requesting information on prompt payment at all levels of the contract. A contracting authority and economic operators should then, where relevant, take any necessary steps to rectify any prompt payment issues experienced.

A contracting authority should also consider monitoring the prompt payment of sub-contractors, for example by carrying out spot checks and/or using project bank accounts or trusts, where relevant and proportionate."