**Business in the Parliament Conference 2023**

**SUSTAINABLE RECOVERY: MAXIMISING THE OPPORTUNITIES OF THE NEXT DECADE**

**Note for Workshop 4: Procurement**

**Co-chairs:**

* Tom Arthur MSP, Minister for Public Finance, Planning and Community Wealth
* Colin Beattie, MSP member of the Economy and Fair Work Committee and
* Maggie Chapman, MSP member of the Economy and Fair Work Committee

**Co-hosts:**

* Ruth McElroy, Federation of Small Businesses (FSB)
* Lynne Cadenhead, Women’s Enterprise Scotland (WES).

**Speakers**

* Jeanette MacIntyre, Indeglas
* Pauline MacDonald, ex Board Member, Women Business Enterprises, Canada Council (WBE Canada)
* Gillian Cameron, Supplier Development Programme
* Julie Welsh, Scotland Excel
* Nikki Archer, The Scottish Government

**Summary**

Maggie Chapman MSP welcomed everyone and introduced the speakers.

The Minister set the scene for discussions by reflecting on Scotland’s sustainable procurement journey and the important role that the public, private and third sector have to play in the [Community Wealth Building Bill](https://www.gov.scot/publications/building-community-wealth-scotland-consultation-paper/pages/4/) (which is currently subject to consultation)

The co-hosts introduced the speakers who each gave a short presentation to help set the scene from their different perspectives with topics including:

* experiences of procurement within the built environment;
* facilitating engagement with women owned/led businesses;
* driving socioeconomic impact through local government;
* supporting business to deliver a sustainable economy;
* enabling progressive procurement through legislation and policy; and
* driving consistency in local practice.

In subsequent discussion, participants exchanged thoughts on the role procurement could play to promote sustainable economic recovery and maximise the opportunities of the next decade.

Future actions were agreed, and participants used their closing remarks to highlight what they considered to be the most important areas of focus going forward.

**Speaker Presentations**

**An inclusive approach to the built environment** (Jeannette MacIntryre, IndeGlas) – examined how approaches to construction may be enhanced through increasing the diversity of personnel engaged early in the planning and scoping stages of design, drawing from fields such as neuroscience and spatial design, in order to inform approaches to public works. It was suggested that such approaches could confer greater dynamism and resourcefulness when delivering initiatives on social impact and community wealth building through procurement. Such approaches also allow for the distinction between near-term cost considerations and the longer-term life-cycle value delivered for communities.

**Tendering with women-owned and led business** (Pauline MacDonald, WBE Canada) – explored how Women’s Business Enterprise Canada made use of data-centric approaches, and a women-certified business model, to identify and support women/ minority owned and led businesses. Operational initiatives – such as linking corporate members with SMEs through a supplier diversity programme – increased the larger businesses’ awareness of discrete small business communities in Canada. It was suggested that the approaches described were impactful and of value to women/ minority owned businesses with potential learning for Scotland.

**Driving social impact through local government** (Julie Welsh, Scotland Excel) – focused on the commitment and approach to delivery of social, economic and environmental benefits through procurement. Examples in practice included innovation in the local government sector’s food procurement, which increased opportunities for smaller suppliers lacking established logistical and distribution networks. Furthermore, by focusing on the value delivered throughout supply chains, collaborative framework purchasing has enabled greater proportions of spend to reach both small and rural business across Scotland.

**Supporting business on bidding better as part of sustainable supply chains** (Gillian Cameron, Supplier Development Programme) – examined the services provided by the Supplier Development Programme to enable businesses to bid better and win more public contracts. This included understanding and better meeting the demands of the public sector when it comes to procuring sustainably, in a way that benefits communities, and advances Scotland’s climate ambitions, promoting free to use tools, sources of support and training.

**Progressive procurement legislation and policy and** **driving consistency in local practice** (Nikki Archer, Scottish Government) – conveyed that Scotland’s progressive procurement legislation and policy is designed to enable access, tackle socioeconomic inequalities and help address the climate emergency. Other approaches to enable innovative, diverse and resilient supply chains include: the Supply Chain Development Programme with its focus on supplier capability and promoting innovation through Civtech and the Scotland Innovates portal. Proportionality is key, helping address existing barriers rather than adding to them. The Scottish Government’s approach to prompt payment was shared as leading by example, promoting consistency across Scotland via targeted policy and guidance. Other examples of how policy and good practice are being used to deliver SME access and community benefits were offered.

**Main Discussion Points**

* **On reconciling cost and quality –** participants discussed the challenges of delivering high-quality public works to a broad audience, with there being instances where cost/quality balance may be more acceptable if it can be demonstrated to deliver wider outcomes or service the needs of a greater audience. It was agreed any such decision should consider not just near-term cost to build, but value across the life-cycle for communities.
* **Broadening supply chain engagement for visibility beyond Tier 1 Contractors –** participants discussed the benefits of procurement and suppliers having greater visibility of the investment pipeline, allowing for targeted engagement and planning.Furthermore, steps such as: requiring publication of pipeline opportunities for sub-contractors and mapping supply chains to understand potential players at discrete value bands, were considered to improve small business’ prospects of sub-contracting.
* **Understanding the breakdown of rural, micro and women/minority owned business and social enterprise** – though participants reported to be at an early stage of mapping the SME category, all expressed an ambition to develop a more detailed understanding. It was suggested that such data would be valuable in identifying areas of inequality or discrimination to inform potential policy approaches, though noting that action could be taken in the interim to better understand any additional, specific barriers to engaging in the public procurement process faced by the above subcategories of SMEs versus any other SME.
* **On prompt payment and responsible behaviour in supply chains** – participants discussed how policymakers can set clear expectations of larger business as it relates to the payment of sub-contractors. Recently published national procurement policy guidance was highlighted, along with some of the specific practical measures being promoted as an integral part of the procurement process. This included policy on the use of Project Bank Accounts for Construction projects over specified values.

Whilst prompt payment measures are being embedded in the new Civil Engineering Framework to pilot evolving targeted approaches, it was stressed that there is no substitute for suppliers escalating prompt payment issues through contract ownership channels to ensure these are handled sensitively and promptly, with the option of escalating unresolved issues via the Single Point of Enquiry.

**Discussion Outcomes and Suggested Actions**

* Business community and third sector organisations were encouraged to respond to the Community Wealth Building consultation issued on 31 January 2023.
* Options to be explored for targeted regional sessions and case studies to increase awareness of how to engage with the public sector, driving up registrations on Public Contracts Scotland, and facilitating understanding and take up of sources of support.
* Engagement to be undertaken on identifying the specific additional barriers faced by women/minority owned business versus other micro/SME organisation, with the [Alison Rose Review of Female Entrepreneurship](https://www.gov.uk/government/publications/the-alison-rose-review-of-female-entrepreneurship) cited as an informative reference material from the banking sector.
* Prompt Payment policy to be shared with interested workshop participants.
* Information to be shared on City Region deals, smaller/consortia lotting to increase opportunities for supported business and social enterprises.
* Scottish Government to investigate proof of concept to link spend analytics to reliable and aligned third party data sources such as Companies House, Charity Commission, and Care Quality, to test whether data can be pulled into procurement systems to enhance the ability to analyse and report more granular data. This is not a quick fix project but, in due course, may inform the potential to link to other credible and aligned data sources, for example, on women/minority owned businesses.

**Closing Remarks**

The co-hosts offered speakers the opportunity to provide closing remarks, whereupon they relayed the importance of:

* Earlier, more inclusive engagement and collaboration - clarity of pipelines,
* promoting innovation - thinking ‘outside the box’,
* enhancing data and reporting - avoiding further burdens for suppliers,
* greater supplier awareness on existing policies, systems, tools and support,
* driving consistency of local procurement practice,
* remaining ambitious on the art of what is possible with continued open dialogue.

The Minister for Public Finance, Planning and Community Wealth thanked all participants and officials for their contributions to the session, and for the extensive work to date in mainstreaming sustainable procurement in Scotland. The Minister closed by reminding participants that such work forms part of a broader programme underway to drive greater parity between the social, economic and environmental aspects of procurement in order to deliver a fairer, more sustainable, Scotland.