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Local Authority Chief Executives

By email

20 April 2020

Dear Chief Executive

Construction supplier payments and future pipeline

Firstly, I want to restate my thanks to the response by Local Authorities across Scotland as we navigate these unprecedented times. It has been clear from the outset that the overarching priority of the Scottish Government is to protect the health of individuals and to minimise the loss of life caused by the pandemic.

This has meant that no sector of the Scottish economy has gone untouched. Over the past few weeks we have been working hard to address the concerns of industry sectors across the country. I myself have taken leadership of our response to the Construction sector as we look to reset, restart and recover.

At a recent meeting with the sector, I was informed that in a recent survey, 60% of businesses said they were not being paid on time by Local Authorities, and that there appeared to be a significant fall off in projects progressing in the pre-procurement stage. Of course, we are all adapting to remote working, however it is critical that we maintain, and indeed accelerate both payments to businesses and opportunities that will be ready to support recovery. By doing this we can increase the opportunity for suppliers to be better able to cope with the current crisis and to resume normal operations as we move into recovery.

To provide the basis for this, the Scottish Government have issued two important policy notes. SPPN5/2020, covering goods, services and works, sets out guidance for contracting authorities on payment to their suppliers (supplier relief) to ensure service continuity. In addition CPN01/2020 sets out the scope for arrangements in relation to construction activity, both planned and underway. We will shortly issue guidance on a light touch reporting method to help inform whether the guidance set out under these policy notes should be

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extended beyond 30 June, as well as to understand the number of suppliers benefiting from supplier relief.

In addition to that however, and in light of the specific local authority performance highlighted by the industry, I would welcome your views on whether you are facing any specific difficulties at present and what steps you are taking to:

- a) improve payment performance for construction related contracts, and
- b) ensure a sustainable project pipeline is maintained once restrictions lift.

Please provide your response to my construction specific questions to [REDACTED] [@gov.scot](mailto:[REDACTED]@gov.scot), who will collate these on my behalf.

Kind regards



KEVIN STEWART

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