

Statement from the Scottish Fair Trade Forum for the Scottish Parliament Economy and Fair Work Committee Post-Legislative Scrutiny of the Procurement Reform (Scotland) Act 2014

February 2024

The Scottish Fair Trade Forum welcomed the inclusion in the Procurement Reform (Scotland) Act 2014 of a requirement on public bodies to set out their policy in regard to the procurement of fairly and ethically traded products. Fair and ethical trade could assist public bodies in promoting sustainability and fair work and business practices. Our research, since the introduction of the Act, shows that while public bodies refer in their policies to fair and ethical trade products, it is not possible to hold public bodies to account effectively on these commitments due to the problems in recording and reporting actual expenditure on these products. This presents problems with both accountability and transparency.

With expenditure of billions of pounds a year on goods and services with in many cases international supply chains, Scottish public sector procurement is a powerful tool that could make a significant contribution, not only to communities throughout Scotland, but to the economies and livelihoods of economically marginalised workers and small-holder farmers around the world. Fair Trade's commitment to environmental standards and principles through the two main verification systems means that procuring Fair Trade products can contribute to meeting national and organisational sustainability targets including commitments to net-zero.

Recognising public sector procurement's crucial role in building the market for Fair Trade in Scotland [an independent report for the Scottish Government in 2020](#) advocated that priority should be given to encouraging public sector contracting authorities to set a baseline for expenditure on fair and ethical goods. It was the intention that such baselines could encourage a progressive approach to Fair Trade procurement whereby public bodies set indicators and targets to grow, year-on-year, their expenditure on fair and ethical trade and expand product ranges. Such approaches could be complemented by robust and comprehensive procurement strategies and policies that institutionalise long-term commitments to fair and ethical trading. Both the setting of clear indicators and the development of robust fair and ethical trade policies represent key stages of a wider process.

Throughout 2020-2022, the Scottish Fair Trade Forum utilised Freedom of Information processes to send requests in two phases to public bodies to:

- a) identify each body's general policy on the procurement of fairly and ethically traded goods and services and,
- b) identify whether these public bodies can, in fact, determine their annual spend on Fair Trade goods through available reporting mechanisms and,
- c) aggregate, where possible, each public body's expenditure on Fair Trade products for the financial years 2019/20; 2020/21; and 2021/22).

This information was then published in the report: [Fair-Trade-Expenditure-and-Policy-Commitments-Public-Sector.pdf \(scottishfairtradeforum.org.uk\)](#) In addition the Forum is currently compiling a similar report to cover the financial year 2022/23.

The research identifies that public bodies have vastly different:

- a) understandings of Fair Trade,
- b) commitments to Fair Trade through policies and,
- c) mechanisms to record their annual spend on Fair Trade goods through their finance ordering systems.

There is significant room for enhancement to Scotland's approach to the procurement of fair and ethical trade products. Two important changes would be:

1. a clear definition of Fair Trade being given to public bodies within legislation or guidance. (A definition could be used based on the two main international Fair Trade verification organisations.)
2. Establishing standardised processes for recording and reporting by public bodies of Fair Trade products procured.

These two key measures could increase accountability and transparency by allowing baselines to be set and comparisons to be made over time and between public bodies. A clear definition and processes for recording would allow more bodies to be able to answer requests for information on their procurement of Fair Trade products. Interim figures suggest that around half of Scotland's public bodies could not answer the request for information about levels of spending on Fair Trade products for the financial year 2022/23.

Notes:

For further information, please see: [Fair-Trade-Expenditure-and-Policy-Commitments-Public-Sector.pdf \(scottishfairtradeforum.org.uk\)](https://www.scottishfairtradeforum.org.uk/Fair-Trade-Expenditure-and-Policy-Commitments-Public-Sector.pdf) which includes research on Fair Trade procurement by public sector bodies in Scotland from 2019-2022.