



The Business Services Association  
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The Rt. Hon. Jeremy Hunt, M.P.,  
Chancellor of the Exchequer,  
HM Treasury,  
1 Horse Guards Road,  
London.  
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8<sup>th</sup> January, 2024

Dear Chancellor,

I am writing to you as Chief Executive of the Business Services Association (BSA) to reinforce the views of BSA members and the key priorities for the sector ahead of the upcoming Spring Budget. We are grateful for the ongoing engagement from Treasury colleagues, including our roundtable with the Exchequer Secretary in November, and will continue to work closely with the department.

As you know, the BSA brings together large and small businesses, professional services firms, charities, and social enterprises delivering services and infrastructure projects across the private and public sectors. Members include those delivering ICT, facilities management, back office and administration, construction and infrastructure provision and other project delivery. A membership list is included below for reference along with a copy of our [2023 Manifesto](#) which sets out the key policy areas for the sector, such as efficient delivery of public services, for consideration.

Market stability is a pre-condition to economic growth, long-term productivity, and competitiveness. We therefore welcome your commitment to restoring this stability and tackling inflationary pressures, which in turn are key to giving markets and business the confidence to invest in our economy. This confidence, however, is underpinned by government commitment to both our national infrastructure and our wider economy.

Our submission therefore focuses on those projects and policies which will deliver growth and bolster business confidence. In particular, this submission calls for continued support of, and clarity on proposed government investment in, the UK's physical, social and digital infrastructure.

Given the scale of the recovery task in front of us, it is critical that all sectors - public, private, and VCSE - draw together in common endeavour, just as they did throughout the coronavirus pandemic. To support this, it is crucial that their goals are both clear and aligned and that public sector commissioning and other decisions are always taken with that in mind.

I would welcome the opportunity to discuss in greater detail how the sector and our members can support the Government in securing our economic stability, encouraging growth and innovation throughout our economy, delivering world-class public services, levelling up the whole country, and unleashing Britain's potential. My email address is [Mark.Fox@bsa-org.com](mailto:Mark.Fox@bsa-org.com) should this be something you or colleagues in your department would like to take forward.

Yours sincerely,

**Mark Fox**  
Chief Executive,  
BSA - The Business Services Association

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## **Business Services Association**

### **Submission ahead of Spring Budget**

**January 2024**

#### *Challenges facing the business services sector*

The economic pressures facing the country are both considerable and wide-ranging. The challenges which businesses and VCSE organisations are experiencing must also be seen in the context of the legacy of the coronavirus pandemic, Russia's invasion of Ukraine, and the labour shortages we are experiencing across multiple sectors. The impacts of these challenges are clearly set out in the BSA's latest [Economic Tracker](#) report, which covers the first two quarters of 2023.

Members' feedback through the BSA Economic Tracker demonstrates that the sector is facing a myriad of pressures; from well-publicised levels of inflation in the cost of core goods and services, to labour shortages across a variety of jobs and industries which are crucial to both key national infrastructure and the wider economy.

Labour shortages in particular pose a considerable challenge for the business services sector. Shortages weaken organisations' ability to operate at full capacity and to invest in upskilling their existing workforce. These pressures have subsequent impacts on growth potential and market competitiveness. Larger members have also commented on the acute pressures that labour shortages place on SMEs in their supply chains and the disruption this causes. Businesses and voluntary organisations continue to fully engage with existing immigration schemes, however we would urge the Government to explore further pragmatic steps alongside the development of the UK's domestic labour force.

#### *Investing our physical, social and digital infrastructure*

Large-scale infrastructure projects entail significant investments but offer substantial benefits in both the near and longer term. They provide the physical framework necessary for businesses to function and grow, thereby boosting economic development. Moreover, they can create jobs, stimulate economic activity, and enhance the quality of life by improving services like transportation, energy, and water supply.

It is therefore crucial that the Spring Budget provides clarity on those projects that the Government intends to support as part of the Network North announcements made at Party Conference. This transparency would help businesses understand the Government's priorities and thereby plan their investments accordingly.

Chapter One of the BSA 2023 Manifesto sets out further details on the ways in which industry and government can work together both to tackle the pressures that are inhibiting businesses' ability to scale and innovate, as well as to seize those opportunities that rapid technological change can bring. For example, investing in the UK's digital ecosystem is particularly important. This ecosystem includes all types of interactions between people, businesses, data, processes, and things that are enabled by digital technology. It underpins a wide range of services - from online shopping and banking to healthcare and education. By investing in this area, we can foster a more robust digital economy that benefits all sectors of society.



Furthermore, the new world of work is increasingly characterised by automation and AI. These technologies can drive efficiency and productivity gains across industries. By integrating them into our infrastructure and digital ecosystem, we can capitalise on their potential to transform our economy and society. For example, by automating certain tasks or processes, such as data analysis, businesses are able to free up their employees' time for more productive pursuits.

These benefits, however, can only be realized if there's a strategic approach to such investments. As such, it would be beneficial to discuss these issues directly with Treasury colleagues to ensure that policies align with these aims.

### *Delivery of public services*

£300bn of goods and services are purchased each year both to ensure the continued delivery of core public services and critical national infrastructure projects, as well as to implement new approaches and innovations which improve these services and projects. This amounts to around a third of public sector spending. Ensuring that this money is spent sensibly, fairly, and transparently is therefore key to increasing public sector productivity growth.

Recent steps to increase the effectiveness of public service delivery have been positive but there is still much that can be done to improve upon this. Chapter Two of the BSA 2023 Manifesto therefore sets out the key ways in which Treasury can support in ensuring the maximum realisation of the potential benefits of these reforms. For example, ensuring that contracting authorities have the necessary commercial capacity will be crucial to the Government's welcome ambitions for involving more SMEs in the delivery of our public services. Investment in both people and systems will be key to driving the cultural and behavioural changes that such reforms necessitate.

We would also like to emphasise that much of the success of the proposed reforms will rest on ensuring consistent application and implementation across contracting authorities, including at a local and devolved level. We believe, however, that the Government can further drive market changes via investment in both people and systems in this area. Unfortunately, there is still evidence of poor contracting behaviours including iniquitous risk transfer, inconsistency across departments, and excessive complexity in the tendering process.

These behaviours not only impact upon the efficiency with which taxpayer money is spent but also distort the market by effectively prohibiting the wider participation of potential suppliers, such as VCSE and SME organisations, within the procurement process.

### *Achieving our Net Zero ambitions*

In addition to this, we would welcome further details on the comprehensive new reforms to our energy infrastructure as announced by the Prime Minister in his speech in September on achieving our Net Zero ambitions. Reaffirming the commitment to Net Zero would also play a vital role in supporting market stability and business confidence. This would not only provide a clear pathway for a green economic recovery but also pave the way for future growth and confirm the Government's readiness to tackle climate change while simultaneously driving economic growth.

Our industry has a vital role to play in ensuring that the UK meets its Net Zero commitments through unlocking innovation, offering its expertise and resources in partnership with central, devolved and local government as well as business and VCSE organisations and driving investment in green skills and industries. Chapter Three of the BSA 2023 Manifesto highlights the work of BSA members both in terms of greening their own organisations and supply chains, as well as supporting central, devolved, and local government as we look towards the long-term goal of achieving Net Zero by 2050.



### *Contract Flexibility*

One of the lessons arising from the Covid-19 pandemic for service delivery was the importance of contract flexibility. BSA members have acted agilely and played a vital role in keeping the economy going, delivering services and projects.

For the most part, this has been possible because of their ability to adapt and has worked best where contracts can be flexed to meet new and changing requirements. The last three years have shone a light on the impact unforeseeable events can have on services and projects. This is particularly true for contracts of 5 years or longer.

It is in the interest of all parties that there are mechanisms in place to address this in a structured way. For example, government does not yet recognise ‘change in law’ as a risk that may not sit best with suppliers. In the case of VAT treatment, this additional risk and lack of clarification prior to award may lead suppliers incorporating this risk into their bid proposals. This area is therefore key in respect of risk allocation and realisation of value for money, and we therefore recommend that this is reviewed.

In addition to the above, we urge colleagues within HM Treasury to be mindful of the implications of ongoing labour shortages and widespread inflation for government contracts. As we have raised in our ongoing discussions with ministers and government officials, these pressures are being felt across the sector and are expected to have a direct effect on costs which would in turn impact on pricing considerations in government projects and services.

### *Upskilling and Reskilling*

Finally, it is important to recognise that government and employers can continue to support workers and drive future economic growth through the skills agenda. There is considerable opportunity here, tied to local labour market needs, to help people enter or re-enter the workforce, or progress within work.

The coronavirus pandemic and the current economic landscape have highlighted the importance of a flexible approach to upskilling and reskilling people; in turn reducing the skills gap, supporting the levelling up agenda, and driving our transition to Net Zero. Upskilling and reskilling will be vital to ensuring that workers have the skills that the future economy needs and in meeting the challenges of today.

We therefore urge the Government, and particularly the DfE and DWP, to join up social infrastructure provision encompassing careers advice, skills provision and employment support. This will create joined up learning, work and progression pathways for young people struggling to start their careers, as well as career change and lifelong learning opportunities for displaced older workers.

We urge the Treasury to work with DfE and DBT to consider practical reforms to current skills programmes including the Apprenticeship Levy. For example, employers and providers have long called for increased flexibility within the provision of apprenticeships, including the limitations around the use of Apprenticeship Levy funds.

We therefore encourage HM Treasury to consider practical reforms to the Levy to support recruitment and retention including:

- reforming the Levy into a broader and more flexible system, including allowing for apprenticeships that do not require a 12-month long programme;



- allowing employers more flexibility in being able to use Levy funds for part time workers or shorter courses (such as Functional Skills including maths, English, and ESOL, as well as digital skills);
- allowing Levy employers to use a % of their Levy funds to pay salaries for new recruited apprentices; and,
- allowing employers to utilise levy funding to support new starters by purchasing the tech and hardware needed for the role and their learning assessments.

BSA members stand ready to play their part in supporting a system that works best for employers, providers and, above all, the learners themselves. We would therefore welcome the opportunity to discuss these and other proposals in greater detail with HM Treasury colleagues.



# **Business Services Association**

## **2023 Manifesto**



## Preface

I would like to thank all those colleagues across the membership of the Business Services Association - the BSA - who have given so generously their time in the drafting of this document.

We call it the 'Manifesto' because it sets out not only what this diverse and energetic sector delivers in terms of its services and projects across the private and public sectors, but also explains some of the suggestions we hope that policymakers will take into account as we look to the challenges and opportunities that Britain faces in the years ahead.

It is sometimes said that Britain is in a 'global race'. I have always thought this to be an unhelpful analogy. A 'race' suggests that there is, somewhere, a finish line. In the ongoing challenge to be innovative, creative, entrepreneurial and forward-thinking there is never a finish line. It can only ever be a continuous national effort to encourage the ambition and the investment that is essential to ensure our economy is successful in delivering the jobs we seek and the wealth that we need.

Economic cycles come and go. This is just a fact of life. What business does need is as stable and as consistent a policy framework as is possible. Free markets are delicate entities. They need careful and continuous cultivation to ensure the right balances are struck. This requires practical, pragmatic, and wise policymaking. It requires thoughtfulness and a willingness to adjust if a policy does not have the desired effect.

It is my hope that this document can play its full part in informing the policy discussion.

*Mark Fox*  
*Chief Executive, the Business Services Association*

*July 2023*



## Foreword

As Chair of the Business Services Association I am very pleased to introduce the BSA's 2023 Manifesto.

It is no secret that this is a challenging time for many people, businesses and charitable organisations throughout the UK.

The diverse range of pressures being faced by those in the business services sector, as outlined in the BSA's monthly Economic Tracker [reports](#), highlights the need for clear, innovative, and practical policy solutions.

At the same time there are also a myriad of opportunities to be seized, particularly as we navigate the new world of work, embrace new technologies, and move towards a greener economy.

This Manifesto provides an overview of the main policy areas for the business services sector and our proposals for tackling the challenges associated with each of these.

Whether it is in helping to create the capacity for the UK to grow, driving our transition to Net Zero, capitalising on the benefits of innovation and rapid technological change, supporting critical national infrastructure, providing employment and training across all nations and regions of the UK, or enabling the delivery world-leading public services, BSA members stand ready to play their part.

I hope that this document, and the proposals it outlines, will inform the manifesto writing processes of all UK political parties as we approach the next general election and beyond. The BSA looks forward to working with government and industry to achieve these ambitions.

*Hilary Robertson*  
*Chair, the Business Services Association*

*July 2023*





## Introduction

### The Business Services Sector

Our sector lies at the very heart of the UK economy.

From our roads, energy supply, and digital ecosystem, to feeding school children and keeping our hospitals clean and safe, the work of BSA members improves the lives of tens of millions every day across every region of the country.

The latest evidence suggests the sector employs c.3.3 million people across the UK, accounting for around 1 in 10 jobs.<sup>1</sup> In addition, service and infrastructure providers are key innovators and growth facilitators, spearheading our transition to a green and digital economy, and operating throughout both the public and private sectors.

Our members, which include large and small businesses, professional services firms, charities, and social enterprises, are therefore crucial to addressing the country's productivity and growth challenge and bolstering our domestic resilience. Members deliver services and projects across every region of the country.

The economic pressures facing the economy, individuals and society are both considerable and wide-ranging. They include high levels of inflation in the cost of goods and services, significant supply chain disruption, and labour shortages across a variety of jobs and industries which are crucial to both critical national infrastructure and the wider economy. These pressures must also be seen in the context of the legacy impact of the coronavirus pandemic, Russia's invasion of Ukraine, and Brexit.

This document sets out the central policy areas for the business services sector and our proposals for tackling the challenges facing the UK. The evidence suggests 70 per cent of the sector provides services business to business, with 30 per cent provided to the public sector.<sup>2</sup> The recommendations in this document relate to both, showing where government and industry can improve their close partnership to deliver positive change and meaningful outcomes.

We focus here on three core themes:

1. Inclusive, Innovative, and Sustainable Growth.
2. Achieving more through better Partnering and Procurement.
3. Resilience, Sustainability, and Net Zero.

Throughout this Manifesto, we also highlight the fundamental value and potential that our sector can bring in driving innovation, productivity, and economic growth which is inclusive and sustainable.

Our goal is to inform and contribute to the manifestos processes of all political parties and if you have questions or comments on the proposals set out here, then please contact [piers.neill@bsa-org.com](mailto:piers.neill@bsa-org.com)

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<sup>1</sup> Oxford Economics (2017), *The UK market for business services*. Online: <https://www.bsa-org.com/wp-content/uploads/2017/04/OE-BSA-report.pdf>

<sup>2</sup> *Ibid*



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The Business Services Association  
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## Chapter One - Inclusive, Innovative, and Sustainable Growth

### Background

Different regions of the UK range between very high and very low levels of productivity.<sup>3</sup> Overall, the country is seen as underperforming.<sup>4</sup> Solving the productivity challenge is a cornerstone of creating the capacity for the UK to grow and prosper and this is an area in which BSA members have a key part to play.

Through their work delivering services across every region of the country BSA members are crucial to ensuring that the UK becomes a highly skilled, inclusive, and innovative economy. They deliver administrative services, facilities management, infrastructure, and digital solutions such as artificial intelligence (AI), so that their clients can focus on what they do best. The sector also delivers crucial advice and support services that enable businesses, both large and small, and in every region, to become more productive and competitive.

In addition to this, the business services sector is at the forefront of driving inclusive and sustainable growth. The BSA has recently published a collection of case studies showing the contribution members are making to communities across the UK.<sup>5</sup> These demonstrate how the sector can bring inward investment into an area, scale and replicate innovation which has taken place elsewhere, and leave a lasting legacy in each place in terms of economic and social infrastructure.

Taken together, the innovation and productivity that the sector drives, including through automation and digitalisation, can combine with the lasting value organisations are able to deliver through their services to bolster the UK economy through inclusive, innovative and sustainable growth.

In order to achieve this, however, industry and government must work together both to tackle the pressures that are inhibiting businesses' ability to scale and innovate, as well as to seize those opportunities that rapid technological change can bring. For example, businesses share a common challenge with regards to labour capacity in the UK market.<sup>6</sup> This is limiting industry's ability to grow and the UK's ability to recover and capitalise on the opportunities of tomorrow.

Government and employers can continue to drive the skills agenda in order to help people enter or re-enter the workforce, or progress within work. BSA members are also navigating the new relationship with Europe and other global partners to ensure that the UK is best place to take advantage of the opportunities available, and to increase its resilience to future events.

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<sup>3</sup> Office for National Statistics (2022), *Regional labour productivity*. Online: <https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/bulletins/regionallabourproductivityincludingindustrybyregionuk/2020>

<sup>4</sup> Office for National Statistics (2023) *International comparisons of UK productivity*. Online: <https://www.ons.gov.uk/economy/economicoutputandproductivity/productivitymeasures/bulletins/internationalcomparisonsofproductivityfinalestimates/2021>

<sup>5</sup> BSA (2023), *Leaving a Lasting Legacy in Communities*. Online: <https://www.bsa-org.com/regions/>

<sup>6</sup> House of Commons Library (2023), *Skills and labour shortages*. Online: <https://commonslibrary.parliament.uk/research-briefings/cdp-2023-0001/>



Digital and green technology is also an important way in which the UK can address some of the biggest problems we face including productivity, resilience, and inclusion. At present, however, it is not yet embedded as deeply and widely across the fabric of our physical, social and infrastructure as it should be. We will also not be able to realise the potential of this technology whilst still hindered by our lack of digital skills.

Here, again, industry and government must continue to explore how best to harness the key drivers of rapid technological change, such as increased automation and deployment of AI, whilst remaining mindful of the challenges these may create themselves.<sup>7</sup> Underpinning all this, we have entered a new world of work for business and individuals which is here to stay.

Government policy should respond to those changes and help workers, businesses, and VCSEs adapt. This will include ongoing reviews over the levels of government investment and support for industry in these areas, as well as wider discussions on policy relating to upskilling, reskilling, and training.

We look forward to continuing to work with government at all levels to ensure that people, businesses, and voluntary organisations in the UK are able to thrive and prosper.

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<sup>7</sup> Center for AI Safety (2023), *Statement on AI Risk*. Online: <https://www.safe.ai/statement-on-ai-risk>



## Part I - Productivity and Innovation

### Summary and key asks

- Investment in large-scale infrastructure projects and our digital ecosystem is key to supporting growth, inspiring confidence and encouraging innovation and productivity.
- The UK must confront the challenge of a workforce trained with 20th century skillsets that have to be updated in order to seize the opportunities of the 21st.
- This includes reforming existing policies, such as the Apprenticeship Levy, to create a flexible system that works best for employers, providers, and, above all, the learners themselves.
- Policy must adapt to, and enable people, businesses and VCSEs to maximise the benefits of, the new world of work, automation and AI, and the pace of technological change.
- We would caution against any further increase to the burden of regulation and taxation on business as they look to mitigate the range of economic pressures they are currently facing.

### Bolstering the UK's physical, social and digital infrastructure

Infrastructure is vital for economic growth and prosperity. Research has demonstrated the clear benefits for the economy from investing in our infrastructure, both in terms of the infrastructure assets themselves but also in the employment of people engaged in the projects and the additional value these projects can generate for surrounding communities.<sup>8</sup> In particular, large projects, such as Northern Powerhouse Rail, bring a scale and flow of work which, in turn, provides greater certainty for industry to invest in other ventures and in modernisation. Investment in large projects also supports jobs and local businesses through supply chains that cover all regions across the UK.

We encourage government to consider the positive impact that commitment to large-scale infrastructure projects has in boosting business and market confidence. The construction and infrastructure industry is of strategic importance to the UK economy and has a particular role to play as we look to restore economic stability and strengthen our economy. In short, the investment in both people and place that government can support with these large-scale projects is vital to our economic recovery in the short term as well as our long-term prosperity.

In addition to this, significant and sizeable projects committed to using modern methods of construction and digitalisation give industry more confidence to invest and a platform through which to embed digital ways of working. This then helps to accelerate the modernisation of the industry, drives further productivity gains, and supports smaller organisations operating within larger contractors' supply chains.

The experiences of those who have been working from home over the past three years have also highlighted how crucial our digital infrastructure is and its importance to the functionality of our wider economy. We must also consider the long-term impact that the coronavirus pandemic will have on the future of work in this country and the central role that digital infrastructure will play in this.

The benefits of increased digital infrastructure, such as the introduction of gigabit capable broadband, will be felt across the UK economy. Government should continue to work with industries where the benefits of digital improvements could prove transformative, such as business services, to pilot technologies. This will be key to advancing digital inclusion and tackling the 'digital divide' which inhibits the levelling up agenda in areas that are currently underserved in this regard. This is also discussed in greater detail in Part II of this Chapter.

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<sup>8</sup> Journal of Infrastructure Policy and Development (2020), *The impact of infrastructure investment on economic growth in the United Kingdom*. Online: [https://www.researchgate.net/publication/348208275\\_The\\_impact\\_of\\_infrastructure\\_investment\\_on\\_economic\\_growth\\_in\\_the\\_United\\_Kingdom](https://www.researchgate.net/publication/348208275_The_impact_of_infrastructure_investment_on_economic_growth_in_the_United_Kingdom)



## Digital Innovation, Transformation, and Ethics

Digital innovation has made great advances in recent years and is a key driver of productivity and growth.<sup>9</sup> There is now an opportunity to secure and build upon it, especially through investment, to ensure that its benefits are spread and are available equally to all. This means adopting a human-centred approach in which digital is harnessed to support wider goals rather than being seen as an end in itself.

BSA members already deliver digital solutions through their service provision in addition to being key providers of the UK's digital infrastructure. For example, Internet of Things (IoT) sensors are being added into physical infrastructure, ranging from buildings to bridges, in order to provide constant monitoring for safety, FM and wider services.<sup>10</sup> Digital Twins are also increasingly used to model and refine complex infrastructure and vehicle builds at the design stage, whilst virtual and augmented reality are increasingly used for training purposes.<sup>11</sup>

In order for UK businesses and VCSEs to capitalise on the opportunities these technologies present, it is crucial that the UK has a healthy and robust digital ecosystem. This includes government support and investment in new technologies, skills provision, and security. The last of these is covered in greater detail in Chapter Three of this Manifesto.

It is also important that our advances in digital transformation are accompanied by sufficient policy and guidance around digital ethics. This means not only improving the general literacy of key stakeholders and officials with regards to automated or algorithmic decision-making, but also ensuring that AI is subject to appropriate safeguards and regulations.

As we look to grow our economy and navigate the economic challenges ahead, a focus on digital transformation can be used as an enabler of economic growth across the board. Government policy and investment can help businesses to build on those digital transformation projects which were accelerated in response to COVID-19 and which will need to continue to do so if businesses are to be future-proofed.

We can also harness the power of technology to achieve core objectives around the environment, as is covered further in Chapter 3, regional inequalities, and the day-to-day functioning of government services. Technology can help to improve sustainability and industrial resilience in areas such as 3D printing or additive manufacturing, which are becoming a core need and can play a greater role in any industrial strategy going forward.<sup>12</sup>

Technology can also ensure that regional inequalities are overcome rather than entrenched by enabling business to use the power of big data to overcome local challenges and restrictions, as well as by extending access to training and other services for those who may lack the means to travel long distances to access them. The acceleration of digital transformation programmes is crucial to ensuring continued, secure, and improved access to essential services.

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<sup>9</sup> Brookings Institute (2023), *Machines of the mind: the case for an AI-powered productivity boom*. Online: <https://www.brookings.edu/research/machines-of-mind-the-case-for-an-ai-powered-productivity-boom>

<sup>10</sup> Digiteum (2022), *The Role of Internet of Things (IoT) in Facility Management*. Online: <https://www.digiteum.com/iot-facility-management/>

<sup>11</sup> Open Innovation Team (2022), *Investigating Virtual Reality for the College of Policing*. Online: <https://www.gov.uk/government/news/investigating-virtual-reality-for-the-college-of-policing>

<sup>12</sup> Materials Today (2022), *A review on 3D printing: An additive manufacturing technology*. Online: <https://www.sciencedirect.com/science/article/abs/pii/S2214785322012184#preview-section-abstract>



## Labour Supply, Upskilling, and Reskilling

Government and employers can continue to support workers and drive future economic growth through the skills agenda. There is considerable opportunity here, tied to local labour market needs, to help people to either enter or re-enter the workforce as well as to progress within work.

The coronavirus pandemic and the current economic landscape have highlighted the importance of a flexible approach to upskilling and reskilling people, in turn reducing the skills gap, supporting prosperity across all regions of the country, and driving our transition to Net Zero.<sup>13</sup> Upskilling and reskilling will be vital to ensuring that workers have the skills that the future economy needs and in meeting the challenges of today.

We therefore urge government, particularly the Department for Education and Department for Work and the Pensions, to join up provision encompassing careers advice, skills provision, and employment support. This will create joined up learning, work and progression pathways for young people looking to start their careers, as well as career change and lifelong learning opportunities for displaced older workers.

We also encourage government to consider practical reforms to current skills programmes including the Apprenticeship Levy. For example, employers and providers have long called for increased flexibility within the provision of apprenticeships including the limitations around the use of Apprenticeship Levy funds.<sup>14</sup>

Suggestions relating to reforms to the Levy include:

- reforming the Levy into a broader and more flexible system, including allowing for apprenticeships that do not require a 12-month long programme;
- allowing employers more flexibility in being able to use Levy funds for part time workers or shorter courses such as Functional Skills including maths, English, ESOL, and digital skills;
- allowing Levy employers to use a percentage of their Levy funds to pay salaries for new recruited apprentices; and,
- allowing employers to utilise levy funding to support new starters by purchasing the tech and hardware needed for the role and their learning assessments.

Looking beyond the Levy, BSA members stand ready to play their part in supporting a system that works best for employers, providers, and, above all, the learners themselves.

Championing learning throughout people's lives and encouraging a joined-up approach to careers, skills, and employment support, will be key to supporting our economy going forwards. Ongoing lifelong career change is likely to be a core feature of the new world of work and therefore the principles of flexibility of skillsets and adaptability of careers need to inform education from Key Stage 2 onwards.

Further work is also required to adapt skills provision to the changing local needs of employers and BSA Members have discussed a range of potential policy responses including:

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<sup>13</sup>Local Government Association (2021), *Learning from employment and skills responses to Covid-19*. Online: <https://www.local.gov.uk/publications/learning-employment-and-skills-responses-covid-19#introduction>

<sup>14</sup> BSA (2022), *Response to BEIS Request for Insights on the Apprenticeships Levy*. Online: <https://www.bsa.org.com/wp-content/uploads/2022/12/BSA-Response-to-BEIS-Request-for-Insights-on-the-Apprenticeships-Levy-19.8.22.pdf>



- increasing investment in pre-apprenticeship functional skills and core GCSEs in Maths and English, as well as courses of under a year;
- exploring flexible delivery models and giving people a holistic support package that covers areas such as digital;
- creating funding to help with travel costs for those in more remote areas whose local providers may no longer be functioning;
- ramping up business-led careers advice focused on high-growth opportunity areas such as sustainability, digital, civil engineering, and construction;
- encouraging students into vocational training where this is most appropriate to them, including through making sure schools are not simply focused on numbers going to university; and,
- focusing from an early age on gender equality in relation to STEM subjects, including ensuring that technology and computing teaching aligns fully to the future skills agenda, such as AI, and covers both using and creating such technology appropriately.

In addition to encouraging people both into and back into work, businesses and voluntary organisations continue to engage fully with existing immigration schemes. We would encourage government to explore further pragmatic steps here whilst also ensuring the development of the UK's domestic labour force.

#### New ways of working and flexible work

We are entering a new phase of work in which changes which were already taking place are now being accelerated, and government policy must respond to those changes and help businesses adapt.

It is already clear that the role of the office in the new economy is changing.<sup>15</sup> For some sectors and businesses it is likely to involve a degree of hybrid working, combining home or agile working with limited person-to-person working in repurposed 'office' environments. The latter will continue to be needed for networking, collaboration, training and mentoring, and exchange of ideas. These are all especially important for young people, those starting new careers or jobs and for growing a business.

Policy and practice need to reflect fully the emerging world of work including in such areas as:

- training and skills development;
- reward strategies which make retraining and career transitioning pay off;
- approaches to Net Zero and sustainability; and,
- equitable partnership working between large employers and SME supply chains.

These issues also have significant implications for government both through public procurement, including through contract design and management, and in its wider approach to business.

#### Taxation and VAT reform

We would caution against any further increase to the burden of regulation and taxation on business as they look to mitigate the range of economic pressures they are currently facing. We also encourage government to explore further measures to support business such as long overdue reforms to the VAT regime as made possible by our departure from the European Union.

Having completed our transition period and formally exited the European Union, we would urge government to consider whether the VAT regime could be amended to address the concerns of business and simplify the taxation process. VAT is a longstanding area of concern for members.

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<sup>15</sup> Deloitte (2023), *Activating the future workplace*. Online: <https://www2.deloitte.com/uk/en/insights/focus/human-capital-trends/2023/future-workplace-trends.html>





The BSA has also previously discussed with HM Treasury the difficulty of VAT recovery faced by VAT exempt organisations when they outsource services. Following our departure from the European Union, we would encourage government to address the VAT rule which restricts a level playing field from operating in certain areas of public sector delivery, including social housing and further education colleges.

For example, as social housing organisations are exempt from VAT, independent providers need to be at least 20 per cent cheaper to begin to be competitive. This also serves as an additional barrier that particularly affects those SMEs and VCSE organisations who are keen to participate in the delivery of our public services.



## Part II - Inclusion and Opportunity

### Summary and key asks

- We must tackle the digital divide and continue to invest our digital ecosystem.
- Supporting local leadership, including through the devolution of powers, is key to identifying and addressing the factors limiting growth in these areas.
- Workers should be supported as we transition to the new world of work including through skills programmes.

### Digital Inclusion and the Role of ICT

Digital inclusion is clearly important to facilitating employment, access to services and general wellbeing. It is also central to people's ability to connect with others at all levels, reducing any sense of isolation, including in the new world of work.

The 'digital divide' is complex and multi-faceted. It involves both those who cannot become fully digitally enabled due to lack of resources, information about upskilling, or adequate connectivity, as well as those who may, for whatever reason, choose not or are unable to do so.<sup>16</sup> The first is about addressing all forms of digital poverty, including lack of access to the most up to date devices and addressing coverage issues in the most remote areas. The second is partly about education and partly about reducing genuine fears on issues such as digital security and privacy.

All stakeholders need to work together to improve digital access and education for left behind groups as a matter of urgency. It is important that investment in digital infrastructure and skills is appropriately prioritised in order to deliver inclusive and sustainable growth.

### Supporting local economies and Community Wealth Building

The business services industry supports and works in all sectors of the economy and in local economies across the UK.<sup>17</sup> It can help other companies compete more effectively, build up local SMEs, and help employ and train local workforces. Business services providers are also expert at scaling and replicating the innovation and change now required. All stakeholders which retain such capacity and capability need to draw together in common endeavour to accelerate this work.

The importance of 'Community Wealth Building' - strengthening organisations and people in local communities - has been recognised for some time.<sup>18</sup> The aim of the Community Wealth Building agenda is to enable communities themselves to enjoy the benefits of economic growth, and a central part of that is about giving them more control.

These communities are best able to determine their strengths and weaknesses, the limiting factors to inclusive growth in their area, and how these can best be addressed. That is why the devolution of powers, including commissioning, is so important. Devolution can also be used to help break down the barriers which have existed between economic and social infrastructure.

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<sup>16</sup> House of Commons Library (2021), *Tackling the digital divide*. Online:

<https://commonslibrary.parliament.uk/research-briefings/cdp-2021-0175/>

<sup>17</sup> Oxford Economics (2017), *The UK market for business services*. Online: <https://www.bsa-org.com/wp-content/uploads/2017/04/OE-BSA-report.pdf>

<sup>18</sup> CLES (2021), *Community Wealth Building: A History*. Online: <https://cles.org.uk/wp-content/uploads/2021/08/CWB-a-history-FINAL2.pdf>



The focus of the first waves of devolution deals was understandably on measures aimed directly at stimulating economic growth and development, especially in areas such as infrastructure and transport in which local government has already developed knowledge and experience.

Commissioned wisely such projects are vital for inclusive growth. In addition to this, the goals of wider service integration and improvement should not be seen as an alternative to economic growth but as contributing to it. Services such as employment support, skills provision, and health and social care provision not only improve people's quality of life but help provide a healthier, more skilled and more productive workforce. The aim should be to produce a virtuous circle of local service delivery which will help generate inclusive growth. This, in turn, then generates the income that funds the service provision.

Several other trends have been underway locally at the same time including budget reductions, incentives for growth through business rate reform, rising demand, technological advance and changing expectations. These in any event will lead to radical service redesign, a focus on targeted services accompanied by discussions on digitisation, a big focus on Place shaping and investment in prevention and behaviour change.

Bringing this together requires Place-based strategic leadership. Place leaders will therefore be key in enabling communities to drive response, providing leadership so those needs and wishes can evolve into strategy, and drawing together stakeholders in putting it into effect.

All political parties rightly emphasise the importance of devolving powers and responsibilities from Whitehall. It is important, however, to remember also that the voices of local communities themselves, as well as their local and devolved government representatives, should be at the heart of the decision-making process going forward.

Local leaders must work with the community concerned and with external stakeholders to assess what are the main limiting factors to inclusive growth and how people's wellbeing can best be improved, including through analysis of up-to-date data. The skills and experience of business services providers can be invaluable, working with them to analyse both the needs and wishes of residents, as well as the factors limiting inclusive growth.

Devolution will inevitably mean priorities in each area should and do respond to local need. But there will also be common themes between areas. Many devolved authorities have worked together on issues like good employment charters and principles for public procurement, to make sure that, where such common themes exist, it is easier for UK-wide companies to respond to requirements in different areas.

The evidence from areas which have pioneered successful projects achieving a lasting long-term legacy in inclusive growth and social value is that they were open and honest about the outcomes required and looked for partners who were innovative and proactive in offering ways to achieve those outcomes.<sup>19</sup> Some such outcomes require adequate contract length for these activities to be undertaken. Therefore, contract size and length may be an important factor to consider for those authorities looking to maximise social value in this area. The public sector can also help by setting out a clear pipeline of work so service and infrastructure providers can plan ahead and invest.

Above all, it is vital that all such provisions are driven by the needs and wishes of the community concerned, and use the best means available to achieve the desired outcome. An open and strategic commissioning process is key to achieving this. Partnerships based on good relationships and on goals which are both clear and clearly aligned are often the ones which achieve the greatest lasting legacy.

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<sup>19</sup> BSA (2023), *Leaving a Lasting Legacy in Communities*. Online: <https://www.bsa-org.com/regions/>



### Backing the local workforce

The BSA has organised seminars around country on these issues.<sup>20</sup> One topic we have discussed is stemming the outflow of skilled workers from areas which have been hit hardest in recent years. The new world of work now provides opportunities to address this, with some employers focusing less on offices in major cities. Many employees, however, will still wish to work, live and socialise with and in proximity to their peer groups, especially those working in similar fields.

Partly this is about linking local skills development with local job availability, but it is also about encouraging skilled people not to move away for other reasons. This means an attractive civic realm, local amenities, affordable housing, and groups of like-minded people. Encouraging employers to locate in and/or recruit from localised hubs with others in the same sector is one way to help achieve this. It also helps with cross-fertilisation of ideas and skills within that sector. At the heart of this, employers, providers, and local government must all work together in partnership to develop skills plans that best support communities across the local economy.

Government at all levels could actively encourage shared remote working workspaces in those areas of the country, especially outside major cities, where they are not yet present. These could be developed with local authorities and local businesses, potentially focused on local or regional business specialisms and co-located with other local services or amenities such as libraries, business advice one-stop-shops, and refreshment provisions.

The post-covid economy has significant implications for city and town centres and the high streets within them, with an increasing focus on spaces to live and to relax and socialise, through more flexible working environments. There is a big role for inclusive and sustainable regeneration, so that these locations become areas where workspaces co-exist to a greater extent with housing and social amenities. Urban areas and towns will continue to play a vital role helping people connect, but in new ways. Some have spoken for example of the '15-minute city', where workspaces, amenities and living spaces are in close proximity.<sup>21</sup>

Key to this will be making sure that areas outside the major cities benefit from these changes and, in turn, key to that is giving local areas more control within a national framework. This includes local areas being fully involved in spending resources through central government's funding streams.

### Supporting workers

As discussed in a recent BSA Summit on the New Economy, the emerging world of work provides new opportunities for people who do not live near city centre offices if they are able to work for longer periods at or near home.<sup>22</sup> Both employers and employees need to work together to ensure that all staff have a safe, adequate and appropriate place to work.

It is important to ensure that groups which have to date been disadvantaged in the labour market, including disabled people, care leavers, ex-offenders and the homeless, can take full advantage of the new world of work. Many BSA members help to provide tailored employment support for those who need it most including learners, job seekers and those who are unable to work or increase their hours due to disability, a health condition or illness, or caring responsibilities.

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<sup>20</sup> BSA (2023), *Building Back Better: West Midlands*. Online: <https://www.bsa-org.com/publication-type/event-write-up/>

<sup>21</sup> World Architecture (2021), *Carlos Moreno's 15-Minute City Concept Wins Obel Award 2021*. Online: <https://worldarchitecture.org/article-links/emhec/carlos-moreno-s-15-minute-city-concept-wins-obel-award-2021.html>

<sup>22</sup> BSA (2022), *Summit on the Future of Work and Levelling Up*. Online: <https://www.bsa-org.com/wp-content/uploads/2022/05/BSA-Barclays-Future-of-Work-Summit-Write-up6019-2.pdf>



## Responsible business

This Manifesto covers many of the areas where businesses are increasingly aware of their responsibilities, to their employees, their community, and wider society. Not only is this the right approach to take, but it is good business and increasingly reflects the wishes of investors, current employees, and potential employees who want to ensure that they are making a positive contribution.

Some of these responsibilities are mandatory and are set out in legislation or in procurement rules. Other actions are increasingly best practice over and above this. Often business behaviour spans the two. Examples are working towards Net Zero, prompt payment of supply chains, pay and conditions for workers, and tackling evils such as Modern Slavery on which the BSA has recently published a toolkit in conjunction with service and infrastructure providers and third-party organisations.<sup>23</sup>

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<sup>23</sup> BSA (2023), *BSA Toolkit - Tackling Modern Slavery in UK Service and Infrastructure Projects*. Online: <https://www.bsa-org.com/wp-content/uploads/2023/06/BSA-Toolkit-Tackling-Modern-Slavery-in-UK-Service-and-Infrastructure-Projects-Sectors-June-2023.pdf>



## Chapter Two - Achieving more: Better Partnering and Procurement

### Background

Goods and services to the tune of £300bn are purchased each year to keep the machinery of government running and to implement projects that improve our public services.<sup>24</sup>

This amounts to around a third of public sector spending.

It is therefore imperative that this money is spent sensibly, fairly, and transparently. We all share a commitment to ensuring that taxpayers' money is properly targeted to the maximum benefit of all citizens. By working in partnership with the public sector, the business services sector has an important part to play in enabling government to achieve its policy objectives including becoming a green economy, delivering world-class public services, and supporting prosperity across the whole country. This means aligning our goals, collaborating to achieve these, and being able to work through problems, especially in times of crisis and change.

The foundations of partnership are forged right at the start through early engagement as well as robust and effective public procurement processes that promote best practice across the public sector and incentivise the right behaviours. This fosters a climate of trust in which a healthy ecosystem can thrive.

These processes will inspire greater inwards investment whilst also enabling greater numbers of SMEs and charities to become more involved in providing services and projects. They also encourage better supply chain resilience, bolster our cyber security, deliver further social value, drive prompt payments, and support the transition to Net Zero.

Government is on a journey to improve public procurement from developing best practice guidance through the Playbooks to the proposed Procurement Bill and increasing public transparency of the outcomes, including social value outcomes which need to be measured consistently and clearly.<sup>25</sup> BSA members are active partners in ensuring that these improvements continue to deliver the shared ambitions for the benefit of all, whilst also feeding back on their effectiveness to continue to evolve so that they do not unnecessarily increase the burden of regulation on the Government's supply chain.

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<sup>24</sup> House of Commons Library (2022), *Procurement statistics: a short guide*. Online: <https://commonslibrary.parliament.uk/research-briefings/cbp-9317/>

<sup>25</sup> Government Commercial Function (2023), *Transforming Public Procurement*. Online: <https://www.gov.uk/government/collections/transforming-public-procurement>



## Part I - Better Procurement

### Summary and key asks

- Public procurement is central to achieving policy ambitions across Net Zero, supporting SMEs, encouraging growth and innovation, strengthening communities including through social value, and bolstering domestic resilience.
- Recent reforms to public procurement have been welcome but there is still more that can be done to put them into effect across the board.
- The key principles include transparency over outcomes, that risk is held by the party best placed to manage it, and a genuine desire to work in collaboration with the private and VCSE sectors to achieve them.
- Government has the ability to drive growth, increase jobs and reduce carbon with the money it spends with suppliers, but it can only do this if it can access good data on what is spent by public bodies.

### Delivery of Public Services

Our industry has a vital role to play in ensuring that investment is spent as efficiently as possible, thereby bolstering our economic stability, supporting jobs and local businesses across the country and delivering services and infrastructure of the highest quality to the British public.

Recent steps to increase the effectiveness of public service delivery have been positive but there is still much that can be done to improve upon this. In particular, the BSA has welcomed the Cabinet Office's Playbooks and has called for the full implementation of Playbook principles across the public sector. This includes the principle that risk should be held by the party best placed to manage it, as well as the principle that future pipelines of work or need should be published well in advance and kept up-to-date with sufficient quality of detail to enable the sector to prioritise and make investment decisions, including in training, communities, and supply chains. Advancing the time for industry to invest will result in more innovation, informed engagement, and better outcomes for the taxpayer. Such measures should also be seen as an integral part of maximising social value and community wealth.

Ensuring that contracting authorities have the necessary commercial capacity will be crucial to ambitions for involving more SMEs in the delivery of our public services. Investment in both people and systems will be key to driving the cultural and behavioural changes that such reforms necessitate.

Procurement processes and cultures are inconsistent across Whitehall and a significant policy initiative is needed to ensure all central government departments procure in the same way. This requires policy, administrative, and cultural change across Whitehall.

Much of the success of the proposed reforms will rest on ensuring consistent application and implementation across contracting authorities, including at a local and devolved level. We believe, however, that government can further drive market changes via investment in both people and systems in this area. Unfortunately, there is still evidence of poor contracting behaviours including iniquitous risk transfer, inconsistency across departments, and excessive complexity in the tendering process.

These behaviours not only impact upon the efficiency with which taxpayer money is spent but also distort the market by effectively prohibiting the wider participation of potential suppliers such as VCSE and SME organisations within the procurement process.



## Contract Flexibility

One of the lessons arising from the Covid-19 pandemic for service delivery was the importance of contract flexibility. BSA members acted agilely and played a vital role in keeping the economy going by delivering key services and infrastructure projects, keeping hospitals open and clean, enabling food deliveries, as well as supporting the reopening of shops and offices after the lockdown periods.

For the most part, this was possible because of their ability to adapt and worked best where contracts could be flexed to meet new and changing requirements. The last three years have highlighted the impact that unforeseeable events can have on services and projects. This is particularly true for contracts of 5 years or longer. It is in the interest of all parties that there are mechanisms in place to address this in a structured way. For example, government does not yet recognise ‘change in law’ as a risk that may not sit best with suppliers. This area is key in respect of risk allocation and realisation of value for money, and we therefore recommend that this is reviewed.

In addition to the above, we would urge government to be mindful of the implications of ongoing labour shortages and widespread inflation for government contracts. As we have raised in our discussions with various key stakeholders, these pressures are being felt across the sector and are expected to have a direct effect on costs which would in turn impact on pricing considerations in government projects and services.

## Data

Despite progress in recent years, there remains a shortfall in the quality of data in and around public procurement. Whilst the commitments to transparent central platforms, as outlined by both main parties, are to be welcomed, government currently remains disjointed in its approach to requesting data from its suppliers.

The ambition to drive transparency and continuous improvement in data reporting across the public sector is to be commended and the BSA recognises that enhancing data availability is key to clear and effective public procurement.<sup>26</sup> The cost of some complex public procurements could be reduced if more attention and effort were to be made in providing accurate and complete data against which bidders can correctly price their services. Today, to mitigate for significant uncertainty in costs, bidders may incorporate a risk premium into their price. This neither benefits them, nor the buyer, nor the taxpayer. Accurate data would reduce that uncertainty, avoid any such premium, and reduce prices.

We also appreciate the work being undertaken to simplify the numerous data requests that suppliers must fulfil, however there remain too many instances of duplication of request across different departments and contracting authorities and, as with any additional reporting requirements, there are resource implications for suppliers. We would also urge any government to be mindful of the implications of additional resource intensive activities for supplier, including SMEs, and in the context of wider commercial pressures.

There is a significant opportunity to conduct much greater analysis of our public contracting so that we can better understand the impact of the procurement decisions that are being made and deliver much better outcomes for service users and the economy at large. Government has the ability to drive growth, increase jobs, and reduce carbon with the money it spends with suppliers but it can only do this if it can access good data on what is spent by public bodies.

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<sup>26</sup> Institute for Government (2023), *Government data sharing during the pandemic*. Online: <https://www.instituteforgovernment.org.uk/publication/government-data-sharing-pandemic>





## Public Procurement and the transition to Net Zero

Public procurement guidelines can stimulate a critical mass of demand for more sustainable goods and services. By leveraging government purchasing power to choose goods and services that have less of an impact on the environment, public authorities can make an important contribution to sustainable consumption and production.

Public procurement can also act as a strong stimulus for eco-innovation by providing clear long-term pipeline visibility and then incentivising the development of sustainable technologies and products. Requiring suppliers to meet certain environmental standards would stimulate innovation and encourage companies to develop new products with enhanced environmental performance.

As set out above, an important component of this work is collection and publication of quality data. With the right data, it is possible to profile the current net CO<sub>2</sub> emissions of individual contracts across the board, as well as to identify alternative sources of supply, or steps to improve the net CO<sub>2</sub> emissions within each contract. Programmes of change can be rolled out according to exactly when the existing carbon-heavy contracts expire. Through modern analysis of public procurement data, government will be able to direct spending to achieve distinct, measurable CO<sub>2</sub> emission reductions.



## Part II - Better Partnering

### Summary and key asks

- Working collaboratively, Government and business should leverage their combined expertise and resources to deliver the best outcomes for taxpayers. This includes, but is not limited to, the areas outlined in this section.
- To grow our economy and stand out globally, we need a thriving ecosystem made up of small, medium and large organisations, both profit and not for profit, who are able to combine in many different ways to solve complex public sector challenges.
- Large organisations can benefit greatly from working in partnership with SMEs and VCSEs in their supply chains, who in turn can benefit from the former's experience and capability. Resilience and innovation comes from galvanising a diverse mix of talents and experience from larger and small organisations alike that will drive forward innovation and growth.

### Partnership working between companies to support local economies

All types of organisations have a role to play in our economic recovery as well as in rebuilding economic and social infrastructure. In many areas of the country, however, smaller businesses and VCSE organisations have been hit especially hard by the challenges of recent years.<sup>27</sup>

The business services sector has the experience and professional expertise to help many micro-businesses and SMEs take the crucial next step to becoming medium-sized businesses. There is substantial evidence of the positive effect of the use of business services on a sector's productivity.<sup>28</sup>

Furthermore larger organisations can have the capacity and reach to help support and rebuild local SME capacity in their supply chains. They can help to shoulder the risk and provide the up-front finance which are often necessary parts of contracts with public and private sectors alike. Meanwhile smaller organisations bring their strengths and innovation so that the two learn from each other. Different sizes of businesses have different strengths they can draw on, and collaboration can help them do so.

This involves a fair treatment of supply chains, prompt payment of bills and a fair allocation of risk and reward. The BSA has highlighted the importance of equitable collaboration between different sizes of company in its Statement of Best Practice on Partnership Working between larger businesses or VCSE organisations and SMEs.<sup>29</sup>

Genuine partnership working and involvement of SMEs brings benefits to partners and clients, to the economy and to society as a whole. Larger organisations benefit from a healthy and more diverse supply chain, SMEs can benefit from the capacity, support and reach of larger organisations, and together they can achieve more.

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<sup>27</sup> Bank of England (2021), *Impacts of the Covid-19 crisis: evidence from 2 million UK SMEs*. Online: <https://www.bankofengland.co.uk/-/media/boe/files/working-paper/2021/impacts-of-the-covid-19-crisis-evidence-from-2-million-uk-smes.pdf> and

The Charity Commission (2021), *Charity Commission COVID-19 Survey 2021*. Online: <https://www.gov.uk/government/publications/charity-commission-covid-19-survey-2021>

<sup>28</sup> Oxford Economics (2015), *The use of business services by UK industries and the impact on economic performance*. Online: <https://www.bsa-org.com/wp-content/uploads/2017/10/OE-report-for-BSA-Productivity-report-Sept2015.pdf>

<sup>29</sup> BSA (2021), *Statement of best practice on partnership between larger businesses or VCSE organisations and SMEs*. Online: <https://www.bsa-org.com/wp-content/uploads/2021/04/BSA-best-practice-document-FINAL-WEB-1.pdf>



## The role of Contract Catering across the public sector

Contract catering is a vital part of the UK's critical national infrastructure. Approximately £2 billion is spent annually by the public sector procuring food and catering services across school meals, further and higher education, Defence, Government Departments' offices, prisons, and NHS hospitals and care homes.<sup>30</sup> Commercially, it is a diverse sector with a myriad of funding routes and commercial models across different settings.<sup>31</sup>

Contract catering also encompasses many areas of public policy and public interest including food security; sustainability, reducing waste and transitioning to Net Zero; public health and obesity; school meals and learning; and hospital food. All these topics require careful consideration alongside operational and commercial considerations especially for public sector contracts spending taxpayers' money.

As all parties look at reviewing its government's procurement processes and guidance, we would urge policy makers to consider the distinctive aspects of contract catering such as the specific standards and regulations that are adhered to, the retail-style aspect of delivery models and income from sales to customers and the risk associated with volume fluctuations.

In addition to this, it is crucial that public sector catering is given sufficient funding allocation and protection to ensure that meals of the highest quality continue to be served to millions of people every day across the UK, including school children, the Armed Forces, patients, NHS and social care staff, as well as those working on construction sites, in offices, factories and offshore locations.

## Investment in the prison estate and reducing both offending and reoffending

The ultimate aim of any policy on offending must be to reduce the number of offences occurring in the first place, including learning from best practice and investing in the right areas in communities.

Reducing reoffending requires an innovative and forward-looking vision of an effective prison system. Policy must remain pragmatically focused on the challenge of service delivery, but also the principles of fairness, decency and respect which are central to the delivery of excellent prison regimes.

A commitment to strategic investment which both modernises and improves the prison system's capacity should be coupled with sufficient funding to support both the regimes and reintegration programmes operating across the justice estate including training and employability services. This investment facilitates better provision of purposeful activity for prisoners and improved security, both of which contribute to safer and more productive environments for prisoners and staff.

Much of the challenge of improving prison regimes concerns the existing estate and its capacity pressures.<sup>32</sup> Prison maintenance, including day-to-day estate inspection, minor repairs and large-scale refurbishment, is vital to preventing cells being taken out of use and providing decent environments for prisoners and staff.

The second area of modernisation is the necessary investment in digitalisation and digital innovation, central to the delivery of modern regimes. Too many prisons operate without basic digital infrastructure, which in turn inhibits efficiency. Secure ICT and in-cell learning will facilitate access to training and employment resources for prisoners, supporting rehabilitation.

<sup>30</sup> House of Commons Environment, Food and Rural Affairs Committee (2021), *Public Sector Procurement of Food*. Online: <https://publications.parliament.uk/pa/cm5801/cmselect/cmenvfru/469/46902.htm>

<sup>31</sup> BSA (2021), *Summary: Contract Catering in the UK*. Online: <https://www.bsa-org.com/wp-content/uploads/2021/05/BSA-Summary-Contract-Catering-in-the-UK1.pdf>

<sup>32</sup> House of Commons Library (2021), *The prison estate*. Online: <https://commonslibrary.parliament.uk/research-briefings/sn05646/>



Digitalisation and streamlining encompass the necessary changes and improvements to sharpen up burdensome administrative processes and transform outdated legacy data systems so that staff can see the right data at the right time and in the right format, improving their ability to make informed decisions. Digital innovation in these areas will eliminate repetitive administration, improve communication, increase the amount of time available for working directly with prisoners and facilitate improved partnership working.

### Supporting ex-offenders

By employing ex-offenders, employers benefit from securing committed and skilled people to fill gaps in our economy. We would encourage further emphasis on policies which place business networks, employers and training providers at the heart of employment workshops and sector-specific skills training delivery.

Key to ex-offender employment is investment in skills and training provision which can be enormously beneficial to prison leavers if they are able to access it at the right time. In order to drive meaningful employment and life opportunities for prison leavers, and to facilitate a smooth transition, eligible participants should be able safely to access community programmes and innovative skills-based learning whilst still in prison.

This could be achieved through in-reach services from programme staff and allowing prisoners to access funded support leading up to their release in every prison. The extension of apprenticeship eligibility is a welcome step here but there is still more that can be done through partnering with industry to support prisoners including improvements to ensuring a joined-up approach to prisoner learning, particularly when they are moved between different parts of the justice estate.



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### Opportunities and challenges for health technology

From prevention to quality of care, there are a number of opportunities for technology to have a significant impact on the health and social care system as well as wider objectives. For example, using technology to allow patients to order their meals has been shown to reduce food waste.<sup>33</sup>

At the height of the pandemic, for example, in addition to continuing to provide services to support the NHS BSA members were involved in installing additional digital telecommunications devices to allow patients to have vital contact with loved ones.

This was one of the many examples of rapid adoption of digital technology across the NHS in response to the pandemic, however many barriers remain before we can see technology, digital services, and data used to their full potential in health and care settings.<sup>34</sup> These include data protection issues, whether reliable digital infrastructure is in place across the health and care estate, and the relatively slow pace of adoption in the sector prior to the pandemic.<sup>35</sup> The upfront cost of devices, software and training can also be a challenge.

In addition to this, the relationship between buildings and people's health and wellbeing is now widely recognised.<sup>36</sup> A further challenge here, however, lies in finding innovative solutions for ageing estates. Government and industry can work together in developing and promoting the adoption of smart buildings as a central technological enabler which facilitate the collection, input, archiving, analysis, and reporting of estates information in a consistent and efficient way.

This type of eco-system will also enable real-time reaction to facility and management information and, by integrating software into building management systems, the control of buildings remotely through a digital twin environment. IoT sensors, building management systems, AI and augmented reality are amongst some of the technology that could help to optimise estates performance in the future.

As with green technology, there is also the opportunity for government to lead by example as one of the largest occupiers of commercial buildings in the UK by investing in its own property portfolio.

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<sup>33</sup> Open Access Government (2021), *Implementing digital food menus in hospitals*. Online: <https://www.openaccessgovernment.org/implementing-digital-hospital-food-menus/117820/>

<sup>34</sup> British Medical Journal (2020), *Digital health and care in pandemic times: impact of COVID-19*. Online: <https://informatics.bmj.com/content/27/11/e100166>

<sup>35</sup> Nuffield Trust (2022), *The impact of covid-19 on the use of digital technology in the NHS*. Online: <https://www.nuffieldtrust.org.uk/sites/default/files/2020-08/the-impact-of-covid-19-on-the-use-of-digital-technology-in-the-nhs-web-2.pdf>

<sup>36</sup> Public Health England (2021), *Healthy Places*. Online: <https://www.gov.uk/government/publications/phe-healthy-places/phe-healthy-places>



## Chapter Three - Resilience, Sustainability and Net Zero

### Background

Recent events such as the pandemic, Russia's invasion of Ukraine and climate change have put the importance of resilience in all its forms the front of people's minds and at the top of the agenda of organisations and governments around the world.

These shocks have shone a light on the UK's vulnerabilities across complex, highly interconnected, and global supply chains which have led to unexpected crises.<sup>37</sup>

Mitigating the impact of future shocks will necessitate much greater understanding of these interdependencies and also of what the UK needs to prioritise. BSA members are key partners to government and the private sector in bolstering our resilience in vital areas including cyber security, defence readiness and energy supply. These are covered in more detail in this Chapter.

Furthermore, the UK Government is flowing down its Net Zero commitments to its buyers and their commercial partners through the National Procurement Policy Statement and other policies. In parallel, BSA members are accelerating their Net Zero journey as well as those of their supply chain partners.

All of this underpins a sustainable society that can sense, respond and adapt both to immediate shocks and longer-term threats such as irreversible climate change.

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<sup>37</sup> Chatham House (2021), *Implications of COVID-19 for UK food supply resilience*. Online: <https://www.chathamhouse.org/2021/12/implications-covid-19-uk-food-supply-resilience> and, Chatham House (2021), *US and European strategies for resilient supply chains*. Online: <https://www.chathamhouse.org/2021/09/us-and-european-strategies-resilient-supply-chains>



## Part I - Resilience

### Summary and key asks

- The UK must continue to invest in and bolster its digital ecosystem in order to guard against cyberattacks.
- Government must continue to set out clear expectations for military capability requirements over at least the next ten years.
- The development of a robust domestic energy system and market is imperative for our wider resilience.

### Technology, Data and Cyber Security

Cyberattacks remain a very real threat to organisations across the UK and, as highlighted by the high volume of attacks in the wake of Russia's invasion, can significantly impact on businesses and public services.<sup>38</sup>

Hostile cyber actors are expected to become more intrusive and innovative in their methods. The faster and better the antidote that is put in place to protect assets, the more complicated and sophisticated cyber-attacks become. Of course, it is important we keep developing new and better security measures. Alongside this, we should also develop systems that provide early warning of attacks thereby helping to compartmentalise and limit damage.

Measures to help prevent cyber-attacks, such as the Cyber Essentials scheme, have made a positive difference in recent years and are a useful resource for businesses of all sizes, especially SMEs who may not have in-house expertise in this area. If government is looking to build on this, further steps could be taken to make individuals and businesses more accountable, such as annual cyber risk assessments and/or checks for businesses.

For BSA Members delivering service and infrastructure projects for public sector bodies, cyber security is of the utmost importance. In the same way that the UK is acting to safeguard its 5G network from suppliers that can be influenced by foreign governments, government should also ensure that the IT equipment connecting to that network is equally secure through assessing cyber security requirements in public procurement.<sup>39</sup>

In addition to this, over the next 5 to 10 years, members expect the use of facial recognition, biometrics and AI to increase, particularly in service areas such as security and building/facilities management. For example, one possibility is for sophisticated Access Control Systems to buildings linked to a set of pre-determined credentials. Thought and attention needs to be given now to understand the policies that will need to be in place to make these technologies more secure. For example, it may be appropriate in some circumstances to combine facial recognition with other measures such as scent recognition to boost the integrity and security of these technologies.

Another emerging technology that will require policy development to step up from its current position, and to ensure appropriate controls and functionality are put in place, is around tracking. The purpose for tracking and circumstances in which the technology will be used should be clearly outlined to the public, and options to opt-in or opt-out should be considered.

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<sup>38</sup> National Cyber Security Centre (2023), *Heightened threat of state-aligned groups against western critical national infrastructure*. Online: <https://www.ncsc.gov.uk/news/heightened-threat-of-state-aligned-groups>

<sup>39</sup> National Cyber Security Centre (2020), *New plans to safeguard country's telecoms network and pave way for fast, reliable and secure connectivity*. Online: <https://www.gov.uk/government/news/new-plans-to-safeguard-countrys-telecoms-network-and-pave-way-for-fast-reliable-and-secure-connectivity>



Finally, engagement with the public will be important in order to build trust in using such technologies and to explain how data will be used. More generally, transparency around data collection and use of personal data remains a priority.

### Bolstering the UK's Defence capabilities

BSA members are a core part of the UK Defence industry and deliver a range of services including equipment support services, training, estates and facilities management, cyber security and digital and technological services. In doing so, they play a key role in supporting the operational readiness of the Armed Forces as well as having a direct impact on the lived experience of service personnel and their families which plays into recruitment to the Armed Forces and retention.

Government must continue to set out clear expectations for military capability requirements over at least the next ten years, for all defence lines of development, including equipment, infrastructure, logistics, and technology. This would better enable industry partners to invest for the long term with a greater degree of certainty, increase performance, bolster sustainability, and ultimately, deliver value for money.

Expectations for military capability requirements over the coming years will also shape the size, shape and geographical location of the Armed Forces going forward. This will have further ramifications for rationalisation of the Defence estate and the Defence Estate Optimisation Programme, first published in 2016, as well as on how estates and facilities services are delivered and how the estate is managed.<sup>40</sup> There may be further opportunities to dispose of, or commercialise, surplus MoD land, some of which could be used for housing, for example. Any future or changing requirements for the Armed Forces, however, need to be understood and anticipated now so that the Defence estate can be futureproofed.

### Supporting armed forces personnel and their families

As well as delivering projects and services, BSA members do much to support the Armed Forces and many employ a number of Reservists, Veterans, and spouses of service personnel. The BSA was one of the first organisations to sign up the Armed Forces Covenant and the majority of members are also signatories as well as holding Defence Employer Recognition Awards.

One area we would like to explore further is the potential for closer ties between Defence and industry where there are overlapping skills requirements, for example through the Sponsored Reserves model.

### Energy Management and Grid Capacity

Russia's invasion of Ukraine, and the impact on global energy markets, has reinforced the importance of developing our domestic energy systems and markets.<sup>41</sup> By managing energy consumption more effectively, there are also opportunities for cost reduction and increased efficiency, extension of asset lifecycles, and the implementation of sustainability strategies.

Incentivisation and/or support funding will also enable the creation and adoption of new technologies. For example, local or regional support networks could be introduced to allow organisations access to relevant and appropriate information and possible localised incentives to implement measures and practices, something which is particularly important for SMEs.

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<sup>40</sup> Ministry of Defence (2016), *Defence Estate Optimisation (DEO) Portfolio*. Online: <https://www.gov.uk/guidance/defence-estate-optimisation-deo-portfolio>

<sup>41</sup> House of Commons Library (2023), *Tackling the energy trilemma*. Online: <https://commonslibrary.parliament.uk/research-briefings/cdp-2023-0074/>





In addition to this, the capacity of the UK's electricity grid must be taken into consideration. As National Grid set out in its recent report '*Delivering for 2035: Upgrading the grid for a secure, clean and affordable energy future*' it is clear that specific reforms are required on planning, the regulatory system, the grid connections process, community benefits and supply chains.<sup>42</sup> This will involve a collective effort between government, industry, the regulator, and individuals to consider practicable steps to expand and bolster the grid's capacity whilst also being mindful of the increased demand it faces as we transition towards Net Zero.

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<sup>42</sup> National Grid (2023), *National Grid sets out case for urgent reform to drive the energy transition*. Online: <https://www.nationalgrid.com/national-grid-sets-out-urgent-reform-energy-transition>



## Part II - Sustainability and Net Zero

### Summary and key asks

- BSA members are playing their part in the transition to Net Zero.
- Government Departments should have the resources to invest in greening the public estate.
- Further incentives and policies to unlock investment in green technology are crucial to meeting the UK's climate commitments and maintaining our market attraction on the global stage.
- The rollout of Electric Vehicles (EVs) is contingent on increased investment in smart charging infrastructure and bolstered grid capacity.

### Business Services and Net Zero

Climate change, clean energy and sustainability are key priorities for BSA members. We have seen many organisations from all sectors commit to Net Zero carbon by 2050 at the latest, as well as to play their part in tackling the effects of climate change. For BSA members, actions towards Net Zero are two-fold: as well as reducing the environmental impact of their own organisations, many members deliver services to private and public sector organisations to help them become more energy efficient and act more sustainably.

Our industry has a vital role to play in ensuring that the UK meets its Net Zero commitments through unlocking innovation, offering its expertise and resources in partnership with central, devolved and local government as well as business and VCSE organisations and driving investment in green skills and industries. Our Net Zero report highlights the work of BSA members both in terms of greening their own organisations and supply chains, as well as supporting central, devolved, and local government as we look towards the long-term goal of achieving Net Zero by 2050 if not before.<sup>43</sup>

Government engagement and partnership with industry will be key to ensuring that investment in our green economy is spent as efficiently as possible, thereby driving our economic recovery, supporting jobs and local businesses across the country, adding social value, and delivering services and infrastructure of the highest quality to the British public.

### Green Investment and Incentives

As we look towards green recovery, many businesses may not have the funds readily available to invest in green capital projects in the short-medium term. Financial stimulus may therefore be needed to support low carbon technologies. For example, a low interest loan for green capital investments, supported by government, would enable businesses to make vital energy efficiency upgrades to their sites. Government should continue to work with industry to review the measures taken by other nations to ensure that the UK remains both an attractive destination for inward investment and at the forefront of the transition to Net Zero.

Encouraging and unlocking investment in green technology lies at the heart of the UK's ability to meet our Net Zero targets. Government should continue to review existing policies in this space, such as the [Green Finance Strategy](#), and engage with industry to determine any barriers to further investment as well as potential solutions.<sup>44</sup>

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<sup>43</sup> BSA (2021), *Business Services: Driving the Transition to Net Zero*. Online: <https://www.bsa-org.com/net-zero/>

<sup>44</sup> HM Treasury (2023), *Green Finance Strategy*. Online: [https://www.gov.uk/government/publications/green-finance-strategy?dm\\_i=2OYA,1DL7C,75C4X5,5EQFA,1](https://www.gov.uk/government/publications/green-finance-strategy?dm_i=2OYA,1DL7C,75C4X5,5EQFA,1)



This may include discussions on the ratio of gas to electricity prices, amending existing distribution cost burdens to create much closer parity to supply rates, and further tax incentives such as removing the VAT on Air Source Heat Pumps when installed in commercial settings.<sup>45</sup>

There is also the opportunity for government to lead by example as one of the largest occupiers of commercial buildings in the UK by investing in its own property portfolio. Ensuring that government departments have sufficient resources to invest in energy efficiency across the commercial property estate, scaled up across the UK, would result in a huge reduction in carbon emissions, enabling business to drive a green agenda and support the Race to Zero.

These capital projects would also create jobs across the UK, from low to high-skilled, often in STEM areas, and would be well-suited to apprenticeships. Moreover, some of the UK's biggest energy users are in the nation's more deprived areas so such action would support the 'levelling up' agenda.

### Heat and Energy Generation

Decarbonised heat and decentralised energy represent viable routes toward green expansion and employment growth whilst also contributing towards carbon reduction. As part of this work, industry and officials across central, devolved, and local government all have a part to play in ensuring that major UK cities are proactively designing heat strategies.

An excellent example of how higher decarbonisation targets could accelerate the energy transition is the NHS where new investment is needed in an aging infrastructure. This sector, out of all the public services, has been pioneering the low carbon approach over the past decade, with the development of a more ambitious Energy Performance Contract.

For the first three months of 2020, renewable overtook fossil fuels in the provision of the UK's power supply.<sup>46</sup> These are the technologies of the future and should be treated as such rather than the poor relation of the fossil fuels. Now is the time to stimulate the marketplace and encourage new projects, keeping the sector active and ultimately supporting sustainable long-term employment.

### EV Infrastructure

One particular priority is EV infrastructure. This includes both developing a clear and consistent approach in addition to having the right types of chargepoints in the right places and ensuring that they are maintained properly. This is imperative for both private vehicle purchases and businesses transitioning to electric fleets. Some 80 per cent of charging takes place at home, however many employees do not have access to off-street parking, significantly hindering the ability to switch to an EV.<sup>47</sup> Range anxiety also means many people will only travel to a destination to which they know they can make a return trip with only one charge, as they are not confident that they will be able to find a chargepoint and refuel their vehicle for longer journeys.

Increased investment in EV chargepoints for on-street and communal parking would address these barriers and expanding the scope and funding of existing schemes, such as the On-Street Residential Chargepoint Scheme, will be key to their longer-term success.<sup>48</sup>

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<sup>45</sup> HM Revenue & Customs (2023), *Energy-saving materials and heating equipment (VAT Notice 708/6)*. Online: <https://www.gov.uk/guidance/vat-on-energy-saving-materials-and-heating-equipment-notice-7086>

<sup>46</sup> Electric Insights (2020), *Q1 2020 Report*. Online: <https://reports.electricinsights.co.uk/q1-2020/headlines-7/#more-1>

<sup>47</sup> RAC (2021), *How much does it cost to charge an electric car*. Online: <https://www.rac.co.uk/drive/electric-cars/charging/how-much-does-it-cost-to-charge-an-electric-car/>

<sup>48</sup> Office for Zero Emission Vehicles (2022), *On-Street Residential Chargepoint Scheme guidance for local authorities*. Online: [https://www.gov.uk/government/publications/grants-for-local-authorities-to-provide-residential-on-street-chargepoints?dm\\_i=2OYA,1DL7C,75C4X5,5EQFA,1](https://www.gov.uk/government/publications/grants-for-local-authorities-to-provide-residential-on-street-chargepoints?dm_i=2OYA,1DL7C,75C4X5,5EQFA,1)



This investment should be driven by central government in partnership with local and regional counterparts to ensure that all local authorities can take consistent action and that those in more rural or deprived areas are not left behind. Supporting EV infrastructure should also be at the heart of local authority road planning.

One way forward would be to change planning legislation to require that any maintenance conducted on a street should include the installation of an electric vehicle charge point. One example would be adding charging capability when installing new streetlights.

These initiatives would make the decision to switch to an EV much easier for both businesses and private motorists, avoiding a patchwork approach to charge point installation and correcting the current postcode lottery that sees the residents of the most urban areas, often with poorer air quality, least able to switch to an EV.

It would also support job creation, both through the development of chargepoint technology and the installation of chargepoints; provide a boost to the UK's charge point industry, which consists of many small or start-up businesses; and cement the UK's position as a leader in large-scale EV transition.

Meanwhile, more incentives could support a commercial vehicle transition to EVs. On a whole life cost basis, these models are still more expensive than their diesel equivalents as there are no National Insurance Contribution savings for employers. Offering further financial support for electric commercial vehicles, such as NI savings or additional grants, would assist large fleets to switch their vans to electric more quickly.

In addition to this, the Committee on Climate Change suggests that electrifying the vehicle fleet could result in road transport making up 15 per cent to 20 per cent of total electricity demand in 2050.<sup>49</sup> Significant investment in grid capacity is therefore required, as is the continued investment in smart charging infrastructure.

This in turn brings us to consider the wider points around electricity generation and storage, as set out in Part I of this Chapter, particularly given the concerns over the viability of longer term dependence on lithium for battery storage and the implications this may have for domestic energy resilience.<sup>50</sup> As with green financing, government should continue to review existing policies in this space and engage with industry to encourage a diverse range of alternatives solutions such as Hydrogen production and storage.

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<sup>49</sup> Committee on Climate Change (2020), *Sixth Carbon Budget*. Online: <https://www.theccc.org.uk/publication/sixth-carbon-budget/>

<sup>50</sup> BBC (2022), *Lithium batteries' big unanswered question*. Online: <https://www.bbc.com/future/article/20220105-lithium-batteries-big-unanswered-question>



## Annex 1: Devolved Governments

### Background

Many of the subject areas outlined in this Manifesto are devolved to the Scottish or Welsh Governments or the Northern Ireland Executive.

In almost all cases, the principles set out in the rest of this manifesto remain as relevant, whether on the economy, Net Zero or public sector reform, albeit that elections to these Parliaments take place at different times.

Naturally, however, different governments have developed their own priorities and policies, and the BSA Scotland Group, BSA Wales Group and BSA Northern Ireland Group have discussed these on an ongoing basis in each nation, and especially in Scotland and Wales.

### BSA Scotland

The BSA Scotland Group brings together large and small businesses and voluntary sector organisations delivering service and infrastructure projects across the private and public sectors in Scotland.

These organisations deliver ICT, business process outsourcing, facilities management, construction and infrastructure, and other project delivery. The latest estimate suggests 275,000 people in Scotland are employed in these areas - more than one in ten employees.

The industry therefore has a crucial role to play as an engine of inclusive growth and the Just Transition agenda, as well as supporting value and social benefits in the provision of services and infrastructure projects.

Key to many of the discussions organised by the BSA Scotland Group is a focus on genuine collaboration and partnership working, to help achieve the outcomes set out in the National Performance Framework and elsewhere.

Working towards the Framework's aims - of a more successful country, opportunities for all people living in Scotland, increasing the wellbeing of people living in Scotland, creating sustainable and inclusive growth, and reducing inequalities and giving equal importance to economic, environmental and social progress - requires everyone pulling together. The public, private and voluntary sectors all have a role to play.

That is important both for existing policy initiatives and for new policies such as the National Care Service, which rely on innovation in digital techniques for example which the private and voluntary sectors can bring to the table.

Indeed, the ongoing digital revolution provides an opportunity to achieve the twin goals of innovation and inclusion more widely, as Scotland strives to become a Digital Nation, inclusive for all. To achieve this has implications across public and private sector policy and practice, from education and training to enabling the rapid scaling and replicating of digital change.

BSA Scotland members therefore call for policies and practice which enable them to work with the public sector across Scotland to develop an innovative wellbeing economy - where the new economy is built in a way that helps local businesses, strengthens the community, enables local workers to access training and career progression, provides for fair pay and conditions in line with the Fair Work agenda.



For example, we have welcomed, and called for the further development of, the Flexible Workforce Development Fund, which enables many larger and smaller organisations to play their part in training and skills development.

Public procurement is at the heart of this. BSA Scotland members have welcomed the publication of clear pipelines of work, especially in construction through the Scottish Futures Trust, so businesses and the voluntary sector can plan ahead on apprenticeships and other training, and investment and reform - including in digital. They welcome genuine collaboration and early engagement so ideas on innovation or social benefits can be shared. Members also welcome an unrelenting focus on shared outcomes, rather than simply lowest cost, when procurement decisions are made. A lot of these points are reflected in the Public Procurement Strategy for Scotland, and the BSA Scotland Group welcomed the collaborative approach taken to drawing this Strategy up.<sup>51</sup>

Reforms have been introduced across the public sector in Scotland over several years to strengthen the role of community benefits and the importance of sustainable procurement when goods and services are commissioned from the private or voluntary sectors. The BSA Scotland Group has called for these reforms to continue to be embedded, and for clear pipelines of future work now to be published and updated in other sectors too, to enable forward planning and investment in communities.

Consultation on plans for new Community Wealth Building legislation has rightly put a spotlight on this agenda. The BSA Scotland Group has welcomed the development of city region and growth deals and the Regional Economic Partnerships: places themselves are best able to determine their strengths and weaknesses, the limiting factors to inclusive growth in their area, and how these can best be addressed. Organisations and people in local communities will be enabled to enjoy the benefits of economic growth if they have a greater say. The BSA Scotland Group submitted a paper to the consultation on Community Wealth Building, and has published case studies of members' work in communities.<sup>52</sup>

We believe all sizes of business and voluntary sector organisations have a vital role to play in building community wealth across Scotland. Larger businesses, often with national and international experience as well as substantial resources, have the capacity and reach to help support and rebuild local SME capacity in their supply chains. They can help to shoulder the risk and provide the up-front finance which are often necessary parts of contracts with public and private sectors alike. They can also use their knowledge to assist SMEs in Just Transition to Net Zero.

Meanwhile smaller organisations bring their strengths and innovation so that the two learn from each other. Different sizes of businesses have different strengths they can draw on, and collaboration can help them do so.

Business services organisations may also have the experience to help build bridges into employment for groups who are further from the labour market. Also, they can often offer opportunities for training and for career development across the business which might not otherwise be available.

None of this happens by accident. It involves a determined effort to treat supply chains fairly and as partners, with prompt payment of bills and an equitable allocation of risk and reward. SPPNs on prompt payment have an important role to play, but many BSA Scotland members go above and beyond this, playing their part in support of equitable community wealth building.

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<sup>51</sup> Scottish Government (2023), *Public procurement strategy: 2023 to 2028*. Online: <https://www.gov.scot/publications/public-procurement-strategy-scotland-2023-2028/>

<sup>52</sup> BSA (2023), *Community Wealth Building and the Proposed Bill: BSA Scotland Group Contribution*. Online: <https://www.bsa-org.com/wp-content/uploads/2023/05/CWB-BSA-Scotland-response.pdf> and BSA (2023), *BSA Scotland*. Online: <https://www.bsa-org.com/bsa-scotland/>



## BSA Wales

The BSA Wales Group represents a sector responsible for, at the latest estimate, 125,000 jobs across Wales. Like its counterpart in Scotland it therefore has a crucial role to play in working in partnership to achieve inclusive and sustainable growth, as well as supporting value and social benefits in the provision of services and infrastructure projects.

The sector's work encompasses many of the priorities the Welsh Government has set out, from innovation through the new Innovation Strategy, to Just Transition and developing green jobs and skills as set out in the Net Zero Skills Action Plan.

Partnership working is therefore rightly at the heart of the Welsh Government's reforms. The Social Partnership and Public Procurement (Wales) Act places social partnership on a statutory footing and promotes wellbeing, fair work and socially responsible public procurement.<sup>53</sup> It builds on existing measures which promote social partnership, including the Economic Contract and the Well-being of Future Generations (Wales) Act.<sup>54</sup>

The BSA Wales Group welcomes this focus on partnership working and believes implementation of the Act will be key, in particular through:

- genuine collaboration between sectors, with early engagement and openness on intended outcomes so innovation can be shared and new ideas discussed;
- publication and updating of clear pipelines of work, so organisations can plan ahead and focus resources including on training and developing supply chains of local SMEs; and,
- recognising that all sizes of organisation have a role to play in helping achieve social benefits and build community wealth. The Act rightly emphasises the importance of carrying out contract management duties to ensure that socially responsible outcomes are pursued through supply chains, following the Code of Practice on Ethical Employment in Supply Chains.

It will be important to provide training on the principles and details of the Act, including on the Socially Responsible Procurement Duty, and to collect data to learn from best practice in achieving local benefits derived from public procurement in Wales.

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<sup>53</sup> Welsh Government (2023), *UK first: "Uniquely Welsh way of working" passed into law, giving employers and employees a voice in the way Wales is run*. Online: <https://www.gov.wales/uk-first-uniquely-welsh-way-working-passed-law-giving-employers-and-employees-voice-way-wales-run>

<sup>54</sup> Business Wales (2023), *The Economic Contract*. Online: <https://businesswales.gov.wales/economic-contract> and

Welsh Government (2015), *Well-being of Future Generations (Wales) Act 2015: the essentials*. Online: <https://www.gov.wales/well-being-future-generations-act-essentials-html>



## Annex 2: The Business Services Association

The BSA - Business Services Association - brings together those interested in delivering efficient, flexible and cost-effective service and infrastructure projects across the private and public sectors.

Business services are vital to the UK economy both because of their direct contribution to jobs and because they provide essential support for other industrial sectors.

Ours is a decentralised sector, responsible for at least one in ten jobs across, for example, the North East, North West and South West of England. Around 70 per cent of business services are delivered for the private sector, with the remaining 30 percent for public sector.

We deliver administrative services, facilities management, infrastructure, and IT so that our clients can focus on what they do best. Working in partnership with the public sector also brings innovation, investment, and the ability to scale.

BSA members are key providers of service and infrastructure projects throughout the public sector including providing those services which are crucial to the effective operation of these projects but may not be as 'visible' such as: ensuring that NHS hospitals remain clean and safe; providing meals to school children, service personnel, and others operating across the public sector; and delivering a range of immigration services, including the management of border controls.

In addition to this, the sector delivers crucial advice and support services that enable businesses, both large and small, and in every region, to become more productive, profitable, and competitive.

The sector is therefore crucial to growing our economy, supporting jobs and local businesses across the country, achieving Net Zero, bolstering our domestic resilience, and delivering services and infrastructure of the highest quality to the British public.

The BSA's Economic Tracker is a monthly survey which takes the pulse of sector and monitors the key areas affecting the business services sector in the UK. Our latest report, covering the 12 editions released over 2022, can be read online [here](#).

Members' feedback has highlighted that the sector is facing a myriad of pressures; from well-publicised levels of inflation in the cost of core goods and services, to labour shortages across a variety of jobs and industries which are crucial to both key national infrastructure and the wider economy. Members are reporting cost increases from base materials such as timber, steel and copper, to specific products such as microchips. These trends are expected to continue with respondents all indicating that these increases would impact on their business operations over the next twelve months.

Labour shortages pose a considerable challenge for the business services sector. Shortages weaken organisations' ability to operate at full capacity and to invest in upskilling their existing workforce. These pressures have subsequent impacts on growth potential and market competitiveness. Larger members have also commented on the acute pressures that labour shortages place on SMEs in their supply chains and the disruption this causes.

The Business Services Association Limited is registered in England No. 2834529. Registered office 130 Fleet Street, London, EC4A 2BH.





## List of BSA Members, January 2024

|                                         |                                    |
|-----------------------------------------|------------------------------------|
| 3C3 Ltd                                 | IBM                                |
| 4Merit                                  | Ingeus                             |
| AECOM                                   | ISS UK                             |
| Amey Plc                                | Jobs22                             |
| Ankura                                  | Kier Group Plc                     |
| Aramark                                 | KPMG                               |
| Arcadis LLP                             | Lumby CMS                          |
| Arcus FM                                | Mace                               |
| AtkinsRéalis                            | Maximus UK Ltd                     |
| Atlas FM                                | Mazars                             |
| Atos                                    | Medallia                           |
| AutogenAI                               | Mitie                              |
| Baachu                                  | MTC                                |
| Balfour Beatty Plc                      | NatWest                            |
| Barclays Corporate                      | NCG                                |
| Bellrock                                | Netcompany UK Ltd                  |
| Bevan Brittan LLP                       | P3                                 |
| Birkin Group                            | Pinsent Masons LLP                 |
| Bouygues E&S UK                         | Public Digital                     |
| Browne Jacobson LLP                     | Reed in Partnership                |
| BT Group Plc                            | Robertson FM                       |
| Business 2 Business                     | Salisbury Group                    |
| Capita Plc                              | Seetec Group Ltd                   |
| Catch 22                                | Serco Group Plc                    |
| CGI                                     | Sharpe Pritchard LLP               |
| CH & Co Group                           | Sodexo Ltd                         |
| City FM                                 | Sopra Steria Ltd                   |
| Clyde & Co LLP                          | Space Solutions                    |
| CMS Cameron McKenna Nabarro Olswang LLP | Spend Network                      |
| Compass Group Plc                       | Strictly Education                 |
| Connections Consulting                  | The Grichan Whitestone Partnership |
| Cornel Ltd                              | The Growth Company                 |
| Costain                                 | The Network Group                  |
| Deloitte                                | The Palladium Group                |
| DWF LLP                                 | The Shaw Trust                     |
| DXC Technology                          | The Sustainability Group           |
| Elior UK Ltd                            | Turley                             |
| Eric Wright FM                          | Twin UK                            |
| Form1 Partners                          | Veolia                             |
| Fujitsu UK                              | Vercity                            |
| G3 Systems Ltd                          | VINCI Facilities                   |
| G4S Plc                                 | VPS Group                          |
| Glaston Consulting                      | Wand Consulting                    |
| Global Secure Accreditation             | Wates Group                        |
| GoodPeople                              | WSP                                |
| HP                                      |                                    |