

Scotland Excel

To: Chief Executive Officers Management Group

On: 8th November 2023

Chief Executive's Update Report

1. Introduction

The purpose of this report is to provide the group with an update on key developments within Scotland Excel since the last meeting of the Chief Executive Officers Management Group (CEOMG) on 9th August 2023.

2. Summary

Since the group last met the team has focused on identifying and demonstrating the value that Scotland Excel brings to councils and associate members. In August 2022 the CEOMG approved the launch of a project that would explore additional value added for members through the wide range of activities carried out by Scotland Excel. This update includes an outline of the project and a summary of progress made to date.

The update also provides detail on the portfolio of frameworks and contractual solutions offered by Scotland Excel, the project-based work carried out in partnership with other public bodies and the development of associate membership.

3. Framework Portfolio

3.1 Corporate Services (including Digital)

ICT

The National Shared Digital ARC framework recommendations were approved by the Executive Sub Committee in August 2023 and the framework is now live. Work is ongoing to conclude the contract award and mobilise with early adopting councils.

The team is engaged in several projects with the Scottish Local Government Digital Office. These include Office 365 aggregation, Security Operation Centre collaboration and development of the next generation framework for telecare equipment.

Progress updates and procurement input continues to be shared with a number of national boards, including Digital Assurance, Public Sector Innovation, the Department for Education four nations roundtable and the Telecare Steering Group.

Corporate, Education and Operational Supplies & Services Developments

Food prices dropped in the UK in September for the first month in almost two years, according to retail industry figures. The British Retail Consortium (BRC) said price reductions for dairy, margarine, fish, and vegetables, coupled with elevated competition, helped to bring down the cost of an average food basket by 0.1% compared with the previous month. However, the price of many kitchen staples continues to rise, while overall food prices are still 9.9% higher than a year ago.

Inflation as measured by the CGA Prestige Foodservice Price Index decreased for a third consecutive month in August but remains above 20% year-on-year.

All 11 categories of the Index from CGA and Prestige remained in double-digit inflation, though some saw prices drop month-on-month, including fish, fruit, and sugars. Meat prices increased again, by 1.7%, and the vegetables category recorded the highest year-on-year inflation of any category at 33.5%.

These reductions in food inflation have been reflected in recent pricing variation requests across the Scotland Excel Food portfolio. Negotiations on requests are ongoing and members will be notified of the outcomes in due course.

Second generation frameworks for the Supply and Delivery of Fresh Bread, Rolls and Bakery Products and Fire Safety Equipment went live in early October, with supporting documentation available via the Scotland Excel website members area.

Scotland Excel is in the final stages of development for tenders for Signage, Cleaning Equipment and Civic Supplies (Previously known as Alcoholic Beverages). Contract notices for all tenders will be published through Public Contracts Scotland (PCS) in the coming weeks. Initial development is also underway for the tender relating to Sheriff Officer Services with a prior information notice (PIN) published on PCS.

3.2 Care Services – Adult and Older Peoples Care

National Care Service (NCS) Update

The first meeting of the NCS Ethical Procurement and Commissioning Working Group took place in October to discuss potential ministerial powers to be included with the NCS framework legislation in relation to procurement and commissioning. Further meetings are likely to be required before the end of year to help inform this work. Scotland Excel also continues to participate in the Adult Social Care Ethical Commissioning (ASCEC) working group and will be leading a session on ethical commissioning in December.

National Care Home Contract (NCHC)

Work is underway in relation to the 2024/25 negotiations. In collaboration with Scottish Care, a review of the cost model will take place in order to update the model to accurately reflect cost pressures. Once this work has been concluded a joint exercise will be undertaken to consider variations to the current single rate model. This will examine the economies of scale and diseconomies of scale experienced by care homes which are larger or smaller than the 50-bed care home on which the cost model is based. This work will reflect the first phase of the redesign which will continue during 2024.

Residential Rehabilitation (alcohol and drugs)

The tender for the first national flexible framework for residential rehabilitation is due to be published in early November and is scheduled to commence in April 2024.

The development work has been funded by the Scottish Government as part of the national mission to reduce drug deaths and harms through improvements to treatment, recovery, and other support and as a contribution to the delivery of the Alcohol Framework.

Framework Renewals

Work is underway to redevelop several significant, existing service contracts. This includes the second-generation care and support framework which is due to commence in April 2024. Lessons learned from the original framework have been incorporated as improvements into the new arrangement. The flexible framework will be in place for 6 years, enabling a greater degree of certainty for the market whilst maximising participation by enabling new entrants to join on an ongoing basis at any point.

At the request of local government colleagues, the framework for care homes for adults with learning disabilities is being reviewed with a view to increasing the scope of services covered. It is anticipated that the new generation of this framework will encompass a wider range of care homes for adults. This is expected to include care homes which support people with physical disabilities, mental health issues and sensory impairment as well as a range of other specialist residential services. The new arrangement is scheduled to commence in September 2024.

The existing framework for the provision of community meals is also being redeveloped. The new arrangement will include a wider range of products and will be set up as a flexible framework to encourage new entrants throughout the lifetime of the framework.

3.3 Children's Services

The four secure care contracts have been extended until 31 March 2025. This is to enable the new generation contracts to reflect the legislative changes currently being developed. These changes are connected to 'Keeping the Promise,' many of which were identified as actions required as a result of the Independent Care Review (The Promise). It is also enabling necessary amendments to be considered and incorporated following the publication of Reimagining Secure Care report expected early next year.

Discussions with Scottish Government and other stakeholders are ongoing in relation to Scotland Excel leading a national approach to secure care transport. Currently, secure care transport is spot purchased from a limited market.

3.4 Construction Transport and Environment

Construction and transportation markets are still experiencing the impact of inflation and some levels of supply chain disruption still exist. However, signs of increasing stability are appearing across many of the affected commodity and service areas. Impacts of recent conflict in Gaza will continue to be monitored for an impact on oil prices and the effect that has on many markets.

Framework Update

The first-generation framework for Property Maintenance and Refurbishment has been mobilised with local authority stakeholders and suppliers. This framework will also be used by a number of associate members that have housing stock.

The Asbestos Related Works and Services framework was presented for award at the Executive Sub Committee on 20th October, with the legal standstill period following immediately after. The framework is expected to be awarded in early November and mobilisation work will progress throughout the month.

The evaluation of the consolidated Grounds and Plant Equipment framework is now complete. This framework brings together two previous frameworks with common supply bases for efficiency and to reduce required resources for suppliers. The award recommendations for this framework are scheduled to be presented to the Executive Sub Committee in December.

The tender for Security Services and Cash Collection framework has now closed and the bids received are under evaluation. The majority of services sourced through this framework involve manned guarding and as such there has been a strong focus on licensing and payment of the Real Living Wage.

The consolidated Construction Materials framework procurement has been drafted and the tender is due to be published this month. This framework has experienced significant delays relating to the complexity of bringing together six frameworks. Extensions of as many of the current arrangements as possible have been made to minimise disruption and risk for councils and to ensure relationships and commercial arrangements with suppliers are maintained. This is scheduled to be in place by April 2024.

The first New Build Residential Construction framework is due to conclude on 31 January 2024. The team is developing a new framework that will also include pre-construction services agreements as well as Passivhaus and Gold standard specifications for build.

Development work on the renewal of Waste Disposal Equipment has begun. The procurement strategy is being drafted in consultation with the UIG (User Intelligence Group), the most recent meeting of which took place on 10th October. The UIG define the requirement and strategic approach for every framework.

Work continues to conclude the technical specification for the delayed framework for street lighting materials. In line with this, discussions are ongoing with the SCOTS group (Society of Chief Officers of Transportation in Scotland) to ensure that specifications are aligned with council requirements.

4. Contract Delivery Plan Update

At any given point there are around 70 frameworks in the Scotland Excel contract portfolio, with 6 further frameworks to be developed and added in the coming year, as well as a programme of renewals and extensions.

The following contracts have been approved at Executive Sub Committee since August 2023:

4.1 Provision of a Shared Alarm Receiving Centre (ARC) Technology solution

The Provision of a Shared Alarm Receiving Centre (ARC) Technology solution is a single supplier framework agreement that enables councils, Health, and Social Care Partnerships (HSCPs), Housing Associations and other organisations in their roles as Telecare Service Providers (TSPs) to deliver digital telecare services to their service users (citizens). The framework is a first-generation framework and has been developed with extensive engagement with councils and stakeholders, including the Digital Office for Scottish Local Government.

The framework was advertised as a single supplier framework and provides the participating members with a mechanism to procure a technology solution to contribute to a smooth transition from the current analogue connections to digital connections within their Alarm Receiving Centres. It is anticipated that the analogue network will be permanently switched off in December 2025. The framework agreement for a single supplier will help to ensure that the solution being delivered is a consistent and a co-ordinated approach is used across Scotland.

Framework benchmarking figures have not yet been produced for this new framework due to several factors. Councils utilising the framework will be changing the overall approach they take and the technological solution they use, therefore direct comparisons at this stage are not possible.

4.2 Supply and Delivery of Fresh Bread, Rolls & Bakery Products

The framework provides a mechanism for councils to procure a range of fresh bread, rolls & bakery products, which will include but is not limited to, brown bread, white bread, pittas, wraps, potato scones, cakes, pastries, and baguettes. Users of the framework are likely to include schools, nurseries, care homes, leisure centres, cafes, and office units.

Scotland Excel has conducted a benchmarking exercise comparing current pricing against the pricing submitted within the renewal tender. The projected average saving across all councils is 4.3%, which equates to an estimated total saving of approximately £84k per annum based on current forecast spend levels.

4.3 Supply, Delivery, Servicing and Maintenance of Fire Safety Products

The scope encompasses the provision of a range of fire safety products and services, including but not limited to fire extinguishers, fire blankets and associated products, as well as a range of services which will ensure that relevant fire safety equipment and products are suitably maintained which Councils may require.

Scotland Excel has conducted a benchmarking exercise comparing current pricing against the pricing submitted within the renewal tender. The projected average on cost across all councils is 7.7%, which equates to an estimated total increase of approximately £9,742 per annum based on current forecast spend levels. Given the market movement forecast of 22% over the period of the current framework, the impact through transition to the new framework is more tangible estimate at a saving of circa. 14%, or c.£81,600 across all councils.

5. Enhancing Value

5.1 Savings Opportunities

As previously reported, and recognising the difficult financial journey facing councils, Scotland Excel undertook a number of additional steps to support members in 2023.

Scotland Excel has set up a dedicated Savings Team with the sole purpose of identifying financial opportunities across all procurement spend for its members. The team is made up of commercial professionals with experience of delivering savings opportunities. The team has a number of opportunities in its savings pipeline, and these will be delivered and communicated throughout the year. The team has been targeted with identifying £5m of savings for the sector in the first year.

A number of national savings opportunities were identified and, in conjunction with the CEOMG, explored further to understand the financial opportunity and steps required to implement.

Central to savings methodologies are changes to product mixes, rationalising supply bases, reducing deliveries and transport costs.

Scotland Excel will also focus on its own portfolio of frameworks to further support these important aims. Work in this regard has taken two forms, those that focus on changing the commercial aspects of frameworks and those that support councils to make use of frameworks more effectively. Each of these shifts will require change management within council sourcing teams. A robust communications plan has been developed to support council teams to take up identified opportunities.

Scotland Excel has also been working with the Chief Executives Transformation Group and is undertaking a number of projects under the auspices of this group. A number of presentations and workshops on this were undertaken in 2023. An update on these and a number of recommendations and “asks” were presented at the August SOLACE meeting of Chief Executives.

A review of the groups contract registers was undertaken to identify savings opportunities and projects were initiated including in Occupational Health, Waste, Telephony, and Insurance Services. These are now led by the savings team.

The review of contract registers indicated that an adoption of some standard approaches would benefit local and national collaboration. These recommendations would not make any material changes but would include recommendations such as a common approach to the value that is shown on the register. A proposal for implementation is in development.

Scotland Excel works closely with Crown Commercial Services (CCS) and has been undertaking detailed analysis of member utilisation of their frameworks. This has already provided real financial opportunities for councils. CCS has indicated that a brief authorisation letter from councils to Scotland Excel allowing to ask commercial questions of its suppliers would make this process quicker. It was agreed to issue this to Chief Executives for their consideration.

The identification of savings will be a key focus for the foreseeable future for Scotland Excel. Regular updates will be provided through our numerous fora, committees and through dedicated savings communications.

5.2 Climate Change and Net Zero Strategy

The Scotland Excel Net Zero strategy was approved at Executive Sub Committee on 17 March 2023 and subsequently published on the Scotland Excel website. The strategy focuses on broadening the type of support offered to member councils, including additional sustainability-driven tender considerations, focused contract and supplier management and flexible provision of contracts, with options aligned to net zero ambitions. It also focuses on internal activities and how these can be improved to mitigate against climate change and help in some way towards a net zero environment.

Objectives and associated actions across all teams within Scotland Excel were identified in the strategy and to deliver on these, Scotland Excel established a Net Zero Strategy Delivery Group in August 2023. This working group will act as the

driving force to deliver those actions to ensure objectives detailed within the Strategy are achieved in a timely and effective manner.

To date, progress has focused on:

- identifying future frameworks with a high carbon reduction potential
- improved use of circularity in supply
- improving the number of plant-based and meat-free options
- decarbonisation in social care.

Scotland Excel has hosted a collaborative session on sustainable procurement tools attended by c.70 representatives from the sector. The purpose of this was to provide attendees with an insight into how other organisations use the tools to achieve the best outcomes. Plans are now underway to deliver training in late November on Procuring a Sustainable Future for People and Planet.

5.3 Supply Chain Disruption

Scotland Excel has been producing reports on market conditions to assist councils to respond since early 2017 as the UK were preparing to leave the European Union. The preparation of reports has continued and has broadened to pick up on issues arising from global shock events including the coronavirus pandemic of 2019 and beyond.

As the impact of widespread supply chain disruption became apparent in 2020 an analysis of the impact of these factors was included in the reports. Reports are now quarterly and include inflationary pressures, financial trends, and market conditions.

The final report for 2023 was issued at the end of October and included a survey to test the level of uptake and seek feedback on content.

6. The Academy

The Scotland Excel Academy delivers accredited and unaccredited people development and organisational development programmes and workshops through a blended delivery of face-face, online and self-directed learning using the Academy's Moodle platform and Microsoft Teams.

The Academy has 2,223 registered learners accessing content on the Moodle platform, with fifty-one learners participating in eight accredited cohorts - one in procurement, two in leadership & management, three in project management and two in business analysis and innovation. In addition, 62 learners are participating in two unaccredited hybrid procurement and leadership development programmes across five NHS health boards.

The work-based-learning programmes are accredited by the Scottish Qualifications Authority (SQA); the Chartered Management Institute (CMI) and the Chartered Institute of Procurement and Supply (CIPS), along with licensed content from the Chartered Association of Project Management (Chartered APM).

The Academy has awarded 334 accredited qualifications and 20 Chartered Managers.

In response to customer requests for lower-priced, short duration development programmes, the Academy continues to evolve its strategy and learning portfolio. A series of new learning provision has been launched, other new learning provision is being explored and some learning provision is being sustained from the earlier strategy. These are illustrated below -

Procurement

The Academy continues to explore, design and implement new procurement programmes in consultation with our stakeholders' continually evolving needs.

SQA Procurement Programmes

The new SQA accredited Practitioner HND SCQF8 level and Expert Practitioner Degree SCQF9 level programmes progressed to the point of credit rating design with the SQA.

Scottish Government Procurement and Commercial Training Framework

The Academy is delivering the Scottish Government procurement and commercial training framework nationally across public-sector. This comprises one-day and half-day procurement development workshops. 665 people have attended sixteen workshops over January to September 2023. In total across the whole framework to date 1,118 people have attended forty-eight workshops.

CIPS Self Study Support (CS3) Workshops

The Academy has launched new CIPS self-study support (CS3) workshops to help people self-studying towards CIPS exams. The Academy is facilitating discussion, coaching, and sharing practice relevant to the CIPS exam content. These CS3 workshops are free to local authority customers. Six workshops have been delivered in Q2 and eight workshops are scheduled to be delivered in Q3.

Graduate Apprenticeship in Business Management with Procurement and Supply Chain Management

The Academy has codesigned a new Graduate Apprenticeship in Business Management with Procurement and Supply Chain Management, with a tentative launch date of September 2024. This is a tripartite approach by the Academy, Glasgow Caledonian University and the Scottish Government Commercial and Property Directorate.

Procurement Lifelong Learning Pathway

The Academy and the Scottish Government Procurement and Property Directorate have initiated exploratory discussions with City of Glasgow College and Glasgow Caledonian University to establish a lifelong learning pathway across modern apprenticeships, SVQs, HNC/HND and Graduate Apprenticeships.

Leadership and Management

Two new programmes have been launched responding to requests for lower priced short duration development programmes. These comprise - SQA accredited PDA in Operational Leadership & Management programme at HND SCQF8 level.

SQA accredited PDA in Strategic Leadership & Management programme at Degree SCQF9 level.

Both programmes satisfy the eligibility criteria for the Chartered Manager assessment, awarded through the Academy's Chartered Manager Assessment Centre (the first in Scotland).

Chartered Manager

Chartered Manager is the highest award in the leadership and management profession and commits people to progressive work practice. The Academy has awarded Chartered Manager to twenty people, spanning ten local authorities and ten public-sector organisations.

Six people are currently working on their Chartered Manager submission.

Project Management

The Academy continues to deliver the SQA accredited PDA in Project Management at HND SCQF8 level.

People to self-study progressive project management practice.

The Academy is scoping an opportunity to explore becoming a Chartered Association of Project Management (APM) centre. This can facilitate opportunities to support peoples' progressive project management expertise across the Scottish public-sector.

Business Analysis, Decision Making and Innovation

The Academy continues to deliver the combined SQA accredited Business Analysis unit at HND SCQF8 level and PDA in Decision Making and Innovation at Degree SCQF9 level.

Stay Connected Workshops

The Academy is delivering Stay Connected one-hour online workshops.

Spanning all disciplines within the Academy portfolio these workshops serve as concise snapshot online learning.

293 people have attended 11 workshops over February to September 2023. In total across all phases of Stay Connected, 1,597 people have attended 69 online workshops.

Serious Organised Crime Prevention Workshops

The Academy previously designed and delivered the Serious Organised Crime Prevention pilot programme coworking with a number of national stakeholders. Having acquired and analysed participant feedback, the Academy is now working on a rationalised one-day workshop provision for Serious Organised Crime Prevention.

7. Projects Update

7.1 Dumfries and Galloway Council

'Mop up' training sessions have now been completed with the members of staff with delegated procurement authority who were unable to attend the previously arranged sessions. We will now be seeking feedback through a series of questions with those who took part in the training to test that the knowledge

provided has been successfully transferred and to highlight any remaining training gaps.

Discussions are also continuing with the Procurement and Commissioning Manager to establish any further involvement of Scotland Excel Flexible Procurement Service to support the delivery of the council's procurement pipeline activity.

7.2 Dundee City Council

The transformation programme with Dundee City Council is continuing to progress. Category Officers within the corporate procurement team are working with service departments to address the forward plan that is now in place, refreshing contracts as required.

A savings plan has now been put in place to coincide with the revenue budget preparation work for 2024/25 and this will be considered by the Corporate Leadership Team, prior to implementation through the remainder of the financial year. A more general set of principals will be agreed for implementation before financial year 2025/26.

7.3 South Lanarkshire Council

The two-year transformation programme with South Lanarkshire Council is due to end on 14th November 2023. This savings programme has been very successful with full targeted savings achieved within the first year. Now nearing the end of the programme phase's 1 - 5 projects have been approved. The savings target set at the start of the 2-year programme was £1.3m, savings approved by CMT are £1.9m, with a further £500k under evaluation.

The final phase will be presented to CMT in October 2023 with savings proposed to the value of £1m. If approved this would bring the total savings achieved by South Lanarkshire to around £3.4m.

7.4 Stirling Council

Scotland Excel is continuing to provide support to Stirling Council one day a week until December 2023. This is primarily to focus on supporting, mentoring, and coaching the new interim Corporate Procurement Manager, support for recruitment activity and specific support on savings and efficiencies going forward. In addition, work will continue to support the Community Wealth Building objectives.

Within the Community Wealth Building workstream, planning is underway for a series of thematic or spend area specific events in the coming months. It is intended that this becomes an annual Community Wealth Building event. The next event that is being planned will be thematic and will focus on the Council's Net Zero aspirations.

7.5 East Renfrewshire Council

Engagement continues with the Council's Chief Procurement Officer and the Assistant Economic Development Manager to develop a Community Wealth Building Programme that supports the Council's developing Community Wealth Building strategy.

7.6 Flexible Procurement Services

The demand for Scotland Excel's flexible procurement services continues to grow in particular where organisations have limited procurement resource or a gap in knowledge/expertise has been identified. Councils and other organisations such as the Improvement Service and Crown Estate Scotland are already engaged with this service with their individual procurement needs varying in scale, value, complexity, and duration.

The Flexible Procurement Services team will continue to evolve to respond to customers' needs and demands.

8. Associate Membership including new Members

There has been six new associate members since the last CEOMG:

Accountant in Bankruptcy
Blairtummock Housing Association
Cassiltoun Housing Association
Knowes Housing Association
New Gorbals Housing Association
University of Dundee

Since the last reporting period, Scotland Excel continues to work with developing housing associations that are required to participate in the Scottish Government continuous improvement programme. To date, there are twenty-eight housing associations engaged with Scotland Excel at various stages in the process including five completed assessments. Associate members continue to show interest in the newly awarded Property Maintenance and Refurbishment contract with potentially three new associate members being considered by members in November.