

**Scotland Excel**

**To: Chief Executive Officers Management Group**

**On: 26 February 2018**

**Report  
by  
Director of Scotland Excel**

**New Build Housing Project**

**1. Summary**

To provide CEOMG members with an update on the proposal for Scotland Excel's to a national new build housing framework to support local authorities meet their targets in relation to provision of affordable housing.

**2. Recommendations**

Members are asked to note the proposals outlined in sections 4 and 5.

**3. Background**

- 3.1 The Scottish Government has set a target to deliver at least 50,000 homes by 2021, backed by over £3 billion in funding. It is anticipated that to meet future demand for affordable housing across Scotland, there will be an ongoing need for a national framework solution.
- 3.2 Local government and the affordable housing sector will be required to undertake considerable procurement activity to meet this ambitious house building programme. Elected members and housing associations have called for a national solution to be implemented as generally the sector undertakes individual procurement exercises for each new housing project.
- 3.3 A national procurement approach will generate significant operational efficiencies, particularly around developing technical specifications, as well as mitigating potential bottlenecks within the procurement process. A national approach would also facilitate monitoring and reporting of additional benefits delivered through the new build programme, including social value.
- 3.4 To pursue a national framework for new build housing, Scotland Excel would need additional investment to increase the size of its small construction category team and bring in the necessary skills and experience.

#### **4. Funding Proposals**

- 4.1 Scotland Excel requires one-off project funding to the amount of £500k to establish the framework. All future contract management and re-tendering costs are built into the proposed rebate model so that the project is self-funding in the long-term.
- 4.2 Scotland Excel has shared two possible models to enable local authorities to fund the initial project start-up costs. Model 1 is based on the standard Scotland Excel funding model based on population size and model 2 is based on participating local authorities funding an equal share of the costs.
- 4.3 Local authorities have been asked to confirm their interest and preferred funding model option by 22 February 2018.
- 4.5 Frameworks established under either initial funding model would include a 0.5% supplier rebate. From this amount Scotland Excel would retain the operating costs associated with the contract management and future re-tendering of the framework. The remaining rebate amount would be distributed amongst those initial funders.
- 4.7 Scotland Excel believe the remaining rebate amount has the potential to reflect a significant return on investment for those initial funders with a rebate amount of at least £930k anticipated following the first year of activity.

#### **5. Conclusion**

Members will be updated verbally on 26 February 2018 on the level of local authority interest, preferred funding model option and associated funding contributions for confirmed participants.