

Scotland Excel

To: Chief Executive Officers Management Group

On: 16 February 2022

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 on 10 November 2021.

2. Summary

Since the group last met there have been a number of developments:

3. Framework Portfolio

3.1 Corporate Services (including Digital)

A meeting between Scotland Excel and the Scottish Local Government Digital Office (SLGDO), has been scheduled to determine the delivery schedule of a number of work packages. These packages include the following:

- Office 365 licencing
- Robotic Process Automation
- Internet of things ("IOT")
- Data Analytics
- STAMP

A Prior Information Notice ("PIN") has been issued for a national shared digital alarm receiving solution for telecare.

Scotland Excel and the SLGDO hosted an online event for new digital telecare suppliers to engage with our stakeholders, 90 of whom attended.

Scotland Excel has been in talks with Haven, a supported business, to determine if we can develop a solution with them for recycling and refurbishing redundant analogue telecare equipment. We have also engaged the TEC programme and the SLGDO in this opportunity.

The Social Care case management solution framework has been utilised by a number of councils who are in the final stages of mini competition call offs. Scotland Excel has provided advice in utilising this framework.

Other ICT development activity

Scotland Excel provides support to SEEMiS and a number of procurement packages are in the process of being delivered.

Corporate Developments

There have been a number of developments within the Corporate portfolio. Several contracts are in the final stages of development, including PPE, Library Books and Textbooks, Digital Publications, Repair of Catering Equipment and Water Coolers with tenders due to be released to the market in coming weeks. Other contracts in the initial stage of development include Fresh Meats, Cooked Meats and Fresh Fish and Washroom Solutions.

The team are also working on the management of contracts affected by the disruption to markets, including a number of exceptional price requests from suppliers across the portfolio. A User Intelligence Group has been arranged for February 2022 to update on some of the issues currently facing the food portfolio, including supply issues and pricing. Food price inflation over recent months is an area of growing concern. The Consumer Price Index (CPI) rose by 5.4% in the 12 months to December 2021, up from 5.1% in November, with food and drink being one of the largest contributors to the recorded increase.

Inflation predictions for the coming year have increased even higher, with many now referring to a 'cost of living crisis'. The Bank of England has revised previous predictions that inflation would not hit 5% until April 2022, now predicting it will hit 7% - the highest level since 1991.

3.2 Care Services

3.2.1 Adult and Older Peoples Care

National Care Home Contract (NCHC)

Fee negotiation meetings have taken place regularly since October to discuss the complex cost pressures facing care home services. A number of small sub-group meetings are also being held to explore specific pressures in more detail. An update is expected to be taken to COSLA Leaders in February setting out the key discussion points and seeking endorsement of negotiating parameters.

The work to review and re-design the NCHC has been postponed, at the request of partners, to enable those involved to prioritise the fee setting work. This important work will commence as soon as possible but may have to follow on from the conclusion of the fee setting process for 2022/23 (and begin in March or April).

Residential Rehabilitation

The Social Care Team was asked to consider supporting national work in relation to the commissioning of residential rehabilitation services for people with drug and alcohol addiction last year. Following engagement with local and central government colleagues it is anticipated that Scotland Excel will begin initial market research and engagement work in this area shortly. That work will involve working in partnership with a wide range of stakeholders to determine the preferred procurement solution. This will involve consideration of a wide range of options.

Care & Support

Following feedback from stakeholders the care & support framework was re-opened in October. Responses are currently being evaluated with post tender negotiations expected to take place in late February/early March where necessary. Successful new providers will be available to use on the framework from April.

Social Care Agency Workers

The current framework for the provision of social care agency workers (covering care workers, social workers and ancillary staff) is due to expire in August 2022 with the tender for replacement framework scheduled to be published in February.

A key objective of this renewal is to increase the level of participation from agencies, particularly smaller organisations which haven't historically participated in the national arrangement. It is hoped that increasing the number of providers will increase the availability of workers in comparison to capacity on the current framework. The general shortage of care workers, however, is anticipated to continue to cause difficulty for local authorities for some time.

3.2.2 Children's Services

Children's Residential Care & Education

The existing framework for children's residential care is due to expire this year. A short extension period (until 31 July) will be exercised with a replacement framework expected to go live on 1 August.

The replacement framework will involve a streamlined approach and application process designed to minimise the administrative burden on providers whilst ensuring appropriate standards are met.

Purchaser and provider short life working groups have been established to review the existing framework and to update documents as necessary, particularly to reflect relevant aspects of the work on The Promise.

3.3 Construction Transport and Environment

Construction markets and supply chains continue to be disrupted as a consequence of global economic conditions. By working closely with framework suppliers the indexation model is being used to predict trends, negotiate and manage price variation across our portfolio. The data gathered through framework uptake is being used to offer substitute products where appropriate, review price and supply issues and to inform Scotland Excel's work with economic development partners.

For 2022 the focus in this category will be on expanding and consolidating the portfolio. For construction materials the aim will be to simplify the procurement landscape for suppliers, buyers and contract managers. Expanding the portfolio to include a wider range of facilities management services will support our members to sustainably manage the built environment.

3.3.1 New Build

Delays across the Scottish public sectors capital programme have been evident since the initial lockdown of 2020. This has changed the timings of projects being built under the current framework with 15 currently active and a further 14 are in development.

Engagement with members has begun on the second generation of this framework. The focus of developments in the second generation will be on enhancing the mechanisms to construct sustainable residential buildings.

3.3.2 Electric Vehicle Charging Infrastructure

The Construction, Transport and Environment team have been working on the evaluation of the recently advertised framework for developing the charging infrastructure for electric vehicles. The evaluation is expected to be concluded in March with recommendations for award being reviewed at the March meeting of the Scotland Excel Executive Sub-Committee.

3.3.3 Property Repair, Maintenance and Refurbishment

Development of a new offering to our members is now underway with meetings to assess the most appropriate lotting structure for works to be carried out.

3.4 Contract Delivery Plan Update

The estimated forecast value of the Scotland Excel framework portfolio by 31 March 2022 will be approximately £2Billion. There are 74 current frameworks in the Scotland Excel contract portfolio, with twenty-nine of these frameworks to be renewed before 31 December 2022, as well as a number of new service areas being considered for collaborative contract development.

The overall efficiency benchmark across the whole portfolio for 2021 was 3.1% compared to a forecast of 2.5%. This efficiency figure will continue to be monitored throughout 2022.

The following contracts have been approved at Executive Sub Committee since November 2021:

Supply and Distribution of Milk

This framework will provide councils with a mechanism to procure a range of dairy products including whole milk, semi skimmed milk, skimmed milk, flavoured milk, organic milk and fresh cream. It will support the duties established by the Schools (Health, Promotion and Nutrition) Scotland Act 2007 and following standards set out by the Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2020 alongside the Scottish Milk & Healthy Snack Scheme. It is anticipated that these products will be predominately used within schools, care homes, nurseries and corporate settings. The four recommended suppliers provide the choice, scope and range of dairy products required by councils as well as representing best value and providing geographical coverage. All four of the recommended suppliers are classified as SMEs, made up of a mix of small, and medium organisations.

Supply and Delivery of Musical Instruments

This framework will provide councils and other participating bodies with a mechanism to procure a wide range of musical instruments and associated accessories. The musical instruments to be supplied under this framework were previously included within Lot 7 of the Education Materials Framework, Schedule 12/20 which was tendered during summer 2021. However, as noted in the report to the Executive Sub-Committee of 18 June 2021, in order to adequately account for the impact of recent pandemic restrictions on retail businesses in this sector, and to ensure market preparedness for a tender, Scotland Excel did not proceed to award Lot 7, Musical Instruments. This procurement was subsequently undertaken as a separate exercise. Users of the framework are likely to include schools and nurseries, including those for children with Additional Support Needs. The 10 recommended suppliers offer best value and represent a mix of micro, small and medium organisations. The range of suppliers recommended for award provides coverage and competitive options for all participating councils as well as offering a degree of choice and capacity.

Supply and Delivery of Recycle and Refuse Containers

This framework is for the supply and delivery of various types of recycle and refuse containers to council depots and/or individual households is now available to all thirty-two councils as well as associate members and eligible public sector partners. The framework assists councils in delivering their statutory obligation to provide a waste management public service and meet targets associated with the “Waste (Scotland) Regulations 2012”,¹ Scotland’s “Zero Waste Plan”² and the Scottish Government and COSLA “Household Waste Recycling Charter” and Associated “Code of Practice”.³

¹ <http://www.legislation.gov.uk/sdsi/2012/9780111016657/contents>

² <https://www.gov.scot/publications/scotlands-zero-waste-plan/documents/>

³ <http://www.zerowastescotland.org.uk/sites/default/files/Household%20Recycling%20COP%20v2.pdf>

These twenty-three recommended suppliers offer best value and represent a mix of micro, small and medium organisations with all twenty-three suppliers classed as SME's. All twenty-three recommended suppliers are UK companies, and one is Scottish.

Supply Only and Supply & Distribution of Frozen Foods

This framework will provide councils with a mechanism to procure a range of frozen goods including but not limited to, poultry, seafood, meat, pizza, potato products, ice cream and desserts. Users of the framework are likely to include schools, nurseries, leisure centres, community centres, social work, council buildings and civic centres.

As with the current framework, manufacturers were able to bid directly on this tender, creating greater brand flexibility, locally sourced produce and an increase in sustainable products. Lot 1 (Supply Only) sought offers from Tenderers for individual product items. There was no limitation on the number of product items for which a tenderer could offer. Each product item and each offer was evaluated on its own merits as discrete and independent tenders, as outlined in the published tender documents. Lot 2 (Distribution) and Lot 3 (Supply and Distribution) were sub-divided into geographical sub-lots. This is the fourth-generation framework for the Supply Only and Supply and Distribution of Frozen and aims to maximise collaboration, consolidate demand and deliver best value, whilst enhancing the Scottish economy with direct bids from manufactures' permitted.

Supply & Delivery of Heavy and Municipal Vehicles

This framework is for the supply and delivery of various vehicle types, including, but not limited to, chassis, refuse collection vehicles, winter maintenance vehicles, road sweeping vehicles, and more general use vehicles for all 32 member councils in Scotland, as well as Associate Members and Tayside Contracts. This also includes specialist body building services as well as options for alternative fuelled vehicles (electric, hydrogen or hybrid etc.).

Market analysis and stakeholder engagement have highlighted how the pricing and supply of heavy vehicles is being adversely affected by the ongoing challenging market conditions faced by manufacturers and suppliers over the course of the last six to twelve-month period, primarily linked to the COVID-19 pandemic and the completion of the Brexit process. The main drivers affecting costs are, a demand for raw materials employed in the manufacturing processes of vehicles and their components, an increase in the price of steel, the global semiconductor chip shortage, significantly longer delivery lead times as a consequence of COVID-19 related factory closures, countries emerging from lockdown, back-logs and a market spike in product demand. Throughout the lifetime of this framework, this will be monitored and reported via the annual reporting process alongside regular review of market intelligence including indexation.

Tyres for Vehicle and Plant

This framework is for the supply only or supply & fitment of tyres for an extensive range of light, commercial or heavy vehicles, as well as grounds maintenance

equipment and plant. The associated services including fitting, inspection, compliant tyre disposal, fleet tyre management, as well as emergency roadside assistance are also included. The framework offers a full range of tyre types and sizes purchased by councils to deliver the various fleet services they provide end users.

It is forecast that tyres available via the new framework will be circa 10% more expensive than those on the previous framework. Market analysis had strongly indicated that an increase was anticipated, and this is representative of the ongoing challenging market conditions faced by suppliers over the course of the last year, linked to the Coronavirus pandemic and the completion of the Brexit process. The drivers affecting costs are mainly renewed demand causing prices for natural rubber to increase dramatically during 2021 and unusually high shipping costs.

Together with the indexation model the predicted market increase is 15% since January 2021, meaning the 10% increase provides councils the opportunity to maintain a cost avoidance of c.5% compared to market pricing. All recommended suppliers have agreed to the 12-month fixed price period at the start of the framework, with one recommended supplier offering a further fixed pricing period of an additional 12 months.

Energy Efficiency Contractors

This framework renewal will provide members with an effective and efficient method of upgrading existing housing stock with innovative energy efficiency measures to reduce carbon output and thereby household bills.

Enhancements to the framework include a new lotting structure designed to enable retrofitting of existing housing stock and the addition of a professional services lot. Tenderers were invited to offer for one, some or all sub-lots per council area. The scope of the framework aligns with how work orders will be awarded, encouraging bids from local contractors, SMEs and micro-businesses, increasing competition and providing capacity for call offs. The framework specification has been developed to take account of changes introducing requirements to meet standards set out under PAS2030 and PAS2035.

PAS 2035 covers how to assess dwellings for retrofit, identify improvement options, design and specify energy efficiency measures and monitor retrofit projects. PAS 2030, which was redeveloped in conjunction with PAS2035, covers the installation, commissioning and handover of retrofit projects.

Consideration was also given to PAS2060 (Carbon Neutrality) and PAS2050 (Environmental Standards) as it was important that both the circular economy and handling of waste should form part of our specification. The specification made clear consideration to the building structure, fire, acoustics, hygrothermal, and health and safety.

Throughout the development of this framework Scotland Excel has been working in collaboration with ESP to look at how the supply chain can develop to meet demand in coming years; a large part of this has focused on improving the quality and skills within the industry. So far, this collaboration has allowed us to identify

skill gaps within the market which has helped shape ESP's college curriculum in a bid to bridge the gaps. With a key objective of building a quality workforce that will help Scotland towards its net zero targets by 2045.

3.5 Supply Chain Disruption

Disruption to supply chains continues to be a strong focus of contract management activities. Inflation rose again in the 12 months to December to 5.4%, the highest rate in 30 years.

The impact of the volatility is felt in sourcing of a diverse range of materials; food, furniture, flooring, construction materials have all seen increases. Shipping costs and soaring energy prices are still cited as significant contributors to cost increases.

Poor harvests and labour shortages are also contributing to the rising costs with some analysts suggesting competitive employment markets are driving salaries up and these increases are also having an inflationary impact.

4. The Academy

The Academy is supporting the people development and organisational development of our local authorities and 30 public / third-sector organisations, with 1,077 registered learners accessing content on our Moodle platform and 90 learners engaged in accredited programmes - comprising four in procurement, two in leadership & management, three in project management. We are also delivering two combined procurement and leadership & management development programme cohorts across five NHS health boards.

A further 9 accredited programmes are planned to launch - comprising two in procurement, three in leadership & management, two in project management and two in business analysis & innovation, decision making and innovation.

The Academy won the Scottish Government's tender to deliver the three year national procurement and commercial training framework across the public-sector. The framework has been implemented very quickly with 19 people participating in the first workshop on the 14 January 2022.

The Academy has awarded 259 qualifications and 11 Chartered Managers to date, whilst engaging a total of 1,660 learners in development activities across the whole portfolio.

422 learners have participated in accredited programmes, 769 learners in one-hour online Stay Connected workshops and 469 learners in one-day development workshops.

The Academy team is working on a new schedule for 17 Stay Connected workshops and the launch of four hour online Evolve workshops, with phase#1 comprising 13 workshops. The Scotland Excel marketing team will launch a campaign communicating the Evolve workshops.

The Academy is also –

- Developing a programme to counter Serious Organised Crime in procurement for the Scottish Government.
- Developing and delivering a delegated procurement programme for Dumfries and Galloway council.
- Creating elearning content for Stirling Council.
- Developing and delivering a procurement and project management programme for Aberdeen Corporate Procurement Shared Service.

5. Projects Update

5.1 Dumfries and Galloway Council

The programme of work within Dumfries and Galloway Council aims to improve control and visibility of procurement spend by restricting delegations to services for a period to give time for a full improvement programme to be delivered.

Training sessions on developing procurement skills within the wider organisation have been held with a number of senior stakeholders across the Council and further sessions are being developed and tailored for staff who have Delegated Procurement Authority.

The dedicated Community Wealth Building project is in progress as part of the programme and focus is currently on identifying opportunities to increase local spend through existing Scotland Excel Framework suppliers and identifying potential opportunities for local suppliers to bid for future frameworks.

Semi structured interviews have taken place with key stakeholders including elected members to gather views on the journey so far in relation to procurement across the organisation including challenges faced, potential improvements and the strategic direction of procurement. Findings will be discussed with the Programme Lead.

5.2 South Lanarkshire Council

Scotland Excel has started the first part of the delivery of a transformation programme with South Lanarkshire Council. With the engagement of the Programme Manager, the programme initiation and governance documentation have been agreed with the South Lanarkshire Project Review Board and implemented.

As savings and efficiencies are a key element of the programme, a review of the Council's spend and contracts has commenced with the first set of savings opportunities already shared with the Review Group for comment. A pipeline of potential projects has been created with on-going analysis to identify on-going opportunities.

5.3 Stirling Council

Scotland Excel has been hosting a Head of Procurement for Stirling Council since December 2020. The development plan is progressing well with a number of achievements recently including a recruitment drive to fill long standing vacancies successfully completed. A new Procurement Strategy covering the next four years was approved by committee in November 2021. In December 2021 a new revised set of Contract Standing Orders was approved by Council.

The Community Wealth Building project is nearing completion of the main output documentation with a Community Wealth Building Charter and a supporting Commitment document drafted and going through internal governance. The vision is that the Charter will form an integral part of the Stirling Council Economic Recovery Strategy. Work has already started towards embedding the Community Wealth Building project, with initial contact made with the Forth Valley Chamber of Commerce to look at how to work better together to bring the benefits of Community Wealth Building to life.

In the coming months the development plan will move towards supporting the development of the Procurement Team where the Scottish Government Competency self-assessment framework will be undertaken by all members of the team which will enable the creation of a team training plan and also individual targeted personal development plans.

5.4 Tayside

The work with Tayside Councils was concluded in June 2019, thereafter some additional support to the councils was provided while they continued to explore related change projects. This is now concluded.

5.5 East Renfrewshire

Due to recent changes in resource, activity within the East Renfrewshire Programme is currently on hold. Recruitment is underway within the council for a Chief Procurement Officer and once complete Scotland Excel will liaise with the Officer and Chief Executive and agree how best to support the action plan and journey for the remainder of year 3 of the programme.

5.6 Flexible Procurement Services

There continues to be a growth in demand for Flexible Procurement services where Scotland Excel undertakes; a full procurement exercise on behalf of the customer; offers short term procurement resource under an agency model; provides procurement advice and guidance.

Our small team of procurement professionals are currently working with three Councils and two associate members in delivering a number of procurement exercises and related activity on their behalf.

We are also engaging with other organisations on new requests and liaising with them to determine how we can be of service whilst also building our pipeline of projects and resource requirements in the short, medium and long term.

5.7 City Property Glasgow (Investments) LLP

City Property Glasgow (Investments) LLP continues to engage with Scotland Excel as their 'Procurement Partner' with a number of tenders being prepared covering the waste streams from the Blochairn Food Market in the City.

The legal review of Terms and Conditions of contract for a General Waste recycling partner is now complete and the tender will be published during February.

A mini-competition from the Estate Management Services Crown Commercial Services (CCS) framework for the appointment of an agent for the sale of land in the Charing Cross area of Glasgow, formerly the site of Nye Bevan House, currently owned by City Property Glasgow (Investments) LLP, is now concluded and the business awarded to CBRE Ltd. Mobilisation of the contract has started.

5.8 Scottish Local Government Pension Scheme

The short life Focus Group determined an initial baseline of evidence (using materials previously commissioned by/presented to the Scheme Advisory Board SAB), to inform and provide input for the four business cases (one for each scheme structure option being considered) required by the SAB.

This initial evidence baseline was agreed by the SAB on 24th November 2021.

The next task was to identify the gaps in the evidence and how these could be addressed, to complete the baseline. Work with the Focus Group continued through to mid-January and a comprehensive gap analysis, and work activities required to address these gaps, has now been drafted. This is scheduled to be submitted to the SAB for their consideration on 23rd February.

5.9 Early Learning & Childcare (ELC) provision of 1140 hours – setting the sustainable rate

Scotland Excel has been involved with a number of councils to conduct a cost analysis of providing 1140 hours of Early Learning and Childcare provided by the private sector in their area. We will continue to liaise Scottish Government, COSLA and Improvement Service on related work in this important area of Scottish Government Policy and also how this analysis can be delivered in future years.

5.10 Improvement Service – Employability Services

Scotland Excel is providing support to the Improvement Service and Scottish Government for the development of a procurement process for employability services. UIG meetings have been held with councils, the Improvement Service and Scottish Government, to develop the strategy and procurement documentation.

Furthermore, meetings have been held with the Stakeholder Advisory Group. This group was created to support this process, reflecting the commitment to an inclusive and collaborative approach to procurement. The group provides constructive challenge, expertise and advice. The membership of the group has been drawn from a range of organisations with a variety of interests in employability in Scotland in the private, third and public sector.

Scotland Excel is progressing this project in line with key milestones and is working closely with both procurement and service members of the UIG to ensure the proposed procurement process meets with their requirements.

5.11 Community Wealth Building

Scotland Excel continues to work with Scottish Government and Local Authority partners, focussing on the 'Progressive Procurement' Community Wealth Building pillar.

A practice sharing workshop has been arranged for 8th February with Scotland Excel, Scottish Government and the four pilot councils to discuss their community wealth building journey including positive learnings and challenges faced.

A suite of templates has been developed and a toolkit is being created which will provide a repeatable model to be share with councils in support of their Community Wealth Building journeys.

Scotland Excel is engaging with a number of other councils on Community Wealth Building and we are planning stakeholder workshops with them to engage with their local authority officers. The workshops are designed to help to develop a shared understanding of local procurement and identify opportunities to use council spend to boost economic wellbeing in their area. It also highlights current good practice within the procurement sector and identifies potential future opportunities, challenges, and possible constraints on local procurement activity.

6. Climate Change

2021 was a busy year with COP26 and good progress made across the Climate and Procurement Forum. 2021 started off by Scottish Government publishing policy guidance on taking account of climate and circular economy considerations in public procurement, setting out expectations and signposting sources of support. This was followed in March by the joint ministerial call to action to local leaders to raise support and awareness around the imperative to take action and their role in

embedding climate objectives into public procurement, including the need to facilitate joined up ways of working to address whether we buy; what we buy; and how much we buy as well as how we buy as the major contributors to emissions. Also in March, the Climate Literacy for Procurers eLearning was released. Since its launch, the eLearning has been completed by more than 750 staff across the Scottish public sector, with it also being rolled out to non-procurers. Additionally, the eLearning, along with the wider suite of tools and guidance available on the refreshed Sustainable Procurement Tools platform, are being used far and wide by those outside Scotland and they have been shortlisted for a Scottish Public Sector Award. Looking ahead, Public Sector colleagues must continue to gather real examples and case studies to show traction, reporting on where they can demonstrate the following :-

- successfully embedded climate considerations in sector or local investment & funding decisions, including supporting governance arrangements;
- changed or mandated local or sector policy to facilitate climate action;
- demonstrated tangible outcomes where we have actively decided:
 - **NOT to buy** something to avoid carbon emissions;
 - or where we have made a conscious decision on **what we buy**;
 - or where we have embedded local controls or governance to manage demand and reduce our consumption so they are **not buying as much**.
- any other case studies where they have embedded climate and circular economy considerations in **how we buy**.

7. Associate Membership including new Members

There have been two new associate members since the last CEOMG:

Registers of Scotland
Visit Scotland

The total number of associate members of Scotland Excel currently stands at 122 for this reporting period. Since the last reporting period, Scotland Excel have been engaging with a few public bodies who have expressed an interest in membership to utilise the new engineering consultancy framework and the forthcoming electric vehicle charging contract.