

## **Scotland Excel**

**To: Executive Sub-Committee**

**On: 18 August 2023**

**Report by:  
Chief Executive of Scotland Excel**

### **Chief Executive's Update Report to Chief Executive Officers Management Group (CEOMG) – August 2023**

#### **1. Summary**

The purpose of this report is to share the Chief Executive's Update Report which was issued to Council Chief Executives at the CEOMG on 9<sup>th</sup> August 2023.

#### **2. Background**

The Scotland Excel CEOMG meets quarterly. As part of the regular governance process the Chief Executive provides an update on the work of Scotland Excel. Following discussions with the Scotland Excel Convener, it was agreed that this report – and any future reports – will be shared with members of the Scotland Excel Executive Subcommittee following the CEOMG meeting. The report shown at Appendix 1 provided an update to the CEOMG for the period between May 2023 to July 2023.

#### **3. Recommendations**

Members are asked to note the report.

## **Scotland Excel**

**To: Chief Executive Officers Management Group**

**On: 9 August 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 24<sup>th</sup> May 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 by the wide range of activities carried out by Scotland Excel. This update includes an outline of the project and some detail on the progress made with that work.

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 Team**

The ICT team continues to develop the tender documents for Technology Enabled Care frameworks. The National Shared Digital ARC project experienced some delays in tender release, due to the complex nature of terms and conditions and cyber security requirements. This tender is currently being evaluated, and award recommendations will be presented to the Executive Sub Committee upon completion.

The team is engaged in several projects with the Scottish Local Government Digital Office. These projects include Office 365, Security Operation Centre and the Scottish Technology Asset Management Platform (STAMP) which is a central repository of data on ICT and digital solutions being used across local government.

The team regularly attends and provides procurement input for the following boards – Digital Assurance, Public Sector Innovation, the Department for Education four nations roundtable on commercial themes in schools and Telecare Steering Group. Work continues with the Improvement Service to deliver three key projects on their behalf throughout 2023.

### **Corporate, Education and Operational Supplies & Services Developments**

Government data published in June shows food price inflation has fallen slightly this month from 19.1% to 18.4%. While decreasing food inflation indicates a positive development and a slowing of price increase, the cost of food remains high. Global food commodity prices have been falling since mid-2022 but remain 33% higher compared with pre-pandemic levels. However, decreasing prices have not yet filtered through to UK retail and the UK is lagging behind many other countries; UK food price inflation was among the highest across G7 economies in March, second only to Germany.

The tender for the second-generation framework for the Supply and Delivery of Fresh Bread, Rolls and Bakery Products is currently being evaluated and is due to be presented at Executive Committee in September, with a go live date in October. Scotland Excel held a free webinar in conjunction with the Supplier Development Programme to support suppliers in their bids for this framework.

Evaluation is underway on the second-generation Fire Safety Equipment framework, with recommendations due to be presented at Executive Sub Committee in November. Scotland Excel is also in the final stages of development for tenders' relation to Signage, Cleaning Equipment and Civic Supplies (Previously known as Alcoholic Beverages). Contract notices for all tenders will be published through Public Contracts Scotland in the coming weeks. Initial development is also underway for the tender relating to Sheriff Officer Services.

Scotland Excel has begun initial development work on a PPE framework reserved for supported businesses. This had initially been planned as a lot within the framework for the Supply & Delivery of Personal Protective Equipment (PPE) including Pandemic Recovery Items & Workwear, however when this was not achievable Scotland Excel committed to tendering this as a separate opportunity.

## **3.2 Care Services - Adult and Older Peoples Care**

### **National Care Service (NCS) Update**

Scotland Excel has continued to participate in the Key Stakeholder Reference Group (KSRG). These meetings have included information sharing and discussion in the areas of Co-design and Fair Work Forum. Regional in-person events for participants with lived experience and other stakeholders have taken place with more planned over the coming weeks alongside online events. The analysis process from the insights gathered during the in-person events has commenced and the information will be shared at the NCS forum planned for October.

During the recent KSRG meeting the subject of power and influence within structures was explored and the cultural shift required to deliver choice and control for people. A number of contributors expressed concern about the Partnership agreement for the NCS and were seeking clarity on how a shift in culture could be achieved to ensure power shifts away from the established structures. Contributors also expressed their concerns around commissioning and procurement of local services.

It is not clear at this stage where the commissioning and procurement function of national and local social care services sits within the development of an NCS. Scotland Excel has previously explored with Scottish Government the potential opportunities to lead on any landscape review, or project work, and would be keen to revisit over the coming months.

## **National Care Home Contract (NCHC)**

### **2023/24 Negotiations**

The 2023/24 negotiations have been the most challenging negotiations in recent years. The protracted nature of the discussions created significant uncertainty within the care home sector. Although the 6% increase to placement fees under the NCHC have finally been concluded, the nature of the negotiations for 2023/24 and the delay in having an agreement in place cannot be allowed to become the precedent in future negotiations. Lessons learned in relation to this process will determine a more constructive negotiation process moving forward. In the first instance, initial discussions are required with COSLA and the local authority negotiation team to set out the template for the process, which will then be shared with the care home sector representatives and unions.

### **2024/25 Negotiations**

Negotiations are due to resume in October for placement fees for the fiscal year 2024/25. Prior to this, the plan had been to review the cost of care model and consider having more versions to assist in the sustainability of the smaller, more rural care homes in Scotland.

Due to the delay in commencing the cost model review following the protracted settlement for 2023/24, this work is unlikely to be completed before the negotiations are due to start. Given some of the legislative changes, including the forthcoming safe staffing legislation due to be implemented in April 2024, it is likely that there will be a considerable increase to placement fees for the NCHC. This will raise a challenge for local authorities' budgets for 2024/25 and discussion is required between COSLA and the Scottish Government on the matter of additional social care funding.

### **NCHC Redesign**

The agreed process is to update the NCHC (2013) with current legislation. This would then require the agreement of all signatories that it is merely an updated contract and does not materially change the contract.

Following this process, all signatories will then work on a review of the cost of care model. This would explore both the impact on staffing levels of changes in legislation and the challenges posed by the current model on the smaller care home sector. In particular, the Infection Protection and Control Guidance, Anne's Law, the Healthcare Framework for adult care homes and the Safer Staffing legislation - all of which put extra responsibilities and increased working hours on employees.

Once the new cost model has been agreed, there would be a commitment sought from the care home sector to a redesign of the NCHC. This redesign will allow for care homes to deliver in a manner which meets the changing needs of local communities and continue to support the sustainability of the sector.

## **Care and Support and Care Homes for Adults with Learning Disabilities Including Autism**

### **Care and Support Services Flexible Framework Renewal**

A Prior Information Notice (PIN) was issued on 25 May 2023 to inform the wider care provider market of two open events held on Wednesday 7 June 2023 and Thursday 8 June 2023. Third sector representative bodies were also of the PIN for wider dissemination to their members. The notice was also published on social media. These enabled providers of all sizes to participate in opportunities that the renewal framework will offer. A total of 120 care providers have participated in the consultation and engagement activities to date.

A Strategic User Intelligence Group was held on 27 June 2023 (19 attendees) to present the provider consultation findings and to inform the strategy and framework documentation.

A technical group meeting was held on 19 July 2023 (9 representatives from 7 Local Authorities) to discuss and agree updates to the final documents, which have been incorporated and issued to legal colleagues for review.

### **Care Homes for Adults with Learning Disabilities Flexible Framework Renewal**

A survey questionnaire was issued to the framework providers on 9 June 2023 and closed on 23 June 2023. A total of 31 responses were received. A Prior Information Notice was issued on 20 June 2023 to the wider market providing residential care to adults. Two open events were held on Wednesday 12 July 2023 and Thursday 13 July 2023. The total number of providers participating in consultation activities to date is 50.

Analysis of the data is in progress, and the consultation findings will be used to inform strategic developments and the framework documentation. It remains the expectation that the new framework will be awarded on or around September 2024.

## **Annual Price Review Process**

The annual pricing review continues to be the primary focus for contract management activities for the Care and Support and Care Homes for Adults with Learning Disabilities Including Autism flexible frameworks.

A Strategic Commissioner Representative Group has been convened to progress the provider pricing request submissions. Three meetings were held on 29 June 2023, 6 July 2023 and 18 July 2023. The group is an expert panel of Chief Finance Officers, finance and commissioning officers purchasing from the flexible frameworks. The proposed remit of the group is to agree sustainability principles for the timeous processing of payments and to adopt a national approach to cost modelling such as Consumer Price Index (CPI), Company Watch financial risk monitoring and other data sources, where relevant, for the business overhead costs of the contract price not in scope of the Adult Social Care Uplift.

Of the services for which information has been submitted, the Care and Support Flexible Framework, 128 care providers (47%) have submitted increases equal to or below CPIH with 147 (53%) above. The overheads element of the contract rate is 13.1% which equates to a 7.29% CPIH increase for the cost line categories relating to this contract. If applied, this represents an 0.95% increase to the contract price.

The Care Homes for Adults with Learning Disabilities Including Autism Flexible Framework, 27 care home providers (64%) have submitted increases equal to or below CPIH with 42 (36%) above. The overheads element of the contract rate is 28.2% for which equates to an 8.63% CPIH increase for the cost line categories relating to this contract. If applied, this represents a 2.43% increase to the contract price.

The group have been unable to agree any increases at this stage.

## **Residential Rehabilitation**

The Residential Rehabilitation project was commissioned by the Scottish Government with the remit of researching and developing national approaches for commissioning of alcohol and drug residential rehabilitation services. A proposed national flexible framework for these services is currently in development. This has been informed by engagement with people with lived experience, providers, council and NHS commissioning leads and other stakeholders. It is anticipated that the proposed framework will be in place by March 2024.

## **Social Care Agency Workers**

A programme of User Intelligence Groups (UIG) meetings is in place for the Social Care Agency Worker Flexible Framework for the operation of the framework. A User Intelligence Group was held on 5 July 2023. (11 Councils and 2 Associate Members attended). This meeting focused on mobilisation issues, contract management) and management information . Further UIG meetings are planned for 25 October 2023 and 18 January 2024. The emphasis of these meetings will be to discuss and monitor capacity in the supplier market relating to recruitment and retention issues and risk mitigation.

### **3.3 Children's Services**

#### ***Children's Residential Care & Education***

The Children's Residential Care and Education (including short breaks) flexible framework went live on 1st October 2022. The 2023/24 fee review process for the framework has now been finalised, however further work will be undertaken relating to the cost avoidance which was achieved. A lessons learnt exercise will also be undertaken to inform next year's process and ensure any stakeholder feedback is incorporated.

The management information process review has now been concluded for the framework, with the revised approach embedded in the latest returns. Further engagement with the UIG and providers is planned to agree an annual survey or management information request to providers, for the collection of more detailed and qualitative framework, service, and wider landscape information.

#### ***Secure Care***

The Children and Young People's Centre for Justice (CYCJ) has been appointed by Scottish Government to lead on "Reimagining Secure Care" work, specifically:

"'Reimagining Secure Care' as part of the 'Reimagining Justice Service' is designed to combine views, knowledge, and experiences of all stakeholders involved to create a comprehensive understanding of what will be effective, meaningful, and sustainable for secure care services. This is to meet the needs of all children and young people who are deprived of their liberty on welfare or justice grounds, from the Children's Hearing System or through Courts."

Scotland Excel has held regular meetings with CYCJ and Scottish Government in recent months, to fully understand the impact of the work, and other changes within the policy landscape, on current and future contracts. Scotland Excel is considering options for the contracts and will communicate relevant updates to all stakeholders in the coming weeks.

Separately, the 2023/24 fee review process for the framework has now concluded and a lessons learnt review undertaken. Work is planned to develop a standardised approach to calculating cost avoidance across the contract portfolio, including Secure Care contracts.

### **3.4 Construction Transport and Environment**

Since the last update a first-generation national framework for property maintenance and refurbishment services has been successfully awarded and mobilised with councils and associate members as well as suppliers. This framework provides a mechanism to procure a range of property maintenance and refurbishment services and has been added to the portfolio to complement existing property management offerings such as energy efficiency improvement works, and asbestos-related works. Of the 88 awarded suppliers, 86 are Scottish suppliers, with 53 classed as SMEs and 22 micro businesses. The recommended suppliers provide the choice and scope required by members as well as representing best value and providing local geographical coverage.

The second generation of New Build Residential Construction is being prepared for issue to the market, with the tender expected to be advertised in early August. Two new mechanisms are proposed for this framework, one which will support users of the framework to plan site usage with contractors and the other to support skills development in the construction sector.

Work has commenced to develop a framework for production of Local Heat and Energy Efficiency Strategies (LHEES), heat network zoning and Local Area Energy Planning (LAEP). This framework will assist Scotland Excel members in completing technical analysis as well as coordination and engagement activities in order to prepare, publicise, or update their LHEES and delivery plans in accordance with the LHEES order and guidance. It will also support local authorities in reviewing and evaluating the implementation of heat networks and provide expertise on local area energy plans to enable net-zero strategies. Finally, the framework will offer building expertise to underpin transition from traditional heat sources to decarbonised heating.

In addition, development of frameworks to renew the provision of Asbestos Services, Security Services and Cash Collection, Street Lighting Materials, Construction Materials and Grounds and Plant Equipment continues, with frameworks being available to use later this year. There is an ongoing issue in securing technical input to conclude product/service specification and evaluation. This is particularly relevant regarding Street Lighting Materials, and the matter has been raised with procurement managers to encourage support to prevent further delays.

#### **4. Contract Delivery Plan Update**

At any given point there are around 70 frameworks in the Scotland Excel contract Portfolio. A 6 further frameworks are to be developed and added in the coming year. Twenty two (22) of these frameworks are to be renewed during 2023/2024. A further 12 frameworks on the current portfolio have extension options that are available to be exercised in 2023/2024, and three of these extensions are already approved. Overall, efficiencies delivered to date in 2023/2024 are 1.62%. This efficiencies figure will continue to be monitored throughout 2023/2024.

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

##### **4.1 Property Maintenance and Refurbishment**

Property Maintenance and Refurbishments is a first-generation national framework which will provide members with a mechanism to procure a range of property maintenance and refurbishment services and will compliment Scotland Excel's existing construction portfolio, such as energy efficiency improvement works, and asbestos related works.



The framework is well placed to deliver a favourable commercial position against market alternatives for councils over time and was therefore the framework is recommended for approval with a neutral savings position. Across the lots and regions, a range of competitive offerings have been submitted including reductions to the National Schedule of Rates (NSR)s. Due to the lack of comparable data, Scotland Excel did not benchmark the framework with councils' current arrangements.

## **5. Enhancing Value**

### **5.1 Savings Opportunities**

Reflecting the key role improved commercial terms has in enhancing the value of Scotland Excel's frameworks, dedicated time and resource has been allocated to identifying and converting savings opportunities.

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.

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

Potential for reducing costs have been identified across a group of Scotland Excel frameworks. To manage the tensions between the need for frameworks to support local economies and to provide routes to decarbonise council activities Scotland Excel is reviewing the portfolio of frameworks. The intention is to segment the portfolio to identify the primary focus for each grouping – commercial, environmental or community wealth building. This shift will optimise the value available for each framework.

Other areas of focus include exploration of alternative payment methods and the efficiencies these could bring to financial transactions as well as the processes to maximise income available to customers from rebates.

A review of Category C opportunities is also ongoing including analysis of council contract registers to identify potential national collaborative opportunities.

It is recognised that the Scotland Excel savings team will be exploring savings opportunities across all categories of spend.

### **5.2 Climate Change and Net Zero Strategy**

Following its approval at the Executive Sub Committee on 17 March 2023, the Scotland Excel Net Zero Strategy has been shared with members of the Commercial User Intelligence Group (CUIG) with the most relevant areas of interest being highlighted to procurement managers.

An action plan is currently being developed to achieve the objectives within the strategy document. This change requires a 'whole organisation' approach. To support this, terms of reference have been agreed for the formation of a group which will champion progress to ensure that objectives are delivered. Progress will be monitored through Scotland Excel's Contract Steering Group.

Achieving these strategic objectives will support Scotland Excel member councils in the delivery of individual and collective net zero goals. The strategy was developed to link to Scottish Government 'climate emergency' policy and legislation and will ensure that the Scotland Excel contract portfolio remains central in assisting councils and others in meeting regulatory requirements.

### **5.3 Supply Chain Disruption**

Scotland Excel has been providing market condition reports to members for some time; originally these were intended to help councils prepare for the impact of the UK leaving the EU. Volatility in supply markets since the onset of the global pandemic in early 2020 has become the norm.

Resources have been dedicated to collating relevant information quarterly and publishing a detailed report on factors relevant to members. The most recent of these reports is due to be issued imminently. These reports have provided detail on the impact of global economic conditions on Scotland Excel frameworks and on other commodities relevant to council buying behaviours.

## **6. The Academy**

Scotland Excel's Virtual Learning Environment, 'The Academy' has 2,149 registered learners who can access learning and development content including workshop materials and discussion forums. Learners can access content based on past workshops they have attended. In addition to this, the Academy also has a public facing source of material accessible to all. This includes scheduled courses, areas of learning, professional development and bitesize pieces of learning through our 'Stay Connected' sessions.

### **6.1 Current Accredited programmes**

Accredited programmes which include Chartered Institute of Procurement & Supply (CIPS), Chartered Management Institute (CMI) and the Scottish Qualifications Authority (SQA). There are currently 51 learners participating in 8 accredited cohorts:

- one in procurement
- two in leadership & management
- two in business analysis and innovation.
- three in project management

There are also two hybrid procurement and leadership & management development programmes spanning five NHS health boards.

Ten accredited programmes are planned - three in procurement, three in leadership & management, three in project management and one in business analysis and innovation.

## **6.2 Scottish Government Procurement and Commercial Training Framework (SGPCTF)**

The Academy delivered the first workshop of the SGPCTF in January 2022 and continues to deliver the framework across the Scottish public-sector. Since inception:

- 1,064 people have attended 74 workshops to date.
- 3 open workshops are scheduled for 2023.
- 7 closed (organisation only) workshops are scheduled for 2023.

Local Authorities continue to have a high uptake in utilising the framework.

## **6.3 Additional programmes**

Progressing beyond the second cohort of DETER Serious Organised Crime prevention workshops in March 2023, learner feedback is informing the evolving content and a new series of workshops are being planned.

Other programmes which are currently being delivered include:

- A delegated procurement programme for Dumfries and Galloway council.
- A procurement and project management programme for Aberdeen Corporate Procurement Shared Service.
- A contract management programme for the Highland Council.

The suite of free 'Stay Connected' one-hour lectures was launched in February 2023: To date 9 sessions have been delivered:

- 3 in procurement
- 3 in business analysis
- 2 in project management
- 1 in mentoring

The program continues to run with further workshops being scheduled in 2023.

## **6.4 Academy Strategy**

The Academy's refreshed strategy was approved by the executive sub-committee in March 2023. The purpose of the strategy is (i) to address challenges in procurement training that can support the development of procurement professionals in Scotland through learning and development while offering solutions that can attract and retain the procurement workforce and (ii) at the request of our members, deliver lower priced, shorter duration programmes that can meet their needs in the current economic climate.

The strategy is now being progressed and consists of:

- **Procurement**
  - Creation of new SQA accreditation procurement programs.
  - CIPS Exam route support package – free to members and will include sharing best practice, peer to peer learning and Q&A sessions as well as a mapping of academy non accredited workshops offerings to CIPS topics to ensure we can signpost our learners to the information and guidance they need. The CIPS curriculum is currently being revised, this will be monitored accordingly.
  - In addition to delivering the SGPCTF, several topics that were identified by our members for delivery will be scoped, these include: community wealth building, construction, fair work practices, net zero, serious organised crime and social care.
  - Scoping of a Graduate Apprenticeship offering.
- **Leadership and Management**
  - Creation of two new SQA accredited Leadership and Management programmes at HND and Degree levels while still offering the opportunity to obtain Chartered Manager Award Status.
- **Project Management**
  - Scotland Excel continues to deliver the SQA accredited PDA in Project Management at HND level.
- **Business Analysis, Decision Making and Innovation**
  - Scotland Excel continues to deliver the SQA accredited PDA in Business Analysis, Decision Making and Innovation at degree level.

Ongoing consultations with multiple stakeholders continue to inform the emergent strategy.

## **7. Projects Update**

### **7.1 Dumfries and Galloway Council**

The programme of work within Dumfries and Galloway Council is nearing the end with 'mop up' training sessions being arranged for members of staff with delegated procurement authority who were unable to attend previously arranged sessions.

Discussions are continuing with the Procurement and Commissioning Manager regarding the potential continued use of the 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 now well underway with a new procurement strategy for 2023/24 developed and approved by the Council. The corporate procurement team has been re-structured on a category management basis. The category officers, most of whom are new to the role, are

familiarising themselves with their categories. They are working with client services to put additional detail on the procurement forward plan.

Sourcing strategies for every significant procurement are now being developed across the Council, documenting the pre-procurement research and analysis that is taking place.

Community Wealth Building is central to Dundee City Council's transformation aspirations. Following a successful launch with anchor partners, work has now begun on the details of the strategy and an action plan.

### **7.3 South Lanarkshire Council**

The transformation programme with South Lanarkshire Council is nearing the end of the programme and has progressed well. Phase's 1 - 5 projects have been approved, implemented, and savings realised. The savings target set at the start of the 2-year programme was £1.3m, which has been approved by the Corporate Management Team (CMT) and achieved 13 months into the Programme. Savings approved by CMT is now at £1.9m, with a further £500k under evaluation. The final phase, Phase 6 projects, will be presented to CMT in September 2023. This phase is expected to achieve a further £500k of savings, taking the total savings accepted by South Lanarkshire Council CMT to around £3m.

### **7.4 Stirling Council**

Scotland Excel support reduced to one day a week in May 2023. This is primarily to focus on support, mentoring, and coaching of a new interim Corporate Procurement Manager, support for recruitment activity until December 2023 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. The second annual event was held in June 2023 and was considered a great success with positive feedback from the 60 local suppliers in attendance. It's intended that this becomes an annual Community Wealth Building event, and the next thematic based event is in planning for October 2023 focused 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 flexible procurement services continues to grow, in particular where organisations have procurement resource or expertise gaps. A number of councils and associate members including City Property Glasgow (Investments) LLP and the Care Inspectorate are engaged with this service and projects and procurement exercises vary in size, value, complexity and duration.

The team has received enquiries from a number of organisations seeking more information about the services and follow up meetings and proposals are in progress.

The flexible procurement services team will continue to evolve to meet customers' needs and demands.

## **8. Associate Membership including new Members**

There has been one new associate member since the last CEOMG:

### **Robert Gordon University**

Since the last reporting period, Scotland Excel is continuing to work with developing housing associations that are required to participate in the Scottish Government continuous improvement programme. To date, there are over twenty housing associations engaged with Scotland Excel at various stages in the process. Associate members are showing interest in the newly awarded Property Maintenance and Refurbishment contract with three new associate members being proposed at the August Executive Subcommittee.