

Scotland Excel

To: Chief Executive Officers Management Group

On: 20 June 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 16 February 2022.

2. Summary

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

3. Framework Portfolio

3.1 Corporate Services (including Digital)

ICT and Education Team

A new category team has been formed and the team has a category manager, 3 procurement co-ordinators and will be joined shortly by a graduate trainee. The team will work in partnership with the Digital Office and SEEMiS and will focus on delivering the following procurement projects for this year: -

- The renewal of the Technology Enabled Goods framework ("TEC")
- A shared national digital Alarm Receiving Centre("ARC") framework
- Security Operation Centre framework
- Robotic Process Automation framework
- Common platforms framework
- The renewal of the audio-visual framework

The team will also be involved in several projects which will lead to procurement exercises, some of these projects include: -

- One child one device
- Scotland Technical Asset Management Platforms ("STAMP")
- Data analytics
- Artificial Intelligence

Currently procurement strategies for the TEC and ARC projects are being completed.

Corporate Developments

There have been a number of developments within the Corporate portfolio, with the executive sub committee approving recommendations for award for PPE, Library Books, Digital Publications and Pest Control. Repair of catering equipment is currently being evaluated and Water Coolers is currently out to tender. Other contracts in the initial stage of development include Fresh Meats, Cooked Meats and Fresh Fish and Washroom Solutions.

Challenges still remain around price volatility and supply disruption particularly within the Food portfolio. The Food and Agriculture Organisation (FAO) Food Price Index shows a new all-time high in global food prices for key commodities in February 2022- 20.7% above its level a year ago and up by 3.9% from January. The rise was driven by a record high in vegetable oil, which was up by 8.5% since January. Dairy, cereals and meat price sub-indices were also up, whereas sugar prices have dropped for the third consecutive month. Russia's invasion of Ukraine began in the last week of February, so is not fully captured in these figures. The UK will be less impacted than many other countries which are highly reliant on Ukraine and Russia for food imports, but the influence on global food and input prices will have substantial knock-on impact here, and to an extent will mirror the global picture: food, fuel, fertiliser and animal feed prices have all been rising and will most likely continue to do so. Defra have claimed that there will be no direct impact on UK food supply as we import little food from Eastern Europe, but this does not reflect indirect impact on food prices. Wheat is less of a concern in the UK as we produce large quantities, but we are likely to see shortages of sunflower oils, with concerns that enough alternatives won't be available and the cost of these will be driven up substantially.

3.2 Care Services

3.2.1 Adult and Older Peoples Care

National Care Home Contract (NCHC)

The National Care Home Contract (NCHC) rates for 2022 have been agreed and take effect from 11 April 2022. The rate includes a forecast increase for nurses pay which has not yet been finalised and therefore an 'in year' adjustment may be required to ensure the NCHC rate continues to align with Agenda for Change pay for nursing staff.

Although the full NCHC increase takes effect from the 11 April to align with the Department of Work and Pensions (DWP) pension increase the adult social care pay increase (to £10.50) has been set from 1 April by Scottish Government. Local authorities have therefore been asked to agree a suitable mechanism locally for ensuring providers receive additional funding for this workforce increase from 1 April.

The NCHC work will now be focused on the redesign of the contract. The first meeting of the group leading the review work took place on 21 April 2022 and was attended by a wide range of stakeholders. This included Carers, Advocacy, Care Inspectorate, Provider Representatives, Unions, COSLA, Chief Officers, Chief Finance Officers, Commissioners and the Scottish Government.

It is anticipated that this group will meet monthly to consider areas for improvement and may establish smaller working groups to consider specific key issues. The aim of this redesign is to explore both what constitutes a care home and how this could be expanded to allow them to become more involved within their local communities, whilst putting the human rights and standards of care at the heart of the specification. There will also be a focus on the workforce and whether there are any contractual measures that could improve recruitment such as having a duty to positively promote the good work of the care staff via the media both locally and through social media. There is a further aim to have the cost of care model accepted fully as the process for identifying the cost of a care placement although there will be some modifications required to the current model to reflect the current environment. Further to all of this, there is an aim for the contract to have more of a partnership approach to resolving any presenting difficulties within any given care home without detracting from any protective measures that may need to be taken to ensure the safety and wellbeing of residents.

The aim is to have the redesign completed by the end of March 2023 but it is recognised that undertaking a fully collaborative process takes time and therefore this completion date may have to be extended.

Residential Rehabilitation

Scotland Excel has successfully appointed a new contract lead to join the organisation and lead on the work to consider commissioning options for residential rehabilitation. This work is expected to begin in late May. It is planned that the work will include further financial analysis and wider examination of the services that builds on the Scottish Government research. Engagement with the market will also help confirm potential interest in this work. This information would develop and support an improved understanding of the types and range of services, and to realise the viability of the different commissioning and procurement options including the benefits of collaborative approaches. Engagement is also planned to take place with local authority and health and social care partnership colleagues as the work develops, and as appropriate.

Care & Support

Following the most recent re-opening of the flexible framework for care & support services, 21 new providers have successfully joined the framework. These new providers reflect 26 new services available to use under the framework bringing the total number to 137 providers and 445 services.

Social Care Agency Workers

A short extension to the existing agency workers framework is planned to take the current contract end date up to October 2022. This will allow further consultation with the User Intelligence Group (UIG) to take place in relation to some of the more complex human resource issues. The tender for the new generation framework is scheduled for publication in May.

3.2.2 Children's Services

Children's Residential Care & Education

An extension to the current framework for children's residential care is being rolled out taking the expiry date of the contract up to the end of September. A review of the current specification and terms has taken place with stakeholders with a number of amendments proposed for the new arrangement.

A streamlined application process is being finalised for providers to apply to participate in the new generation framework. This process is expected to be opened in May with the new framework in place for 1 October 2022.

3.2.3 £500 Special Recognition Payment Project

Scotland Excel has been commissioned by the Northern Ireland Department of Health to deliver their £500 payment process for personal assistants. The application portal went live in March and is expected to close in June.

This work involves Scotland Excel collaborating with the same organisations involved in the process for Scottish Government, Independent Living Fund (ILF) Scotland and Self-Directed Support (SDS) Scotland as well as the Department of Health and the Northern Ireland Health and Social Care Trusts. The Department of Health estimates that 13,000 personal assistants may be eligible for the payment.

3.3 Construction Transport and Environment

3.3.1 Property Repair, Maintenance and Refurbishment

This framework is under development, it will focus on the provision of services for the management of property. Scoping discussions with technical and procurement stakeholders have taken place and this information is being drafted into a specification for the framework.

3.3.2 Energy Efficiency Contractors

This framework is a second generation and has been enhanced to cover the full extent of our members requirements and now includes provisions for retrofitting residential and corporate properties. With sustainability at its core, it will underpin the Scottish Government's drive for Net Zero by 2045.

Contractor mobilisation events have recently taken place for 46 contractors awarded and were held within 2 colleges - West College Scotland and Forth Valley College. These sessions explained the mechanics of the framework and focused on skills and funding opportunities for the contractor base to support the Just Transition to Net Zero in this rapidly growing industry.

An official launch event to showcase the framework is scheduled for 26 May at Dynamic Earth. This will bring together representatives from Scotland Excels membership and will also incorporate an exhibition the work of the 46 Contractors awarded onto the framework.

3.3.3 Building Construction Consultancy

This has been a challenging piece of work to conclude, given the range of services, the broad supply base and the contractual complexities. The framework has been scoped to cover all of the consultancy work required to support construction of buildings, including contracting with multi-disciplinary teams. The framework will be awarded later this year.

3.3.4 Outdoor Play and Sports Facilities

The tender for outdoor play and sports facilities was issued in March and the evaluation of offers received is ongoing. The framework will support the installation, maintenance and development of play facilities. Significant analysis and stakeholder engagement has taken place throughout the development activity, and the team has also engaged through a new network of technical representatives. This network has been formed as part of the ongoing consultation and engagement exercise, resulting from the recent announcement that an additional £60m of grant funding will be awarded for public, free to use play facilities.

3.4 Contract Delivery Plan Update

There are 72 current frameworks in the Scotland Excel contract portfolio, with 6 further new frameworks to be added and 32 to be renewed before 30 June 2023. A further 19 of the frameworks on the current portfolio have extension options that are likely to be exercised in throughout the year, with 12 of these extensions already being approved.

Overall, efficiencies delivered to date in 2021/ 2022 are 2.3%, which is within the forecast range. This efficiencies figure will continue to be monitored throughout 2022/2023.

The following contracts have been approved at Executive Sub Committee since February 2022:

3.4.1 Pest Control and Associated Services

The framework covers the removal of rats and mice, crawling insects, flying insects and the supply of pest control chemicals and accessories. The projected average on cost is 10.5%. which equates to an estimated total on cost of approximately £26,000 per annum across all councils based on current forecast spend levels. Given the market movement forecast of 10% over the period of the current framework as demonstrated, the impact through transition to the

new framework is more tangible estimate at an on cost of 0.5%, or c.£1,240 across all councils.

3.4.2 Electric Vehicle Charging Infrastructure

This first generation framework was submitted to the April meeting of Executive Sub-committee. The framework creates a compliant route for the public sector to contract for all aspects on supply, installation and operation of infrastructure for electrical vehicles.

This is an expanding market and the framework has been established with a broad supply base to ensure there is sufficient capacity for work to be carried out across Scotland in the coming four years.

3.4.3 Vehicle and Plant Hire

This framework covers the hire of vehicles and plant equipment on a variety of hire periods, namely; daily, weekly, monthly, 6 monthly, annually, 18 monthly or 2 yearly basis, to support the requirement of councils' fleet and roads departments. The use of hired equipment supplements existing council assets and assists with seasonal or intermittent demands. Currently, buying authorities also have an increased demand for hire of vehicles across various departments to support ongoing social distancing measures.

3.4.4 Digital Publications and Services

This framework will provide councils with a mechanism to procure a range of services including but not limited to e-Books, e-Audiobooks and e-Magazines, e-Comics and e-Newspapers. Scotland Excel has conducted a benchmarking exercise comparing current fees against the fees submitted within the renewal tender. The result of this benchmarking is listed in Appendix 1. The projected average saving across all councils is 12%, which equates to an estimated total saving of approximately £114k per annum based on current forecast spend levels.

3.4.5 Library Books and Textbooks

This framework will provide councils with a mechanism to procure a range of library books including but not limited to adult and children fiction and non-fiction books, reference books, foreign language books, audio books and large print books. Councils will also be able to procure a wide range of educational textbooks from various publishers. Users of the framework are likely to include public libraries, schools, nurseries and community centres.

Scotland Excel has conducted a benchmarking exercise comparing current prices paid with the prices submitted against the new framework. The result of this benchmarking is listed in Appendix 1. The projected average saving across all councils is 0.12%, which equates to an estimated total saving of approximately £16k per annum.

3.4.6 Personal Protective Equipment (PPE) including Pandemic Recovery Item & Workwear

This framework will provide councils with a mechanism to procure a wide range of personal protective equipment (PPE), workwear and pandemic recovery items. This is the fourth generation framework and aims to maximise collaboration, consolidate demand and deliver best value.

The recommended suppliers provide the choice, scope and range of products required by councils as well as representing best value. These suppliers also represent a mix of micro, small, medium and large organisations, with 35 of the recommended suppliers classified as SMEs, one of which is also a supported business

3.5 Supply Chain Disruption

This challenging area has absorbed contract and supply management capacity for all procurement functions in recent months. Although there has been unprecedented disruption to supply chains since early 2020 further impact has been felt since the last update, brought about by the conflict between Russia and the Ukraine. Sanctions and divestment from Russian business interests across Europe has impacted on availability of a range of commodities, however energy costs, particularly gas, has been the most significantly hit.

The impact of the coronavirus pandemic is still being felt through supply chains with further lockdowns in China having an effect on production and distribution of some commodities.

Inflation rose to 7% in the 12 months to April, a continuation of the trend for 30 year highs, experienced month on month since mid 2021.

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

4. The Academy

The Academy is supporting the people development and organisational development needs of our public-sector, with 1,204 registered learners accessing content on our learnin platform, Moodle, and 134 learners engaged across 10 cohorts - comprising four in procurement, one in leadership & management, two in project management, one in business analysis and innovation and two hybrid procurement and leadership & management development programme cohorts across five NHS health boards.

A further 10 accredited programmes are planned to launch - comprising two in procurement, three in leadership & management, four in project management and one in business analysis and innovation.

The Academy is also delivering the Scottish Government procurement and commercial training framework across our public-sector, engaging 142 people in procurement workshops to date. A further ten workshops are scheduled.

The Academy has awarded 277 qualifications and 11 Chartered Managers to date, whilst engaging a total of 2,125 learners in development activities across the whole portfolio.

437 learners have participated in accredited programmes, 1,077 learners in one-hour online Stay Connected workshops, 469 learners in one-day development workshops and 142 learners have participated in the Scottish Gov procurement framework workshops.

The Academy is also –

- Delivering a new Serious Organised Crime prevention programme for the public sector with a pilot programme supported by the Scottish Government.
- Developing and delivering a delegated procurement programme for Dumfries and Galloway council.
- Developing and delivering a hybrid procurement development and leadership & management development programme for NHS Lothian, Tayside, Fife, Grampian and Highland health boards.
- Developing and delivering a procurement and project management programme for Aberdeen Corporate Procurement Shared Service.
- Exploring a lower cost high quality procurement development programme, responding to our customers' feedback.

5. Projects Update

5.1 Dumfries and Galloway Council

The programme of work within Dumfries and Galloway Council continues with the aim of improving 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 and awareness are now being developed and tailored to staff who have Delegated Procurement Authority within the organisation.

The dedicated Community Wealth Building project continues as part of the programme and focus remains 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. Part of this work will include Scotland Excel attendance at two in-person meet the buyer events being held by the council in early summer. Further engagement has also taken place to better understand some of the opportunities for more collaboration between teams in the council.

5.2 South Lanarkshire Council

Scotland Excel is now progressing the delivery of a transformation programme with South Lanarkshire Council. The main key element of the programme is a Procured Spend Review; a review of the Council's spend and contracts is ongoing with the first set of savings opportunities approved by the Review Group and are due to be presented to the Corporate Management Team (CMT) in May.

The next tranche of savings opportunities are in the process of being communicated to Resources and the Review Group for comment, with the planned proposal of a June CMT date for final approval. 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 providing Stirling Council with a Head of Procurement since December 2020. Since the last update the development plan is progressing well with a number of achievements recently including Community Wealth Building, Contract and Supplier Management and undertaking the Scottish Government Procurement Development framework. Work has commenced on this years' service planning and the annual procurement report.

The Community Wealth Building project has been completed with the main output documentation of a Community Wealth Building Charter and a supporting Commitment document completed. The Charter now also forms an integral part of the Stirling Council's Economic Recovery Strategy going forward. Work has started on embedding the Community Wealth Building project, with initial contact made with a number of partner organisations; plans are in place for an in-person launch event in late May 2022, with local businesses and third sector organisations being invited to start the creation of more positive links with all partners and understanding contracting opportunities.

The initial self-assessment stage of the Scottish Government Procurement Development framework is complete and, once results are analysed, this will support the development of a team wide training plan and individual personal development plans. Work is also underway around the team structure in the future to put the team in the best possible place for long term success, which the development framework work will help to support, along with career and succession planning.

5.4 East Renfrewshire

Due to changes in resource the East Renfrewshire Programme activity has been on hold since December 2021. Scotland Excel is currently liaising with the recently appointed Chief Procurement Officer on how best to support the remainder of year three of the programme. In addition to this, case studies are in development which will provide organisations with an insight to key aspects of the programme.

5.5 Flexible Procurement Services

Our flexible procurement team are currently working with several Councils and Associate Members on delivering a number of procurement exercises and related activity on their behalf.

There continues to be a growth in demand for Flexible Procurement services - in particular where organisations have procurement resource or expertise gaps.

The team is also engaging with organisations on new requests for support and liaising with them to determine how we can be of service whilst also monitoring the pipeline of projects and resulting resource requirements in the short, medium and long term.

5.6 City Property Glasgow (Investments) LLP

Scotland Excel continues to engage with City Property Glasgow (Investments) LLP in support of their procurement requirements relating to waste streams from the 'Blochairn Food Market in the City'. Tender responses for a General Waste recycling partner have been evaluated, and a decision to award is pending ratification from the board expected by the end of April for a May contract start. Cardboard Waste will be the next stream of focus, with a tender expected to be published in the summer.

5.7 Scottish Local Government Pension Scheme

This project is now concluded, and a comprehensive gap analysis compiled and issued to the Scheme Advisory Board on the various options for the structure of the scheme going forward. This also included a summary of the next steps required to develop work packages to address these gaps.

5.8 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.

A Flexible Dynamic Purchasing System (DPS) was issued in February 2022 and providers could apply to be part of this arrangement.

Scotland Excel is progressing this project in line with key milestones and is currently evaluating responses to the initial request to participate.

5.9 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 took place on 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 have been developed and a toolkit has been created which will provide a repeatable model to share with councils in support of their Community Wealth Building journeys. This will be highlighted at the Scotland Excel Annual Conference and presented at the forthcoming Heads of Procurement event.

Scotland Excel is continuing to engage with a number of other councils on Community Wealth Building with stakeholder workshops in progress. These are designed to help develop a shared understanding of local procurement, identify opportunities to boost economic wellbeing in their area, as well as highlighting current good practice, challenges, and possible constraints on local procurement activity.

6. Climate Change

Scotland Excel next generation New Build Residential Construction framework will facilitate the development of up to 10,000 new homes over the next four years. This will serve as a major platform for influencing progressive carbon friendly practices in the construction industry. Scotland Excel has reached out to several construction industry carbon zero champions including Scottish Enterprise, Zero Waste Scotland and Construction Scotland Innovation Centre to collaborate in the framework redevelopment. This will spearhead initiatives that extend to the rest of construction and beyond. In addition to this, Scotland Excel has worked alongside colleagues within Scottish Government to reword environmental standards within tender documents and this is out for comment and consultation across public sector colleagues during the month of April.

7. Associate Membership including new Members

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

Thenue Housing Association Ltd
Scottish Water
Fife Sports and Leisure Trust
Cireco
Fife Golf Trust
Social Security Scotland
Clyde Gateway

The total number of associate members of Scotland Excel currently stands at 128 for this reporting period. Since the last reporting period, Scotland Excel has been engaging with housing associations enquiring about the new energy efficiency contract. Initial discussion has taken place internally about engaging with the third sector and one small organisation is already being proposed for membership at the April committee.

8. Scotland Excel Annual Conference 2022

Scotland Excel's Annual Conference will take place on 18th and 19th May 2022. Recognising positive feedback from the 2021 event, activity on Wednesday 18th May will be held online and is open to colleagues from across the public sector. Sessions will focus on Green Economic Recovery, supporting climate change and sustainability objectives, as we move to a Net Zero Scotland. Speakers include Alan Russell, Chief Executive, Renfrewshire Council, Roddy Yarr - Head of Sustainability at Strathclyde University, Zero Waste Scotland, and the Competition and Markets Authority. Further details can be found here <https://www.eventbrite.co.uk/e/scotland-excel-conference-2022-tickets-306319167877?aff=ebdssbdestsearch>. So far 196 individuals have booked a session(s) across the day, culminating in 1026 tickets booked over the 7 available sessions.

Activity on Thursday 19th May will take the form of a small, bespoke in-person event held at the Radisson Blu Hotel, Glasgow for Corporate Procurement Managers, bringing together this community for the first time in two years. Tailored sessions will focus on providing support in an extremely challenging operating environment. Speakers include Angela Scott, Chief Executive of Aberdeen City Council, Nikki Archer, Deputy Director, Head of Procurement and Commercial Policy and Strategy at Scottish Government, Crown Commercial Services Data, and The Art of Brilliance.

The day's sessions will be followed by an informal dinner, at which Scotland Excel is delighted to welcome Ivan McKee, MPS, Minister for Business, Trade, Tourism & Enterprise, who will provide a pre-dinner address.