

Scotland Excel

To: Executive Sub-Committee

On: 16 February 2024

Report by:
Chief Executive of Scotland Excel

Project Proposals

1. Introduction

- 1.1 This report details the first projects proposed to the Executive Sub Committee on the use of reserves as a result of surpluses which will be generated by pension fund changes.

2. Background

- 2.1 Following actuarial review (the triennial valuation), Strathclyde Pension Fund advised that, as a result of higher than anticipated returns from investments, the fund is 147% funded against current and anticipated future commitments. At the December 2023 Joint Committee meeting, it was agreed to retain the anticipated operating surplus, ring-fenced within Reserves with any in-year draw down to be approved by the Executive Sub-Committee. The in-year impact for 2024/25 and 2025/26 will be an anticipated operating surplus of £460k and £459k respectively.

3. Project – Commercial Training

- 3.1 The first project being proposed is the provision of free Commercial training to councils.
- 3.2 The term “commercial” sparks much debate within the public sector. The Scottish Government Competency Framework defines it as: *“Evaluating strategic options and associated risks, and making sustainable decisions that deliver corporate, commercial and political objectives. Understanding and leading on securing value for money, and a good return on investment on projects. Understanding of the mindset of corporate suppliers who themselves will be commercially driven.”*
- 3.3 Irrespective of definitions, it is vital that Scotland Excel seeks the best commercial, sustainable, corporate and political outcomes for Scotland and make sound business-based decisions and secure best value for the public sector. At the heart of this aim is developing skills for staff.
- 3.4 Initially the target audience would be the Procurement community within local government although, it is recognised that services within Council’s may also benefit from this training.

- 3.5 Training will be modular, and it is anticipated will cover a number of module areas including:
- Introduction to Commercial skills.
 - Pre-Market Engagement.
 - Contract and Supplier Management and Relationship Management.
 - The Suppliers view.
 - The role of Risk.

Development work is currently underway on the detailed offering and more detailed learning topics and outcomes will be published in due course. It is anticipated that programmes will be online and vary in duration between short one-hour sessions and longer more detailed workshops.

- 3.6 Scotland Excel will work with members to finalise a suitable programme that meets the wider skills needs of the community.
- 3.7 The funding requirement for the programme will be £65k for 2024/25 and £65k for 2025/26 giving a total drawdown from reserves of £130k over the two years. This will fund a full-time resource within The Academy team to develop and deliver the service.
- 3.8 It is proposed to commence programme delivery in early April 2024 when approved.
- 3.9 Sustainability for this service beyond the two years will be a key target for The Academy team.

4. Project – Savings Team

- 4.1 The second project being proposed is the extension of the national savings team.
- 4.2 Recognising the financial imperative of cashable savings across local government, in 2023 Scotland Excel created a temporary National Savings team. The team was created using existing fixed term project resource and from allocation of core team members.
- 4.3 The team was set up and took responsibility for existing savings initiatives already underway across the organisation.
- 4.4 A first year target was set at £5m savings opportunities identified.
- 4.5 A number of savings opportunities have been identified and communicated to date including:
- 4.5.1 **Aggregation of Procurement Cards** –Working with Crown Commercial Services and the card provider, the team has agreed a collaborative approach for members resulting in an increase in rebates of £625,000.
- 4.5.2 **Kitchen Caddy Waste Liner / Dog Waste Bags** – A review of sector spend and practices identified a potential savings opportunity of over £1m impacting just over half the councils in Scotland.

- 4.5.3 **Blue Couch Roll** – Working with the supplier and a number of members to test alternatives, has provided a potential savings opportunity of up to £463,000 per year.
- 4.6 The funding requirement to extend the existing resources for the programme will be £150k for 2024/25 and £150k for 2025/26 giving a total drawdown from reserves of £300k over the two years. This will fund two full time resources within The Savings team to deliver cashable financial savings.
- 4.7 The funding requested supports part of the team with the remainder being funded through core funding on a flexible basis.
- 4.8 Sustainability for this service beyond the two years will be a key target for The Savings team.

5. Recommendation

- 5.1 Members are invited to approve the project funding and drawdown from agreed reserves for 2024/25 and 2025/26 of:
- £65k per annum for the provision of free commercial training to members.
 - £150k per annum for the provision of the national savings team.