

Scotland Excel

To: Executive Sub-Committee

On: 17 May 2024

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

Project Proposal: Capital Project Procurement Support

1. Introduction

- 1.1 This report sets out details of a project which is proposed to be funded from the use of reserves created as a result of surpluses generated by changes to the Strathclyde Pension Fund employer's contributions.

2. Background

- 2.1 Following actuarial review (the triennial valuation), Strathclyde Pension Fund (SPF) advised that, due to higher than anticipated returns from investments, the fund is 147% funded against current and anticipated future commitments.
- 2.2 The meeting of the Joint Committee of Scotland Excel in December 2023 agreed to retain the anticipated operating surplus, ring-fenced within reserves. Agreement was made that any proposals for in-year draw down would be brought before the Executive Sub-Committee.
- 2.3 The in-year impact of these changes to the SPF for 2024/25 and 2025/26 will be an anticipated operating surplus of £460k and £459k, respectively.

3. Project – Capital Project Support

- 3.1 This project proposes to provide support to members' technical and procurement teams to make most effective use of collaborative procurement routes when managing capital projects. The support will also extend to some recurring revenue spend in specialist areas.
- 3.2 This proposal expands the capability of Scotland Excel to include call off support to aid councils, housing associations and other members to make call offs from frameworks for complex project work, most commonly capital investment projects.
- 3.3 It is anticipated the primary focus would be on the more complex services and works contracts awarded under Scotland Excel frameworks. These frameworks tend to be established under NEC4 or SBCC contracting terms which establish the overarching terms that will support to call off contracts formed per project.

- 3.4 By dedicating resource to working with member officers Scotland Excel can enhance the effective use of established frameworks to ensure the full potential of each arrangement is well understood and utilised locally.
- 3.5 The principal opportunity created from this role is to improve the customer experience when using frameworks to develop complex contractual arrangements to deliver projects.
- 3.6 Feedback received from Scotland Excel members includes:
- Local procurement teams have limited capacity.
 - Complex frameworks require familiarity with the structure in order to maximise benefit.
 - Officers who deliver capital delivery programmes often require specialist procurement support.
 - Expertise to contract for procurement support can be a direct cost to Scotland Excel members.
 - Call off contracts, including mini-competitions and direct awards from frameworks can be time consuming if unfamiliar with the layout of the framework.
- 3.7 The benefits of this support to Scotland Excel members will include expediting contract awards for projects, thereby reducing the time required for the procurement phase of projects. Contract formation and conclusion can frequently introduce uncertainty in project management.
- 3.8 There is potential to lower the costs associated with forming contracts for capital projects by leveraging the collaborative benefit for the whole membership of Scotland Excel.
- 3.9 By offering dedicated expertise in this area, and sharing learning across the sector, there is potential to improve the quality of outcomes delivered through collaborative contracting.
- 3.10 The funding requirement is for the addition of a Senior Procurement Specialist at Grade 10, for a 24-month period, on a fixed term contract. This would bring an estimated cost of £67,128 for year 1, and £71,249 for year 2.
- 3.11 Costs are based on the entry-point of Grade 10, and include employment on-costs at 31%, an assumed salary uplift at 3% for year 2 as well as the annual incremental movements on the pay scale.
- 3.12 It is proposed to make an offer of employment to a suitable individual during the second quarter of 2024, subject to the conclusion of a successful recruitment exercise.

4 Recommendation

- 4.1 Members are invited to approve the project funding and drawdown from agreed reserves for 2024/25 and 2025/26 of a total commitment of £138,378.