

Scotland Excel

To: Chief Executive Officers Management Group

On: 24 June 2024

Chief Executive's Update Report

1. Introduction

The purpose of this report is to provide an update on key developments within Scotland Excel since the last meeting of the Chief Executive Officers Management Group (CEOMG) on 18 March 2024. The report reflects the key strategic activities and outputs delivered by each team within Scotland Excel's corporate structure.

2. Strategic Overview

As requested by members, Scotland Excel continues to focus on driving efficiency to support the financial sustainability of local public services; one of five strategic goals which underpin the organisation's 2023-28 corporate strategy.

In addition to the work being undertaken to deliver a national savings programme which has already identified a potential £4.8m of savings, Scotland Excel is also providing procurement expertise for the Solace/Improvement Service transformation programme, with representatives taking part in workstreams looking at new ways of delivering fleet, waste and digital services. Three senior managers are also participating in the programme's leadership forum.

A second phase of workforce planning is underway to support the delivery of the corporate strategy. This phase encompasses changes within the procurement and commissioning teams to improve leadership, efficiency and engagement, as well as new appointments which will strengthen finance and HR capability within the corporate services team.

Scotland Excel has recruited four graduates to join its two-year graduate programme. Initiated in 2009, the programme has a successful track record of developing procurement professionals and forms part of its commitment to attract new entrants to public sector procurement.

In May, Scotland Excel published its first report on the delivery of its net zero strategy which was approved by the executive sub-committee in March 2023. The strategy sets the direction for Scotland Excel's support of local government net zero goals. Examples of first year actions include improvements to procurement processes to further embed environmental considerations within the

procurement process and the delivery of a suite of three highly regarded sustainable procurement masterclasses which attracted delegates from across the public sector.

Having successfully delivered its annual conference in May, Scotland Excel is now working on an Estates Expo event which will take place in Glasgow on 17 September 2024. The event comprises a conference and exhibition where delegates will have the opportunity to hear from experts in construction and the built environment, as well as meet framework suppliers to Scotland Excel's construction portfolio.

Scotland Excel continues to closely monitor and manage its financial performance. At the end of financial year 2023-24, Scotland Excel has reported an operating surplus of £80k which will be added to core reserves. This brings the core reserves balance to 5.8% of budgeted income which is in line with the good practice level of 5%.

As part of its funding for the financial years 2024-25 and 2025-26, Scotland Excel has created a special projects fund which was established to administer additional funding resulting from changes to the employer contribution rate to Strathclyde Pension Fund during this period. The fund was approved by the joint committee in December 2023, and projects relating to the fund are presented to the executive sub-committee for approval.

To date, the fund has been used to develop and deliver free commercial training for local authorities, recruit fixed term specialist legal and commercial analysis expertise and member engagement support for the procurement and commissioning function, and expand the team delivering the national savings programme.

3. Strategic Procurement & Commissioning

Following the appointment of the two senior managers to the procurement and commissioning teams, a second phase of workforce planning activity is taking place to support the delivery of Scotland Excel's corporate strategy.

Within strategic procurement, three teams are being established to focus on key areas of the contracting cycle. A small team will be introduced to focus on new developments which support transformational change, climate action and infrastructure investment. The tendering cycle will come under a single manager to drive efficiency and flexibility in the use of resources. A dedicated contract management team will work with suppliers and members on driving benefit once contracts are awarded, including through a refreshed Key Supplier Management (KSM) programme. A fourth team is already in place to improve processes, manage internal governance, and report on performance.

Two new fixed term posts have been created to support engagement and ensure frameworks deliver best value for members. One post will support members with complex call offs from construction frameworks, particularly in respect of capital investment projects, while the second will support schools with using education frameworks.

Scotland Excel's social care commissioning team is also planning changes to its structure, with the appointment of two new senior managers to provide additional leadership support. A commercial analyst is being recruited on a fixed-term basis to review and manage the complex data captured through national social care commissioning and procurement activity.

3.1 Recent Awards

Four frameworks have been awarded since the CEOMG meeting in March.

A new national flexible framework agreement for alcohol and drug residential rehabilitation services is now live following approval by the executive sub-committee in March. The framework was developed with funding from the Scottish Government as part of their national initiative to reduce harm and deaths from the problematic use of alcohol and drugs.

Two renewal frameworks were approved by the executive sub-committee in April. The fresh fruit and vegetables framework is used by schools, nurseries, care homes and other services to source fresh produce for preparing meals. A framework for the maintenance and repair of cleaning equipment.

A new framework for construction materials was also approved in April. This brings together six previous frameworks with shared marketplaces increasing the call off efficiency for housing maintenance and property services.

A renewal framework for Technology Enabled Care (TEC) was approved by the executive sub-committee in May. The framework provides members with access to a wide range of digitally enabled products used to support care at home.

3.2 Key Frameworks in Development

Two renewal frameworks will be presented to the executive sub-committee in June. The framework for waste disposal equipment provides access to equipment which supports the collection and processing of waste. The community meals framework is used by members to supply lunch clubs and meal delivery services.

Tenders are being evaluated for the second generation of Scotland Excel's new build residential construction framework which is expected to be awarded in the summer. The framework now includes pre-construction services to increase the predictability of costs, and specifications have been enhanced to facilitate energy-efficient Passive House builds, as well as gold, silver and bronze building standards.

Scotland Excel is engaging with the SCOTS lighting group to secure technical support for the development of the next generation of the street lighting materials framework. With councils under pressure in a number of areas, securing technical support for this framework has been more challenging recently, however Scotland Excel remains committed to working closely with councils to promote the value of collaboration.

3.3 Social Care

Scotland Excel continues to work with local authorities, health and social care partnerships (HSCPs), COSLA, the Scottish Government, care provider associations, and other stakeholders on the delivery and management of national care frameworks, including participation in four working groups supporting the development of the National Care Service.

Within adult social care, improvement options for the National Care Home Contract (NCHC) are being considered to mitigate sustainability concerns. Following further development and costing, these options will be reviewed with stakeholders to help inform a new strategy for the future of the NCHC.

Scotland Excel is progressing the renewal of the national flexible framework for care and support services. Following concerns raised by local commissioners about fee increases, post tender negotiations have been taking place to facilitate discussions about budget challenges and their implications for the contract. As some providers have raised concerns about these meetings with their representative bodies, Scotland Excel is proposing to extend this process to enable further engagement with purchasers and providers with a view to agreeing mutually acceptable rates. This may require HSCPs to agree innovative solutions with providers which minimise cost pressures and ensure sustainability.

Within children and families social care, work is continuing with COSLA and the Scottish Government on plans to implement the £12 per hour pay commitment for care workers. To support agreement on new rates, Scotland Excel will conduct a robust assessment of fee increase requests for non-staffing costs which are not covered by the government's policy commitment and funding. This work is expected to be completed and new rates agreed during July.

A new project to review the commissioning of family-based support begins in June, funded by Scottish Government. The project will review how Whole Family Wellbeing Funds (WFWF) have been used to commission services, identify any issues and barriers, and make recommendations for improvements.

4. Resources & Skills

Scotland Excel's resources and skills team was established in December 2023 to bring together key customer-facing services which respond to continuing growth in demand for procurement resources and skills development. The team comprises three business areas – the national savings programme, flexible procurement services, and the Scotland Excel Academy.

4.1 Savings Opportunities

Over £8m of potential savings have now been identified as part of the national savings programme, with over £4.8m of savings opportunities already published and advised to members.

The opportunities include a second Microsoft license aggregation which offers a collective saving of £235,000 for the seven councils taking part. A second

tranche of councils have now signed up to a procurement card project which increases rebate rates based on collective spend.

The team are continuing to explore a number of other areas including financial transactions, occupational health, insurance and the purchase of electric vehicles. An opportunity guide will shortly be published to highlight the savings available for mobile telephony through the Scottish Government framework, which will include an additional offer of an external audit on mobile device usage.

4.2 Flexible Procurement

Scotland Excel's flexible procurement service is currently delivering eighteen live projects for councils and associate members, encompassing a mix of hosted procurement, project delivery and daily support methods. A further twelve projects are in the pipeline, with discussions ongoing to understand and determine client requirements.

The team is in the process of recruiting additional staff to support growth in demand for flexible procurement services, and a targeted marketing campaign is being developed to support an ongoing pipeline of projects which increase the return which the team delivers to the organisation.

4.3 Scotland Excel Academy

A new two-year strategy for the Scotland Excel Academy was approved by executive sub-committee in April.

As part of the strategy delivery, a Commercial Improvement training programme has been developed which is being offered free of charge to councils. The programme was launched in June at an introductory session for senior procurement managers.

The first in a series of free events for social care commissioners took place in Glasgow on 04 June, featuring Professor Patricia Findlay from the University of Strathclyde speaking about fair work in the social care sector. Two further sessions will take place in the next few months. The Academy is continuing to explore the development of an accredited Professional Development Award (PDA) in Commissioning, Procurement and Contracting for Care Services. Although there is significant demand for the course, commissioners have indicated that funding may be an issue.

The Academy has co-designed a Graduate Apprenticeship in Procurement with Glasgow Caledonian University and the Scottish Government Procurement and Property Directorate. The programme is scheduled to be launched in September 2024, and will be the first to offer specialisms in procurement and supply chain management.

Other work in development as part of the new strategy includes accredited procurement development programmes which have been contextualised for the Scottish public-sector and offer a more cost-effective alternative to Chartered Institute of Purchasing & Supply (CIPS) qualifications.

5. Commercial Services

Scotland Excel is continuing to deliver a procurement transformation programme for Dundee City Council. A new corporate procurement strategy has been developed to expedite the procurement process and incorporate sustainable procurement considerations such as net zero and community wealth-building.

The third tranche of Procurement & Commercial Improvement Programme assessments are now complete. Twenty councils took part in this cycle, and learnings and examples of best practice will be shared with all members in a series of workshops which will be scheduled over the coming months.

The annual Scotland Excel Conference took place on the 22 May as an online event and 23 May as an in-person development day for senior procurement managers. The agenda covered a range of topics including collaborative solutions for public sector challenges and the value of being more commercially aware. The online event attracted 248 delegates from across the public sector, while 60 delegates from the local authority procurement community attended the in-person event.

As part of its commitment to supporting Scottish SMEs, Scotland Excel participated as a sponsor of the Supplier Development Programme's National Meet the Buyer event which took place in Glasgow on 05 June. As well as delivering a presentation and taking part in a panel discussion, representatives met with delegates at an exhibition stand to provide information about the organisation's tender opportunities.

Two organisations – The National Records of Scotland and the University of the West of Scotland – have joined as associate members since the CEOMG meeting in March. Scotland Excel now has a total of 159 associate members, generating an annual fee income of £236k.