

Scotland Excel

To: Executive Sub-Committee

On: 16 September 2022

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

Chief Executive's Update Report to Chief Executive Officers Management Group (CEOMG) – August 2022

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 17 August 2022.

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 June 2022 and August 2022.

3. Recommendations

Members are asked to note the report.

Scotland Excel

To: Chief Executive Officers Management Group

On: 17 August 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 20 June 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

The ICT and Education team is developing the tender documents for the following contracts; National Shared Digital ARC (Alarm Receiving Centre), Technology Enabled Care and Fire Safety Equipment with the intention that these contracts are approved at the December Executive Subcommittee.

The team is in the process of mobilising two contracts, Digital Publications and Services and Library Books and Textbooks. The team manages the following contracts: Education Materials, Online School Payments and Social Care Case Management. A relationship is being developed with the Northern Ireland Education Authority and we are working together on a few shared areas including, a benchmarking exercise for school exercise books, and we are discussing price increase applications from several suppliers on our respective Education Materials frameworks.

The team is engaged in a number of projects with our partner the Scottish Local Government Digital Office. These projects include Office 365, STAMP and Security Operation Centre. The team regularly attends and provides procurement input for the following boards – Digital Assurance, Public Sector Innovation, DFE four nations roundtable and Telecare Steering Group?. We are also developing a proposal to assist the Improvement Service with some of its key procurements for 2023.

Corporate Developments

Food price inflation over recent months remains an area of concern. Food prices in the UK continue to rise, with food price inflation reaching 9.8% in the 12 months to June 2022. Overall inflation has reached another 40 year high, with the latest ONS figures showing overall inflation of 9.4% in the 12 months to June 2022- largely driven by rising fuel and food costs. Economists estimate that overall inflation will continue to rise, with some predicting a 11% rise this autumn due to the Ukraine war and economic sanctions on Russia. Compared to the annual increase in May, June figures shows that prices have risen across the food categories (except sugar and confectionery), with the highest increase seen in milk, cheese, eggs, meat and vegetables. The June 2022 Food and Agricultural Organisation of the United Nations (FAO) Food Price Index has seen a slight decline since April 2022, although it is still 23% above its value a year ago. While international meat and dairy prices are still increasing, these increases have been offset by decreasing international prices of vegetable oils, cereals and sugars.

The current Scotland Excel Framework for Fresh Meats, Cooked Meats and Fresh Fish was due to expire in September 2022. A six-month extension to this framework has been approved under Regulation 72 to accommodate changes in this sector, including the introduction of the Good Food Nation Bill and current volatile pricing in food. The Good Food Nation Bill is a new piece of legislation, aiming to make positive change to our food system. The Bill requires the Scottish Ministers and certain public bodies (referred to in the Bill as 'relevant authorities') to create Good Food Nation Plans. The relevant authorities identified in the Bill are health boards and local authorities. Other public bodies may be required to produce plans in the future. These functions will be set out by the Scottish Ministers in secondary legislation that will be considered by the Parliament. By delaying this tender Scotland excel will be able to better plan the strategy around the Good Food Nation Plans our members will be developing.

Work is also under way on the retender of Janitorial Products which is due to go live in March 2023. A prior information notice has been issued to the market through Public Contracts Scotland and planning is under way to hold user information groups with our members.

Prior information notices have also been issued through Public Contracts Scotland for various upcoming Operations Suppliers and Services (OSS) tenders including First Aid Materials, Bottled Gas, Fire Safety Equipment and Commercial Catering Equipment.

3.2 Care Services

3.2.1 Adult and Older Peoples Care

National Care Home Contract (NCHC)

The Redesign process for the NCHC is now underway. The collaborative process involves the Scottish Government, Local Government, COSLA, Provider Representatives, Unions, Care Inspectorate, Healthcare Improvement Scotland, Carers Groups, Independent Advocacy, Care Home Providers and Care Workers.

There have been concerns raised by provider representatives that the process is going to take too long which has result in a delay in the progress however, the collaborative group remains committed to undertaking a redesign in a manner that encapsulates the recommendations of the Independent Adult Social Care Review.

All new guidance and proposed legislation which has an impact on the older persons care home sector is being included to ensure it meets the changing demands of this sector. The main themes of the NCHC discussions have been on users of the service being at the centre of the contract with a model built on the sustainability of the sector and its workforce.

3.2.2 Residential Rehabilitation

Phase 1 market research and analysis of this project is currently in progress to consider commissioning options for residential rehabilitation services. Information has been requested from commissioners about contracting and commissioning arrangements and future options via a questionnaire to Alcohol and Drug Partnerships (ADPs) and more detailed template to Health and Social Care Partnership Contracts and Commissioning teams. The approach was modified to reduce the amount of information requested from ADPs on advice from the Scottish Government. Letters to Integrated Joint Board, Chief Officers and Heads of Council Procurement have been sent to advise them of the work. Spend per ADP is available from publicly available data, but not spend or rates per provider. The spend information requested is required to identify options and will be reviewed following returns from commissioners and providers.

A Prior Information Notice and questionnaire for providers has also been issued and links published on Twitter and LinkedIn, as well as direct communications to known providers. The closing date for both surveys was 22 July 2022 although this has been extended to allow follow up with ADPs, commissioners and providers.

3.2.3 Care and Support

Following the most recent re-opening of the flexible framework for care and support services, 20 new providers (24 services) have successfully joined the framework. For the newly awarded providers, 2 framework mobilisation sessions were held on 26 May (7 Attended) and 30 May (7 Attended). In addition, 2 refresher sessions were held with current framework providers on 24 June (21 Attended) 28 June (32 Attended). Commissioners have been informed that the newly appointed providers will be awarded to the framework on 22 April 2022 and one further provider from 29 April 2022 following further checks.

Regular stakeholder meetings are held with participating Councils to discuss ongoing mobilisation planning and any issues relating to the operation of the framework. The meetings will mainly focus on mobilisation planning and operational support for the Councils that are purchasing from the framework or planning to do so within the next year.

3.2.4 Social Care Agency Workers

The tender for the 3rd generation framework was published on 24 May 2022. Following extended consultation with the User Intelligence Group, the framework will retain many elements of the current arrangement with amendments to the structure of the lots, care roles, simplifying ordering procedures and modification of the evaluation methodology. The tender closed on 30 June 2022 and is at the final stages of the evaluation process with the new framework anticipated to be in place for 1 November 2022.

3.2.5 Children's Services

Children's Residential Care & Education

Scotland Excel has been consulting with key stakeholders in relation to future plans for the national framework for Children's Residential Care & Education. The renewal tender was published in May this year and the new framework is scheduled to go live in October 2022. The renewal framework reflects the feedback received from providers and councils to create a streamlined process that reduces the administrative burden on providers whilst increasing the information sharing and transparency around services and fees. The renewal framework also features continuing care services, which reflects the policy direction of supporting children and young people in placements over a longer time period, where it is appropriate to do so.

3.2.6 £500 Special Recognition Payment Project

A Special Recognition Payment (SRP) for eligible staff is being administered by Scotland Excel on behalf of the Northern Ireland Department of Health. Two portals were set up to receive submissions with both closed on 31st July 2022. Whilst applicants are approx. 20% of the estimated number, this would be in line with the experience of administering the Scotland £500 payment.

The Number of applications is as follows:

Main portal for Personal Assistants: 2605

Portal for employees of organisations no longer trading: 103

It is estimated that support for applicants will continue until early December 2022.

3.3 Construction Transport and Environment

3.3.1 Transport

Work in this category has been focused in three areas: contract delivery, increased lead times and lower emission transport solutions. Two frameworks will be renewed this month, Salt for Winter Maintenance and the supply and delivery of Roadstone Materials. Both of these frameworks rely on haulage of either mined or quarried materials and are impacted by fuel costs and changes to fuel duty exemptions on plant equipment. In both cases the commercial offers on renewal have been at lower rates of increase than those predicted from the rising market, suppressing the cost increases for our membership.

Scotland Excel worked in partnership with Transport Scotland, Scottish Enterprise and the Scottish government to bring together a supply chain development event for Zero emissions mobility in Dundee at the end of June. Scotland Excel has also created capacity in the Heavy Vehicles supply framework for alternatively fuelled heavy and niche vehicles. This work will now focus on tracking innovation in this market sector and procuring the latest solutions for the Scottish public sector.

3.3.2 Outdoor Play and Sports Facilities

This framework will be renewed in August, facilitating installations, upgrades and maintenance of outdoor spaces in communities. This framework has been developed in consultation with the Local Authority Play Park Renewal Programme, a collaborative group looking at ways of maximising investment in outdoor play.

3.3.3 Building Construction Consultancy

Evaluation of tender responses is continuing with the framework due to be presented to committee in autumn. This is a first generation framework which will complement the growing portfolio of frameworks for the completion of works, including New Build Residential construction and Energy Efficiency Contractors.

3.3.4 Property Repair, Maintenance and Refurbishment

Following discussions with councils, an opportunity has been identified to develop a collaborative framework for property repair maintenance and refurbishment, which will complement other current construction activity. This is a first generation framework developed to work with a broad range of contractors across all 32 local authority areas. Events promoting the framework locally and nationally have been set up, engaging with suppliers that can provide services relating to Bathrooms, Electrical, Fencing and Gates, Flooring, Heating, Joinery, Kitchens, Painting & Decorating, Plastering and Ceramic Tiling Works, Plumbing, Renewables (Solar, PV, Heat Pumps), Roofing, Ventilation, Windows and Doors, and Multi-Trades. The tender documentation will be issued in mid-August.

3.3.5 Construction Materials

Development work to combine several existing frameworks for the supply of construction materials continues. A review of all related product lines has resulted

in the decision to introduce road maintenance materials in the new framework. Tender documentation is being prepared and a Prior Information Notice to raise awareness of the upcoming framework has been issued.

3.4 Contract Delivery Plan Update

There are 72 current frameworks in the Scotland Excel contract portfolio, with 3 new frameworks to be developed and added to the portfolio. 26 of these frameworks are to be renewed before 30 June 2023. A further 23 of the frameworks on the current portfolio have extension options that are available to be exercised in 2022/2023, with 19 of these extensions already being approved.

Overall, efficiencies delivered to date in 2022/2023 are 2.09%, 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 June 2022:

3.4.1 Repair and Maintenance of Catering Equipment

This framework will provide councils and associate members with a mechanism to procure repair and maintenance services for commercial gas, electrical and refrigeration catering equipment. The projected average increase is 10%, which equates to an estimated total of approximately £83,000 per annum across all councils based on current forecast spend levels. Given the market movement forecast of 9.5% over the period of the current framework as demonstrated in figure 1, the impact through transition to the new framework is more tangible estimate at an increase of 0.5% or c £4,000 across all councils.

3.4.2 Supply, Delivery, Installation and Maintenance of Water Coolers and Associated Consumables

This framework will provide stakeholders with a mechanism to purchase and rent a range of water coolers including free standing bottled water coolers and plumbed-in water coolers. Councils and associate members can also procure the associated maintenance and sanitisation services. The projected average saving across all councils is 5%, which equates to an estimated total saving of approximately £56k per annum based on current forecast spend levels.

3.5 Supply Chain Disruption

A further detailed update on the issues affecting public sector supply chains was issued to our members at the end of June. This covered the factors contributing to the levels of disruption being experienced and went on to describe the impact in primary categories of spend.

One of the hardest hit areas has been food; the Ukraine has traditionally been a significant provider of various foodstuffs, particularly cereals and cooking oils. The sanctions imposed on Russia have constricted supply lines, notably gas which is having a widespread impact on supplies globally.

Managing costs when inflation is running at the highest level for 40 years is challenging, and Scotland Excel has been experiencing an intense period of price and fee negotiation. This work to minimise the cost impact of rising markets will continue with proactive work underway to identify alternative sourcing strategies to support members in controlling their costs.

4. National Care Service (NCS) Bill Consultation

The Scottish Government has published a National Care Service Bill for the delivery of social care, social work and community health in Scotland. The Scottish Parliament has initiated Stage 1 - Scrutiny of the Bill, with a call for views led by the Health, Social Care and Sport Committee, supported by other committees.

Following publication of the Bill, Scotland Excel has participated in key stakeholder meetings to seek clarity on the content of the Bill in preparation to respond to the Call for Views published on 8th July. The draft response will be presented to the Executive Sub Committee on 19th August.

5. Scotland Excel 5 Year Strategy

A new five-year strategy is being developed in conjunction with local authority stakeholders and staff and will be presented to the Joint Committee for approval in December 2022. Initial consultation has taken place with a number of senior stakeholders and Scotland Excel staff to create a new strategic framework. Consultation with corporate procurement managers is scheduled for August and a series of elected member meetings and workshops are planned.

Initial thoughts on the corporate goals which would underpin value to our members across key strategic areas are:

- Journey towards a net zero Scotland by 2045
- Drive for efficiency to support the financial sustainability of public services
- Community wellbeing with equal access to services, economic development and fair work jobs across Scotland
- Development of resilient supply chains that maximise opportunities for Scottish businesses and the third sector
- Advancement of skills to deliver Scotland's economic transformation

6. Savings Opportunities – A National approach to new opportunities

Initiated by the Chief Executives Officers Management group, Scotland Excel has been working on the identification of additional savings opportunities that are achievable by taking a more holistic and firmer approach to procurement across the sector.

A number of approaches have been undertaken including analysis of council spend data, review of product choices, consideration of prior options that may have been unpalatable and review of new technologies and products.

In addition to this, Scotland Excel has considered a number of the foundation elements of its core operations to identify savings opportunities for its members. Examples of these are taking a more directive approach to framework participation by members and the consideration of the impact of a more commitment based approach.

To support the process, a number of meetings have been initiated with senior representatives from a number of the Scotland Excel suppliers to seek their input and participation on the desire to identify national savings opportunities. Initial ideas will be presented to the CEOMG in August.

7. The Academy

The Academy has 1,296 registered learners accessing content on our Moodle platform, with 136 learners participating in 8 accredited cohorts - four in procurement, two in leadership & management, one in project management and one in business analysis and innovation. We also have two hybrid procurement and leadership & management development programmes spanning five NHS health boards.

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

The planned procurement and leadership & management programmes are in response to our customers' requests for lower priced, shorter duration development programmes, so the Academy is working with the SQA to scope development programmes at significantly lower price points.

The new procurement programmes will be co-branded by the Academy and the Scottish Government Property and Procurement Directorate, and will be fully aligned to the national procurement development framework.

The Academy is also exploring the creation of a new Graduate Apprenticeship programme in Procurement and Supply Chain Management targeting a free degree development programme for our customers, funded by Skills Development Scotland through the apprenticeship levy.

The Academy is delivering the Scottish Government procurement and commercial training framework across our public-sector, with 186 people attending 14 workshops to date. Workshops can be restricted to organisations (closed) or provide access to any organisation (open). A further five open workshops are scheduled and twelve closed workshops are scheduled.

The Academy is also –

- Developing a serious organised crime prevention programme.
- Developing and delivering a delegated procurement programme for Dumfries and Galloway council.
- Developing and delivering a procurement and project management programme for Aberdeen Corporate Procurement Shared Service.

- Developing and delivering a contract management programme for the Highland Council.

8. Projects Update

8.1 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 are in development for staff who have Delegated Procurement Authority to enhance skills and raise awareness of procurement within the organisation. These will take place in late Autumn and will complement training sessions previously held with the council Elected Members and other Senior Stakeholders.

Scotland Excel continues to support the Council on their Community Wealth Building journey and met with representatives from Dumfries & Galloway Council procurement team, Business Gateway, Economic Development, and South of Scotland Enterprise on 17th June to initiate discussions on the role and information that each group can provide and ways in which they can work together on an ongoing basis. Scotland Excel supported a meet the buyer event in Dumfries on 22nd June.

8.2 South Lanarkshire Council

The transformation programme with South Lanarkshire Council is now eight months into the first year and progressing well. Phase 1 and 2 projects have been approved and in the process of being implemented and savings realised. The target set at the start of the programme for savings in year one; 2022/23 was £300,000 and in year two £500,000. To date, CMT have approved projects with identified savings which exceed year one target and identified savings for delivery in 2023/24.

Phase 3 projects are currently being developed with the procurement team and resources and are due to be presented to CMT in September 2022.

8.3 Stirling Council

The first annual Community Wealth Building event was held in Stirling in July with over 60 local suppliers in attendance. The event was coordinated in partnership with the Supplier Development Programme and local partner organisations Federation of Small Businesses and Forth Valley Chamber of Commerce were in attendance along with a number of other local partners and prime suppliers. Planning is underway for a series of thematic or spend area specific events in the coming months.

The initial self-assessment stage of the Scottish Government Procurement Development framework is complete with the results showing three areas of focus for upskilling and training, and a number of competencies to be addressed on an

individual basis which will support personal development plans. Work continues around the future team structure , which the development framework work will help to support, along with career and succession planning.

8.4 East Renfrewshire Council

Work has recommenced on year three of the project and the focus is on Community Wealth Building. Scotland Excel is working with the Council's Chief Procurement Officer and the new Assistant Economic Development Manager to develop a programme. Initial activity will focus on data set analysis and the planning of a stakeholder workshop for heads of service 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. The Community Wealth Building programme is at early stages and an update on progress will be provided later in the year.

Case studies in relation to enhancing procurement skills, and procurement and economic development working together have been created and published and these will provide organisations with an insight to key aspects of the project.

8.5 Flexible Procurement Services

The flexible procurement team has agreed a longer-term commitment of the service with two Councils and an Associate Member, delivering a variety of procurement exercises and related activity on their behalf. The team is also working with several new clients as 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 developing several case studies to highlight the way our members use the resource and the results achieved when making use of the flexible procurement services.

8.6 City Property Glasgow (Investments) LLP

City Property Glasgow (Investments) LLP continues to engage with Scotland Excel as their 'Procurement Partner' with a number of tenders being prepared covering the waste streams from the Blochairn Food Market in the City. The tender for a General Waste recycling partner has been completed and the contract commenced with Enva on 1st July 2022. The tenders for the Cardboard and Wood Waste Streams are now in development and are expected to be published later in the summer.

8.7 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.

151 providers responded to the contract notice. 111 were successful in meeting the selection criteria and have been awarded to the DPS on 27th July 2022 with another 19 updating their insurance coverage prior to being awarded. The 21 providers which were unsuccessful in the evaluation stage can re-apply at a future date for inclusion on the DPS.

The DPS will run alongside local commissioning arrangements and provisions and is intended to complement local contractual or procurement arrangements and therefore is not a mandatory route to market.

8.8 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 Community Wealth Building Toolkit has been created and published on the Scotland Excel Academy

<https://academy.scotland-excel.org.uk/mod/page/view.php?id=2667>

This will provide a repeatable model to share with councils in support of their Community Wealth Building journeys and will be presented at a future Heads of Procurement event.

Scotland Excel continues to engage with a number of 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.

9. Climate Change

Scotland Excel is developing a 'Net-Zero' themed Strategy that is likely to focus on how our current and future arrangements can support councils in achieving their own internal climate change targets by providing options in terms of goods and services, maximising collaborative opportunities which at the moment we anticipate to be in a position to share during Quarter 3.

As part of ongoing participation in the cross sectoral Climate and Procurement Forum Operational Procurement Work Stream, Scotland Excel has recently submitted PIACC (Primary Impact Area for Climate Change) guidance for both Waste Services and Fleet areas. The aim of these documents is to provide guidance on what considerations/actions may be applied at each stage of the Procurement Journey to reduce the impacts of Green House Gas (GHG) emissions.

Following the very well received launch event for the Energy Efficiency Contractors Framework held at Dynamic Earth on the 26th May, Scotland Excel has seen an increase in usage of the framework.

Scotland Excel supported and presented at The Scottish Zero Emission Mobility Manufacturing Conference on the 30th June at the Michelin Scotland Innovation Park in Dundee. This well attended event, jointly organised by Transport Scotland and Scottish Enterprise, was to help build collaborative partnerships for zero emission mobility manufacturing in Scotland. Scotland Innovates, an online portal for suppliers to submit their truly innovative ideas to the entire public sector for consideration was announced at this event. As part of this initiative, Scotland Excel has been involved in the project to deliver the service, and will continue to assist with triaging and assessing submissions along with other public sector partners.

10. Associate Membership including new Members

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

Fife Resources Solutions LLP
MYtownMYcommunity Ltd
Scotrail Trains Ltd
Scotland's Natural Heritage (NatureScot)
Scottish Enterprise
Shire Housing Association Ltd
Skills Development Scotland
2023 Cycling World Championships Ltd

The total number of associate members of Scotland Excel currently stands at 136 for this reporting period. Since the last reporting period, Scotland Excel has continued to engage with housing associations and other associates about the benefits of framework utilisation. Early discussions have taken place with third sector organisations about the benefits of working together and membership opportunities, with one supported business being proposed for membership at the August committee.