

## Scotland Excel

To: Executive Sub Committee

On: 15 September 2017

Report  
by  
Director Scotland Excel

### Affordable Housing Project Update Report

#### 1 Introduction

This report provides an update on the Affordable Housing Programme currently being operated by Scotland Excel on behalf of the Scottish Government.

#### 2 Background

The Scottish Government, as part of the Affordable Housing Supply programme (AHSP), has committed to delivering at least 50,000 affordable homes by March 2021, backed by over £3 billion of investment. The sector will therefore be required to undertake considerable procurement activity in relation to this programme.

The wider public sector has benefited from significant investment and focus in procurement reform since publication of Review of Public Procurement in Scotland - Report and Recommendations in 2006. The affordable housing sector has not been part of this national transformation programme.

In 2016 Scotland Excel provided Mr Derek McKay, Cabinet Secretary for Finance and the Constitution with a proposal for the role Scotland Excel could play in delivering the Scottish Government's aspirations within the AHSP. The proposal sought funding of £412k for a two year pilot programme to develop procurement capability, implement policy and identify financial savings. This proposal was accepted by the Scottish Government and approved by the Scotland Excel Joint Committee.

The project has a number of deliverables:

- Complete an analysis of the sector's current and future procurement activity to estimate the potential for savings through the use of national frameworks and/or further collaborative procurement.

- Develop a programme to communicate the immediate savings opportunities available through existing public sector collaborative frameworks and services.
- Undertake procurement assessments to benchmark current levels of procurement capability and identify opportunities for improvement.
- Identify the wider economic, social and environmental benefits that can be achieved through sustainable procurement.
- Undertake any 'quick win' collaborative procurement exercises identified where no existing collaborative frameworks are in place.

### **3 Project Update**

Although preparation and initial work began on the project in early 2017, the project was formally launched in April 2017. Initial work included project scoping, marketing across the housing sector and recruitment of the team. The housing team consists of a housing services manager and three housing services specialists.

Scotland Excel has attended and presented at a number of conferences across Scotland within the housing sector. Numerous on-site visits have been conducted nationally to increase awareness and access to the support programme. An overview of the benefits of associate membership is provided during all meetings.

Scotland Excel and the Scottish Government sought volunteers for procurement assessments from the 160 housing associations in Scotland. As of the 1<sup>st</sup> September 2017, 51 housing associations have requested assessments. This represents 32% of the associations in Scotland but also over 50% of the proposed housing development in Scotland. This is an extremely positive response to the work undertaken by Scotland Excel. The organisation continues to receive positive recognition from partners and associations on how the project is being implemented.

The assessment process is now underway and a number of organisations are scheduled within the project calendar.

### **4 Project Benefits**

The benefits of the Scottish Procurement Model are well rehearsed including; financial savings, improved governance, organisational efficiencies, implementation of policies including living wage, tackling zero hours contracts, supporting local economies etc. It is anticipated that all of these benefits can be delivered within the housing sector with Scotland Excel's support from this project.

Anecdotal evidence to date has provided a number of examples of the above and formal reporting will be provided throughout the project life cycle.

Additional benefits will also be derived by core members of Scotland Excel through; increased utilisation of frameworks, identification and promulgation of good practice and to support sustainability of Scotland Excel. A more recent benefit to members is the plan to utilise housing associate fees to fund a new contract for housing associations that is also a requirement for councils. This contract for gas maintenance was previously identified as a gap by councils but was not a high enough priority to members to proceed. This joint demand and additional funding has facilitated initiation of work on this project.

Further benefits are anticipated by members including the growth of collaboration across Scotland with housing associations and local authorities.

## **5 Recommendations**

Members are asked to note the progress made with regard to the Affordable Housing project.