

Scotland Excel

To: Executive Sub Committee

On: 31st January 2020

**Report
by
Director Scotland Excel**

Associate Member Update Report

1. Summary

- 1.1 This report provides an update on Scotland Excel associate membership.

2. Background

- 2.1 Associate members have always been part of Scotland Excel's membership base and come from a number of sectors. An associate member generally joined Scotland Excel to take advantage of a particular contract (for example, vehicles) but there was little or no engagement between the associate and Scotland Excel after the initial joining period. This resulted in a relatively static membership level with an equivalent number of members joining and leaving over the years.

Scotland Excel associate membership can be classified into five main groups. Housing Associations, Council Arm's Length Organisations (ALEO), Transport Bodies, organisations utilising the reciprocal arrangements (Scottish Government and Education) and Other bodies.

The breakdown of associate members by group is illustrated in table 1 below.

Table 1.

Group	Number of Associate Members (at Jan20)
Housing associations	27
Council arm's length organisations (ALEO)	20
Others	20
Transport	9
Reciprocal (Sc Govt, Education)	7
Total	83

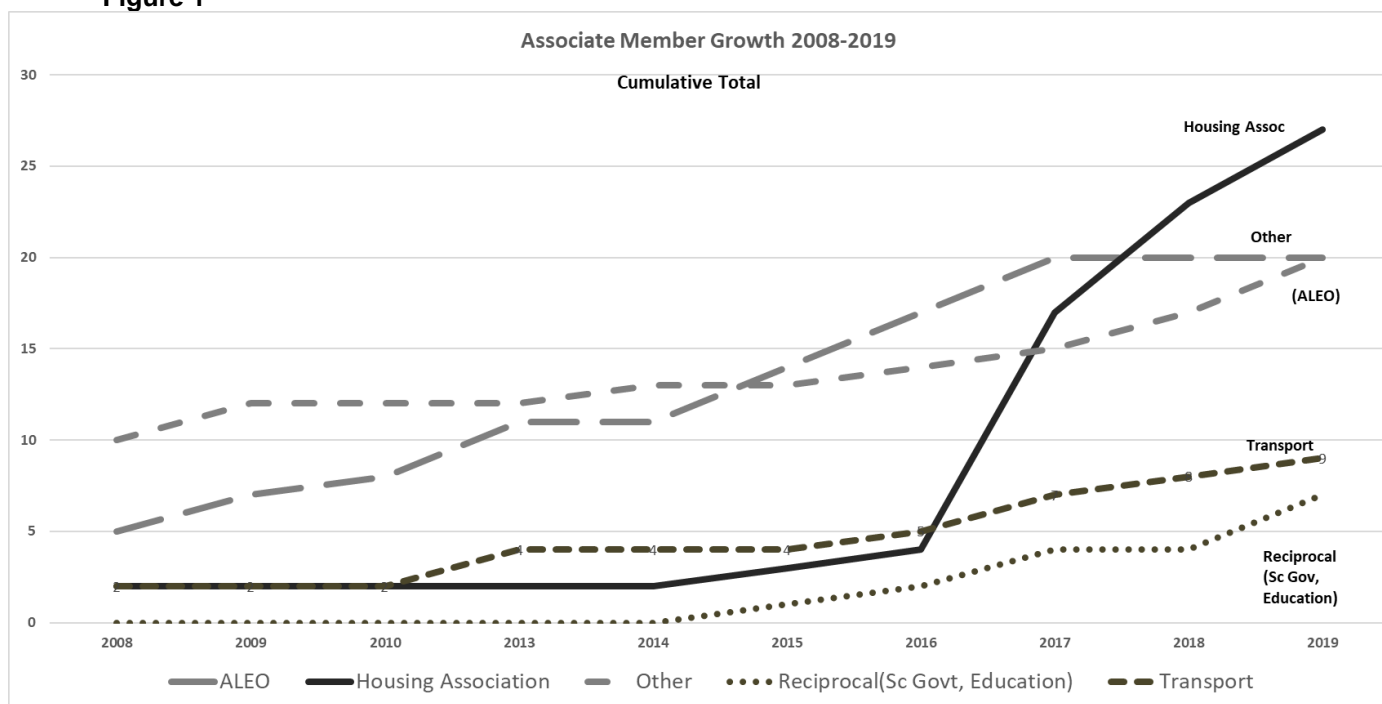
In June 2018 Joint Committee approved a surplus target of £50k for Associate Member expansion and at the December 2018 Joint Committee, members

approved Scotland Excel's recommendation of a continued focus and a dedicated team for associate membership.

Between April 2017 and April 2019, associate member growth mainly came from housing associations participating in the Scottish Government Affordable Housing project known as the Procurement Commercial Improvement Programme (PCIP).

Figure 1 demonstrates the growth of associate membership and, in particular housing associations, since an increased focus has been placed in this area.

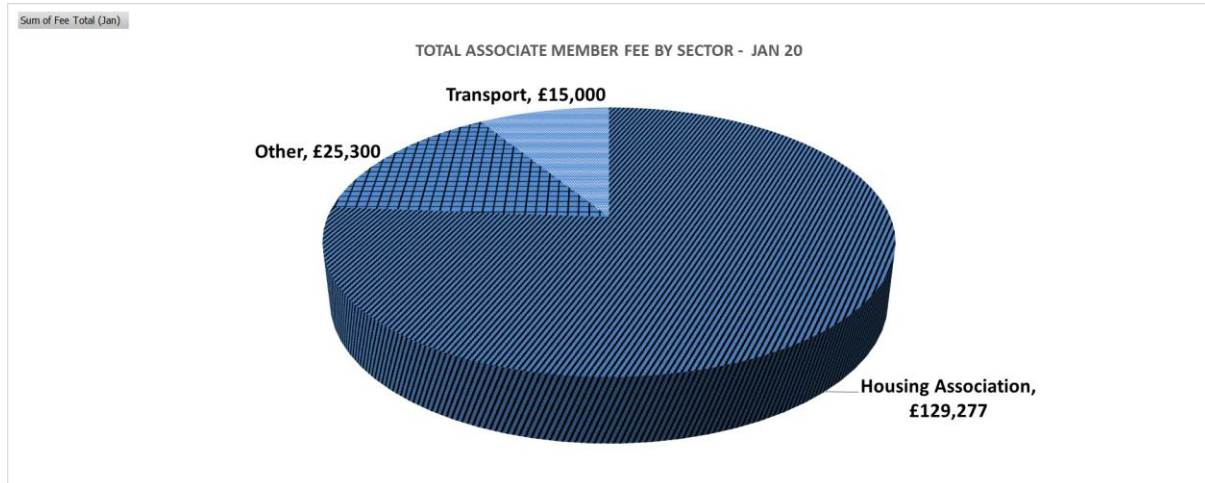
Figure 1



3. Update

3.1 The current income breakdown of Scotland Excel associate members at January 2020 is shown in the following chart (Figure 2).

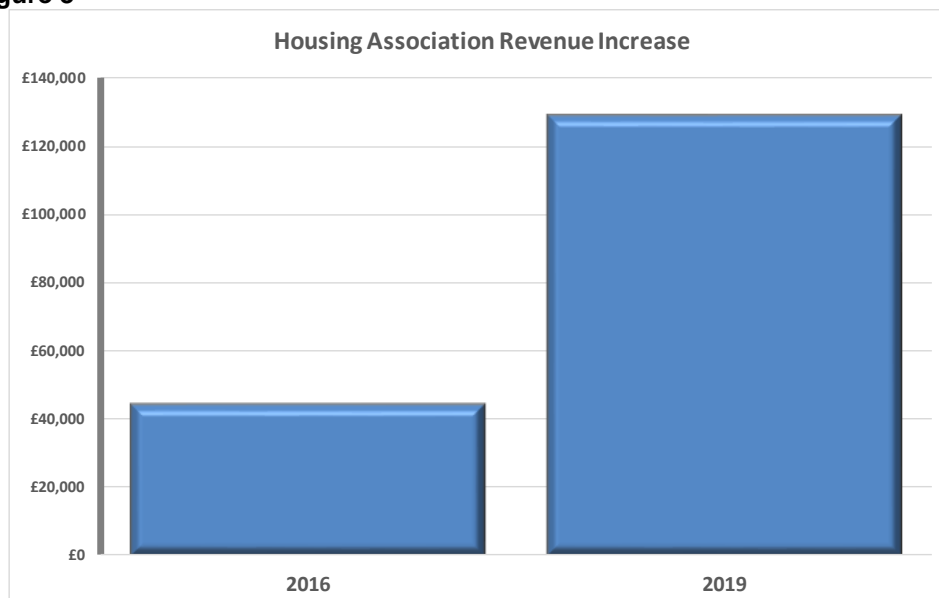
Figure 2



It should be noted that both ALEOs and organisations covered by the reciprocal agreement pay no fee.

- 3.2 Housing associations make up the single largest group with twenty-seven members and currently provide the largest income from fees (figure 2). The revenue increased after 2016 when Scotland Excel delivered the Scottish Government PCIP programme and raised awareness to the sector of Scotland Excel's work. The housing association number increase is illustrated in the table below (Figure 3)

Figure 3

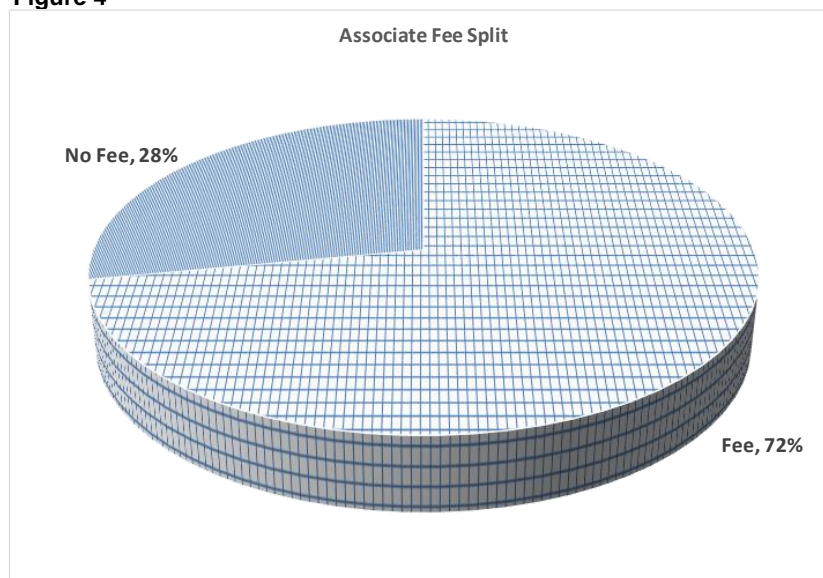


Scotland Excel will work to encourage more housing associations to become members throughout the next phase of the procurement capability programme

(PCIP) and the promotion of the Scotland Excel contract portfolio, especially the new build framework developed to meet the needs of the sector.

- 3.3 There are currently twenty council arm's length organisations (ALEO) who are members of Scotland Excel and therefore benefit from frameworks and services. There is a total of one hundred and thirty ALEOS aligned to local authorities. In 2019 Scotland Excel wrote to all council finance directors to raise awareness and encourage take up of free membership to their ALEOS. There has been limited response to date and this will be followed up in 2020.
- 3.4 Other associate members come from a range of non-departmental government bodies (NDPB's), transport organisations, and a mixture of members from social care, education and other public bodies. There are over twenty-five thousand charity organisations in Scotland within scope, but most are small, and take up may be limited when purchasing from our contracts or taking advantage of other offerings such as learning and development and consultancy.
- 3.5 All potential associate members follow the same joining process irrespective of whether there is a fee to Scotland Excel or not. The current fee split is represented below (figure 4).

Figure 4



4. Next Steps

- 4.1 Scotland Excel are currently updating its Associate Strategy which will be presented to committee in February 2020.
- 4.2 Scotland Excel are introducing a lite touch account management process for associates to encourage take up of contracts and promote additional services. During 2019 some additional help was introduced for new associate members that on completion of approval process, a welcome pack and a guide to getting started on the Scotland Excel website is provided. A follow up site visit is offered to all associates to help during the early stages of membership.
- 4.3 Scotland Excel will continue to review spend levels of associates to ensure that the fee reflects the usage from the associate. Accurate reporting from our suppliers continues to be a key measurement. This allows informed discussion with the associate and has resulted in a recent increase in fee for one associate. This process involved the associate and Scotland Excel working together, agreeing the annual spend level and a discussion on the fee increase. It is important to establish that the level of increased spend will be sustained by the associate over a period of time and not for a one-off project.

5. Recommendations

- 5.1 Members are asked to note the progress made with regard to the ongoing work with Associate members and to encourage suitable organisations to apply for membership.