

Scotland Excel

To: Joint Committee

On: 08 December 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

Since the launch of the programme in April 2017, Scotland Excel has attended and presented at several conferences, workshops and forums across Scotland within the housing sector to promote the benefits of the programme. Numerous on-site visits to housing associations have been conducted nationally to increase awareness and access to the support programme. Recent examples have been attendance at the Highlands & Islands liaison meeting, the West of Scotland group forum and annual conference to promote the programme, engage with delegates and answer questions on PCIP and collaborative procurement.

All associations involved in the programme have received at least a call with Scotland Excel to assess their readiness for PCIP and to offer examples of good practice documentation, therefore providing every association the opportunity to achieve their full potential ahead of their PCIP assessment. The assessment process is now underway and there are currently 22 associations scheduled for an individual full day pre-assessment before the year end and 6 associations undertaking their full assessment by end of January 2018. A rolling programme of pre-and full assessments will be operating from the start of 2018 and the team are scheduling these on an ongoing basis. It is anticipated that 25 PCIP assessments can be completed in this financial year although we continually assess readiness during the engagement process.

The associations involved are fully embracing the programme and there is clear evidence of improvement between Scotland Excel's first and second visit.

4 Project Benefits

Scotland Excel continues to promote the benefits of the Scottish Procurement Model incorporating; financial savings, improved governance, organisational efficiencies and Implementation of policies (including living wage, tackling zero hours contracts, community benefits, supporting local economies and raising awareness of anti-slavery & serious and organised crime). It is anticipated that these benefits can be delivered within the housing sector using Scotland Excel's support from this programme.

The project will also provide benefit to Scotland Excel members by investigating new contract opportunities utilising new housing associate fees to fund contracts required by both housing associations and councils. An example of this is the new contract for gas maintenance. The prior information notice has now commenced and housing associations are participating with council representatives in the technical development of this contract.

Further benefits are anticipated for members of Scotland Excel by encouraging the growth of collaboration across Scotland between housing associations and local authorities for both contract sharing and best practice. Scotland Excel is also encouraging housing associations to work with supported businesses and offering to signpost and facilitate meetings as required.

During the assessment process, associations are encouraged to consider Scottish Government initiatives such as improving engagement with local business to help grow their local economy, attend meet the buyer events, publicly advertise all opportunities via public contracts Scotland and have a full contract register freely available on the association website. Associations can benefit from local suppliers having visibility of upcoming contracts which also promotes transparency.

Scotland Excel will continue to signpost associations towards national contracts and while early in the programme, there has been some recent evidence where transfer from a local contract to a national contract has yielded savings for the associations.

Scotland Excel will continue to help raise the procurement capability within the sector through effective use of the PCIP programme and signpost associations towards national contracts to assist increased compliance and reduce off-contract spend. Scotland Excel will continue to promote the benefits of delivering social value back to the association through use of effective community benefit clauses.

The completion of pre-assessments and assessments remains the key focus of the team with project progress communicated to Scottish Government with monthly reporting and project meetings.

5 Recommendations

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