Notice of Meeting and Agenda
Scotland Excel Executive Sub-Committee

Date	Time	Venue
Friday, 18 November 2016	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

KENNETH GRAHAM
Clerk

Membership

Councillor Cryle Shand (Aberdeenshire Council); Councillor Paul Valentine (Angus Council); Councillor Iain Whyte (City of Edinburgh Council); Councillor Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Gill Dykes (Dumfries and Galloway Council); Councillor Altany Craik (Fife Council); Councillor Martin McElroy (Glasgow City Council); Councillor Bill Fernie (Highland Council); Councillor Grace McLean (North Ayrshire Council); Councillor Michael Holmes (Renfrewshire Council); Councillor Amanda Westlake (Shetland Islands Council) and Provost Eileen Logan (South Lanarkshire Council).

Councillor Michael Holmes – Convener.

Video Conferencing

Should any member wish to participate using video conference, please contact Lesley Jones on 0141 618 7444.

Further Information

This is a meeting which is open to members of the public.

A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at www.renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx

For further information, please either email democratic-services@renfrewshire.gov.uk or telephone 0141 618 7112.

Members of the Press and Public

Members of the press and public wishing to attend the meeting should report to the customer service centre where they will be met and directed to the meeting.

Items of business

Apologies

Apologies from members.

Declarations of Interest

Members are asked to declare an interest in any item(s) on the agenda and to provide a brief explanation of the nature of the interest.

1 Revenue Budget Monitoring **7 - 10**

Report by Treasurer and Director of Scotland Excel.

2 Review of Standing Orders Relating to Contracts **11 - 48**

Report by Clerk.

3 Request for Associate Membership: Forest Enterprise Scotland **49 - 50**

Report by Director of Scotland Excel.

4 Update on the Provision of Procurement Services to SEEMiS LLP **51 - 54**

Report by Director of Scotland Excel.

5 Contract Approval: Demolition Services **55 - 66**

Report by Director of Scotland Excel.

6 Community Benefits Update **67 - 70**

Report by Director of Scotland Excel.

7 Contract Delivery Plan Update **71 - 78**

Report by Director of Scotland Excel.

8 Operating Plan Update **79 - 92**

Report by Director of Scotland Excel.

9 Joint Committee Draft Reports

9(a) Associate Membership Strategy **93 - 116**

Report by Director of Scotland Excel.

9(b) Sustainable Procurement Strategy **117 - 132**

Report by Director of Scotland Excel.

9(c) Update on the Learning and Development Provision **133 - 140**

Report by Director of Scotland Excel.

9(d) Update on the Development of a Small Value Procurement Service **141 - 146**

Report by Director of Scotland Excel.

9(e) Care Home Funding **147 - 160**

Report by Director of Scotland Excel.

9(f) Proposal to Develop a Partnership Model with Crown Commercial Services **161 - 168**

Report by Director of Scotland Excel.

9(g) Affordable Housing Procurement **169 - 174**

Report by Director of Scotland Excel.

9(h) Procurement of Social Care Services **175 - 180**

Report by Director of Scotland Excel.

10 Joint Committee/Executive Sub-committee Induction Plans

Item for discussion.

11 Date of Next Meeting

Note that the next meeting of the Executive Sub-committee will be held at 9. 45 am on Friday 9 December 2016 in Glasgow City Chambers, George Square, Glasgow.

Scotland Excel

To: Executive Sub Committee

On: 18 November 2016

Joint Report
by
The Treasurer & Director Scotland Excel

Revenue Budget Monitoring Report to 14 October 2016

1. **Summary**

1.1 Gross expenditure is £25,000 over budget and income is currently £81,000 over recovered which results in a net underspend of £56,000 for Scotland Excel. This is summarised in point 4:

2 **Recommendations**

2.1 It is recommended that members consider the report.

3 Budget Adjustments Since Last Report

3.1 There have been no budget adjustments since the last report.

4 Budget Performance

4.1 Current Position **Net Underspend £56,000**
Previously Reported *Net Underspend £51,000*

The variance is due to an underspend in Administration Costs and over recovery of Other Income, offset by an overspend in Employee Costs and Payment to Other Bodies.

The overspend in Employee Costs is due to a low turnover of staff, resulting in budget assumptions not being achieved.

Training courses delivered by Scotland Excel have resulted in the overspend within Payments to Other Bodies. These are fully recharged back to delegates and offset by additional income.

The over recovery of Other Income relates to the Training Costs discussed above, unbudgeted Consultancy Income and additional full year Associate Member Fees from the Wheatley Group.

4.2 Projected Year End Position

The projected year end position shows a draw down from the general reserve of £192,384 which is £7,126 less than the approved draw down. The draw down from the National Care Home ring fenced reserve is £9,972.

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2016/17
1st April 2016 to 14th October 2016

JOINT COMMITTEE : SCOTLAND EXCEL

Description	Agreed Annual Budget	Year to Date Budget	Year to Date Actual	Adjustments	Revised Actual	Budget Variance		
(1)	(2)	(3)	(4)	(5)	(6) = (4 + 5)	(7)		
£000's	£000's	£000's	£000's	£000's	£000's	£000's	%	
Employee Costs	2,927	1,451	1,476	0	1,476	(25)	-1.7%	overspend
Property Costs	178	88	88	0	88	0	0.0%	breakeven
Supplies & Services	211	36	36	0	36	0	0.0%	breakeven
Contractors and Others	63	55	55	0	55	0	0.0%	breakeven
Administration Costs	316	82	64	0	64	18	22.0%	underspend
Payments to Other Bodies	19	1	19	0	19	(18)	-1800.0%	overspend
GROSS EXPENDITURE	**3,714**	**1,713**	**1,738**	**0**	**1,738**	**(25)**	**-1.5%**	**overspend**
Contributions from Local Authorities	(3,484)	(3,484)	(3,484)	0	(3,484)	0	0.0%	breakeven
Other Income	(30)	(122)	(282)	79	(203)	81	66.4%	Over-recovery
INCOME	**(3,514)**	**(3,606)**	**(3,766)**	**79**	**(3,687)**	**81**	**2.2%**	**over-recovery**
TRANSFER (TO)/FROM RESERVES	**200**	**(1,893)**	**(2,028)**	**79**	**(1,949)**	**56**	**3.0%**	**underspend**

	Agreed Annual Budget	Year to Date Budget	Year to Date Actual	Adjustments	Revised Actual
CORE OPERATIONS EXPENDITURE	3,714	1,635	1,662	0	1,662
NATIONAL CARE HOME EXPENDITURE	0	78	76	0	76
TOTAL GROSS EXPENDITURE	**3,714**	**1,713**	**1,738**	**0**	**1,738**

	General Reserve	National Care Home Reserve	Total
	£000's	£000's	£000's
Opening Reserves	**(465)**	**(18)**	**(483)**
Budgeted Draw on Reserves	**200**		**200**
Projected Year End Overspend / (Underspend)	**(7)**	**10**	**3**
Anticipated Closing Reserves	**(272)**	**(8)**	**(280)**

SCOTLAND EXCEL

Scotland Excel

To: Executive Sub Committee

On: 18 November 2016

Report
by
The Clerk to Scotland Excel

The Review of Standing Orders Relating to Contracts

1. **Summary**

1.1 The purpose of this report is to seek approval for the existing Standing Orders Relating to Contracts to be revoked and replaced by the revised Standing Orders Relating to Contracts forming the Appendix to this report.

1.2 The revised Standing Orders have been developed following a detailed review in light of the Public Contracts (Scotland) Regulations 2015; the Procurement (Scotland) Regulations 2016; the Concession Contracts (Scotland) Regulations 2016; and statutory guidance made under and in terms of the Procurement Reform (Scotland) Act 2014.

1.3 Some of the key changes to the Standing Orders Relating to Contracts are:

- The standing orders have been changed to reflect the requirements of the new legislation and have been updated to reflect best practice.
- The full range of procedures available under the new legislation has been included.
- Rules applying to contracts for social care (and certain other specific services) have been developed.
- Some re-ordering and clarifications have been made.

2. **Recommendations**

2.1 The Executive Sub Committee is recommended to:

a) Revoke the existing Standing Orders Relating to Contracts;

b) Approve the revised Standing Orders Relating to Contracts attached as the Appendix to this report.

c) Agree that the revocation of the existing Standing Orders and approval of the revised Standing Orders shall take effect on the first working day following this meeting of the Executive Sub Committee

3. Background

3.1 Scotland Excel is required to have Standing Orders Relating to Contracts in terms of section 81 of the Local Government (Scotland) Act 1973.

3.2 The Standing Orders were last reviewed in 2013 with the current version being approved by the Joint Committee at its meeting on 21 June 2013.

3.3 At the meeting of the Joint Committee on 17 June 2016, it was noted that there was a need to review the Standing Orders Relating to Contracts in light of recent legislation and guidance, including the Public Contracts (Scotland) Regulations 2015; the Procurement (Scotland) Regulations 2016; the Concession Contracts (Scotland) Regulations 2016; and statutory guidance made under and in terms of the Procurement Reform (Scotland) Act 2014. The Joint Committee agreed that authority be delegated to the Executive Sub Committee to approve the changes required to the Standing Orders Relating to Contracts as a result of this review.

Scotland Excel

Standing Orders Relating to Contracts

2016

Standing Orders Relating to Contracts - 2016

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1 Introduction

1.1 These Standing Orders are made under Section 81 of the Local Government (Scotland) Act, 1973 and shall apply to the making of all contracts by or on behalf of Scotland Excel. For the avoidance of doubt, the term “contract” includes any form of agreement, written or unwritten, to which Scotland Excel is a party which creates rights and/or responsibilities for any of the parties involved.

1.2 The Standing Orders are subject to any overriding requirements of:-

a) EU Directive 2014/24/EU on public procurement; EU Directive 2014/23/EU on the award of concession contracts; and any Scottish legislation implementing these Directives (the “EU Procurement Rules”);

b) the Procurement Reform (Scotland) Act 2014 and all regulations and guidance made under and in terms of that Act (the “Procurement Reform Rules”); and

c) the relevant provisions of the Treaty on the Functioning of the European Union particularly the principles of equal treatment, non discrimination and transparency (“the Treaty Principles”).

1.3 All contracts let by or on behalf of Scotland Excel, regardless of whether any such contracts are otherwise exempt from the application of these Standing Orders, shall be subject to an obligation to seek best value and to be able to demonstrate fairness, non-discrimination, equal treatment and transparency in the contract procedure chosen to all parties having an interest in that procedure.

2 Interpretation

2.1 For the purposes of these Standing Orders the following words and expressions shall have the meanings given to them in this Standing Order:

(a) any reference to “a signature” or “signed” includes reference to a signature or being signed using electronic means;

(b) “electronic means” means electronic equipment for the processing (including digital compression) and storage of data which is transmitted, conveyed and received by radio, by wire, by optical means or by other electromagnetic means;

(c) “written” or “in writing” means any expression consisting of words or figures which can be read, reproduced and subsequently communicated. It may include information which is transmitted and stored by electronic means;

(d) “the Chief Executive Officers Management Group” means the group of that name established under the Terms and Conditions of Scotland Excel and having responsibility for the overall supervision and monitoring of the performance of the Director and the Scotland Excel staff in delivering Scotland Excel’s annual business plan objectives;

(e) “the Clerk” means the Head of Corporate Governance of Renfrewshire Council or his nominee;

(f) “Contract Documents” means the documents to be used in any tendering procedure and where different those intended to form part of any contract following on from a tendering procedure. It includes, but is not restricted to, the ESPD, the invitation to tender for or to negotiate a contract, the proposed conditions of contract, the specification or the description of the goods, services or works required by Scotland Excel and any Bills of Quantities and includes any such documents or their equivalents issued using electronic means;

(g) “the Director” means the officer appointed by the Joint Committee to have overall responsibility for the operational performance of Scotland Excel or her nominee;

(h) “ESPD” means the European Single Procurement Document;

(i) “the EU Procurement Rules” is defined in Standing Order 1.2 a);

(j) “the Threshold” for the purpose of these Standing Orders refers to the threshold under Article 4 (c) of Directive 2014/24/EU (the threshold for public supply and service contracts awarded by sub-central contracting authorities). The sterling equivalent is currently £164,176, but is recalculated every second year on 1 January of that year. The next change is due on 1 January 2018;

(k) “Executive Sub-Committee” means the sub-committee of that name appointed by the Joint Committee in accordance with the Terms and Conditions of Scotland Excel and having such role and functions as determined by the Joint Committee. Any references to the Executive Sub-Committee shall be treated as references to the Joint Committee;

(l) “the Functions” means the general purchasing functions that the Member Authorities wish to carry out jointly all as more particularly described in the Terms and Conditions of Scotland Excel;

(m) "Health or Social Care Services" means any of the services listed in the Schedule to the Procurement (Scotland) Regulations 2016;

(n) "Member Authority" means any local authority which is a member of the Joint Committee;

(o) "the Policy Review Group" means the group of that name established within Scotland Excel to periodically review, and identify areas for improvement within, Scotland Excel's strategic procurement policies, procedures and guidance;

(p) "Regulated Contract" means a public contract (other than a public works contract) with an estimated value equal to or greater than £50,000; or a public works contract with an estimated value equal to or greater than £2,000,000 unless the public contract or public works contract is an excluded contract under the Procurement Reform Rules;

(q) "Regulated Procurement" means (i) any procedure carried out by the Scotland Excel in relation to the award of a Regulated Contract including, in particular, the seeking of offers in relation to the contract and the selection of suppliers; and (ii) the award of a Regulated Contract by Scotland Excel;

(r) "Scotland Excel" and "Joint Committee" mean the Joint Committee constituted under Section 57 of the Local Government (Scotland) Act 1973 and established for the purpose of regulating the joint discharge of the Functions by the Member Authorities. References to Scotland Excel are to be treated as references to the Joint Committee and vice versa;

(s) "Social and Other Specific Services" means the services listed in Schedule 3 of the Public Contracts (Scotland) Regulations 2015;

(t) "Sustainable Procurement Duty" means the duty of that name under the Procurement Reform Rules; and,

(u) "the Terms and Conditions of Scotland Excel" means those terms and conditions agreed among the Member Authorities to govern their individual memberships and the operation of Scotland Excel and its Functions;

(v) Any reference to a statute, other legislation or EU Directive shall include reference to any statute, legislation or Directive amending or replacing it;

(w) Any reference to a contract shall include, where the context allows, reference to a framework agreement or a sub-contract.

3 Suspension, Variation and Revocation of Standing Orders

3.1 These Standing Orders may be varied or revoked by the Joint Committee. Any variation to or revocation of the Standing Orders will be effective on the first working day after the conclusion of the meeting of the Joint Committee at which it was approved.

3.2 These Standing Orders or any part of them may be suspended by the Executive Sub-Committee in respect of any procurement exercise or contract on receiving a joint recommendation from the Director and the Clerk that there are special circumstances justifying such suspension and that it is in the interests and within the powers of Scotland Excel to do so.

3.3 The Clerk shall have power to vary these Standing Orders but only in the following circumstances:-

(a) to reflect changes in job titles, reorganisations of departments and vacancies in posts; or

(b) to change references to any legislation where the legislation is repealed or amended and to insert references to new legislation where the new legislation largely re-enacts the provisions of the repealed or amended legislation; or

(c) to change the financial values of the EU Thresholds where referred to in these Standing Orders to implement any changes in these thresholds.

4 Financial Provision

4.1 Where the Director considers it appropriate to do so, prior to inviting offers or recommending the acceptance of offers, the Director will ensure she is satisfied that:-

(a) in the case of periodic call off contracts of a general nature, suitable general financial provision has been made or will be made in the budgets of Member Authorities; or

(b) in the case of specific one off contracts for individual authorities or bodies, specific financial provision has been approved.

4.2 In the case of Standing Order 4.1(b) above, confirmation of such approval will be required to be obtained by the Director in advance from the individual authority.

5 Equalities and Prevention of Discrimination

5.1 Before entering into a contract, the Director shall obtain from the contractor an assurance in writing that, to the best of the contractor's knowledge and belief, the contractor has complied with all statutory

requirements under the Equality Act 2010 and all previous legislation, regulations and statutory guidance relating to equality matters.

5.2 All contracts entered into by or on behalf of Scotland Excel shall contain a condition obliging the contractor to comply with all duties arising from the Equality Act 2010.

6 Form of Contract

6.1 Except in circumstances where the Director and the Clerk agree otherwise, every contract shall be:-

(a) in the name of Renfrewshire Council as servicing and contracting authority for Scotland Excel;

(b) in writing;

(c) signed by the Director or the Clerk or other officer authorised to sign contracts; and

(d) subject to the Laws of Scotland.

6.2 The Contract Documents in respect of all contracts shall be prepared by the Director. The Director may also make use of Contract Documents prepared by the Scottish Government; the Crown Commercial Service, or any other agency of the UK government; other Scottish Centres of Procurement Expertise; local authorities; and other collaborative bodies where Scotland Excel is eligible to use these Contract Documents and is permitted by those bodies to do so. It is the Director's responsibility to ensure that Scotland Excel is eligible to use the Contract Documents and that these are suitable for the contract.

6.3 All tender documents must clearly state that the Freedom of Information (Scotland) Act 2002 and the Environmental Information (Scotland) Regulations 2004 apply to all contracts arranged by or on behalf of Scotland Excel. This is to ensure that contractors are aware that Scotland Excel or any of the Member Authorities may be required, as a matter of law, to release information to third parties that the contract or may wish to be treated as confidential.

7 Valuing the Contract

7.1 The values stated in these Standing Orders are the total estimated value of the contract concerned and not the estimated annual value of the contract. Where it is likely that a supply of goods or services will be required on a continuing basis over a number of years, for example with maintenance contracts, the Director shall take into account the anticipated duration of the continuing supply when estimating the value of the contract for the purposes of these Standing Orders.

7.2 It is not permitted to deliberately divide any procurement exercise or disposal into two or more contracts if the intention in doing so is to avoid the application of any financial thresholds in these Standing Orders, the EU Procurement Rules or the Procurement Reform Rules.

7.3 For the avoidance of doubt, the values stated are exclusive of any Value Added Tax that may be levied.

8 General Powers and Duties of the Director

8.1 The Director may transfer any power or duty under the Standing Orders to a Head of Service. The Director may also delegate, in writing, any power or duty under these Standing Orders to an appropriate officer nominated by the Director.

8.2 The Director, taking advice from the Policy Review Group as appropriate, may approve guidance notes on tendering procedures for any contract or type of contract let by or on behalf of Scotland Excel. Any such guidance notes once approved shall form part of these Standing Orders and shall be complied with.

8.3 Where a contract is subject to the EU Procurement Rules, the Director shall ensure that consideration is given to whether the contract should be divided into lots. Where it is decided not to divide the contract into lots, the main reasons for that decision shall be indicated in the Contract Documents.

8.4 For every contract, the Director shall ensure that consideration is given to whether community benefit requirements should be included in accordance with the Procurement Reform Rules and current Scotland Excel policy.

9 Exemptions

9.1 Subject to Standing Order 1, there shall be exempted from the provisions of these Standing Orders any contract where:-

(a) The Executive Sub-Committee is satisfied that there are special circumstances justifying exempting the contract from these Standing Orders or any part of them.

(b) The total estimated value of the proposed contract is less than £50,000 but the contract shall be let in accordance with any guidance on such contracts published under Standing Order 8.2.

(c) In the opinion of the Director, action is urgently required to prevent danger to life, serious risk to health or damage to property. In such circumstances a report will be submitted to the Executive Sub-Committee or the Management Group at the first available subsequent meeting detailing both the circumstances justifying use of this exemption and the action taken. For the avoidance of doubt,

when using this exemption the Director shall ensure that any relevant requirements of the Treaty Principles, the EU Procurement Rules and the Procurement Reform Rules are complied with.

(d) Tenders are to be invited on behalf of any consortium, or similar body, of which Scotland Excel is a member, in accordance with any method adopted by such a body, except where specific provision has been made for the application of these Standing Orders or any part of them to a particular consortium. However, in the event that the financial contribution by Scotland Excel to a consortium or similar body in respect of any one contract is in excess of the exemption limit in Standing Order 9.1 (b) and the contract is not being let by any local authority in terms of its own Standing Orders relating to contracts, the use of this exemption requires the prior approval of the Executive Sub-Committee.

(e) Notwithstanding Standing Order 18 , the contract is for the execution of works or the supply of goods, materials or other services being an extension to an existing contract and identified by the Director as necessary and being so urgent as not to permit the invitation of tenders; such matters to be reported to the next meeting of the Executive Sub-Committee.

(f) It is a contract of employment. However, this exemption does not apply to contracts with employment agencies for the supply of staff.

(g) The contract relates to the transfer, acquisition or disposal of an interest in heritable property including a licence to occupy or use heritable property.

(h) The contract relates to the appointment of legal counsel and solicitors to act as Scotland Excel's Edinburgh agents. However, any such contract must be let in accordance with any relevant requirements of the Procurement Reform Rules.

(i) In the Director's opinion it is essential that the contract is entered into for the settlement of any claim or litigation raised by or against Scotland Excel; such matter to be reported in the next meeting of the Executive Sub-Committee.

(j) The contract is being funded by money provided by the government or a public body (including funds from the National Lottery) and the award of that money to Scotland Excel is subject to such conditions that make it impractical for Scotland Excel to comply with these Standing Orders in letting the contract. However, in such circumstances, any relevant requirements of the Treaty Principles, the EU Procurement Rules and the Procurement Reform Rules shall be complied with and the Director shall submit a report to the Executive Sub-Committee explaining the procedure used and why these Standing Orders could not be complied with.

(k) The contract is for the commissioning of theatrical, musical, dramatic or other artistic performances.

(l) The contract is for the disposal by Scotland Excel of surplus or scrap materials and equipment previously used by Scotland Excel or any Member Authority.

9.2 These Standing Orders apply to contracts for Social and other Specific Services and contracts for Health or Social Care Services unless varied by the special arrangements set out in Schedule 1.

10 Publicity for Tenders and Contracts

10.1 Scotland Excel is under a duty to ensure that, contracts it intends to award are given a degree of advertising which is sufficient to enable open competition and to meet the requirements of the principles of equal treatment, non-discrimination and transparency. Contracts that are subject to the EU Procurement Rules must comply with the provisions relating to advertising of contracts in these Rules. For all other contracts Scotland Excel must put in place procedures to meet its obligations with regard to advertising those contracts. Accordingly the following procedures shall apply:-

(a) The obligation to advertise tendering opportunities for contracts in terms of this Standing Order applies only to contracts for supplies or services with a value of £50,000 or more and to contracts for works with a value of £2,000,000 or more.

(b) Contracts to which Standing Order 10.1(a) applies shall be advertised using the Public Contracts Scotland website.

(c) In addition to advertising on the website referred to in Standing Order 10.1(b) the Director may choose to advertise the contract in any other way.

(d) The Director shall ensure that Scotland Excel's own website contains links to the Public Contracts Scotland website.

10.2 This Standing Order does not apply where an exemption under contract Standing Order 9 applies; or use can be made of the Negotiated Procedure without Prior Publication of a Notice under Standing Order 14 ; or the contract is for Social and Other Specific Services or for Health or Social Care Services and one to which Schedule 1 applies.

11 Procedures

11.1 Where the estimated value of any contract is likely to equal or exceed the thresholds for the application of the EU Procurement Rules, the Director shall be responsible for determining whether or not those Rules apply and may refer the matter to the Clerk who will

provide assistance and guidance to the Director in determining whether the EU Procurement Rules apply to the contract and ensuring that the various requirements of the EU Procurement Rules and Treaty Principles are followed.

11.2 Where it is established that the EU Procurement Rules apply to any contract, the Director will be responsible for determining the appropriate procedure to be followed in terms of those Rules and shall ensure that the contract is advertised, tendered evaluated and awarded in compliance with those Rules. The tendering procedures under the Rules are not set out in these Standing Orders. The procedures in Standing Orders 12 to 17 inclusive may only be used where Scotland Excel is not required to use the equivalent procedures in the EU Procurement Rules.

11.3 Any contract that is not required to follow a procedure set out in the EU Procurement Rules must be let in accordance with one of the procedures set out in these Standing Orders.

11.4 The procedure to be used and the reasons for selecting that procedure shall be recorded in the contract strategy document.

11.5 The ESPD shall be used in all procedures.

12 Open Procedure

12.1 The Director may approve the use of the open procedure which shall be conducted in accordance with this Standing Order.

12.2 Where the Director approves the use of the open procedure, the Director shall issue a notice on the Public Contracts Scotland website. In addition, the Director may choose to publicise the contract more widely.

12.3 The notice must contain the same information as would be required under the EU Procurement Rules. The date and time stated in the notice by which tenders must be received must be no sooner than 10 working days from the date the notice is published.

12.4 At the same time as the notice is issued in terms of Standing Order 12.2, the Director shall make the relevant Contract Documents available electronically and it shall be the responsibility of the contractor to access the invitation to tender through the e-procurement system.

13 Restricted Procedure

13.1 The Director may approve the use of the restricted procedure which shall be conducted in accordance with this Standing Order.

13.2 Where the Director approves the use of the restricted procedure, a notice shall be issued on the Public Contracts Scotland website. In addition the Director may choose to publicise the contract more widely.

13.3 The notice must contain the same information as would be required under the EU Procurement Rules.

13.4 All applicants responding to the notice issued in terms of Standing Order 13.2 shall be required to provide a completed ESPD by the date and time specified in the notice. This date and time must be no sooner than 10 working days from the date the notice is published.

13.5 At the same time as a notice is issued in terms of Standing Order 13.2, the Director shall make the relevant Contract Documents available electronically.

13.6 No contractor may be invited to tender unless they have successfully complied with the technical and financial checks in Standing Order 22 and have met the criteria to be invited to tender set out in the notice and Contract Documents.

13.7 The Director must select a sufficient number of applicants to be invited to tender. To ensure genuine competition, the number of applicants selected shall not be fewer than five. However, in any circumstances where fewer than five applicants express an interest, all those applicants meeting the minimum selection criteria, must be invited to tender.

13.8 The Director shall send invitations to tender simultaneously to each applicant selected to tender for a contract and the invitation to tender shall be accompanied by a link to the Contract Documents which shall have been made available under Standing Order 13.5.

13.9 The invitation to tender shall also include the final date and time for the receipt of tenders by Scotland Excel and the criteria to be used in evaluating the tenders.

14 Negotiated Procedure without Prior Publication of a Notice

14.1 The negotiated procedure without prior publication of a notice is only available in very limited circumstances. It may only be used with the prior written approval of the Director and a record including a full explanation as to why the Director considered it appropriate to use the procedure shall be retained.

14.2 Where the EU Procurement Rules do not apply, the negotiated procedure without prior publication of a notice may only be used in the circumstances stated in the Procurement Reform Rules.

14.3 Where the EU Procurement Rules apply, the negotiated procedure without prior publication of a notice may only be used on any ground specified in those Rules.

14.4 For the purposes of these Standing Orders the negotiated procedure without prior publication of a notice means direct negotiations with a single contractor, or all suitable contractors, without competition, or further competition, with a view to awarding the contract to a single contractor or to extending an existing contract.

14.5 Where the negotiated procedure without prior publication of a notice has been used and the estimated value of the proposed contract is £50,000 or more but does not exceed the Threshold, the contract shall be awarded by the Director.

14.6 Where the negotiated procedure without prior publication of a notice has been used and the estimated value of the proposed contract exceeds the Threshold, the contract shall be awarded by or on the instruction of the Director on the prior authority of the Executive Sub Committee.

14.7 In all cases where the negotiated procedure without prior publication of a notice is used, a full written record of all contacts, discussions and communications with prospective contractors shall be kept by the Director.

14.8 A minimum of two officers, one of whom to be at least of Senior Procurement Specialist grade, must be present at all times during any discussions with prospective contractors.

14.9 The Director must ensure that records of all discussions with prospective contractors are signed as such by all participants.

14.10 The Treaty Principles will be observed at all times during the negotiations.

14.11 For the avoidance of doubt, where the negotiated procedure is used for any contract in terms of this Standing Order 14, there is no requirement to publish prior information relating to that contract on the Public Contracts Scotland website.

15 Competitive Procedure with Negotiation

15.1 The Director may choose to use the competitive procedure with negotiation where, in the Director's view, the restricted and open procedures in these Standing Orders are not appropriate for a contract.

15.2 The competitive procedure with negotiation may only be used on one of the following grounds:

(a) Where the needs of the Scotland Excel cannot be met without adaptation of readily available solutions;

(b) Where the contract includes design or innovative solutions;

(c) Where the requirement is complex in nature, in its legal and financial make-up or because of its risks;

(d) Where the technical specifications cannot be established with sufficient precision; or

(e) Where unacceptable or irregular tenders have been received following a restricted or open procedure.

15.3 The Director shall ensure that the justification for use of the competitive procedure with negotiation is recorded.

15.4 Where the Director elects to use the competitive procedure with negotiation, the rules for such a procedure set out in the EU Procurement Rules shall be followed. However, where the EU Procurement Rules would not otherwise apply to the contract, the Director shall determine the timescales that are to apply to the procedure taking into account factors such as the complexity of the subject matter of the contract.

15.5 In all cases where the competitive procedure with negotiation is used, a full written record of all contacts, discussions and communications with tenderers shall be kept by the Director.

15.6 A minimum of two officers, one of whom to be of at least Senior Procurement Specialist grade, must be present at all times during any discussions with tenderers.

15.7 The Director must ensure that records of all discussions with tenderers are signed as such by all participants.

15.8 The Treaty Principles will be observed at all times during the negotiations.

16 Competitive Dialogue Procedure

16.1 The Director may choose to use the competitive dialogue procedure where, in the Director's view, the restricted and open procedures in these Standing Orders are not appropriate for a contract.

16.2 The competitive dialogue procedure may only be used on one of the grounds set out in Standing Order 15.2.

16.3 The Director shall ensure that the justification for use of the competitive dialogue is recorded.

16.4 Where the Director elects to use the competitive dialogue procedure the rules for such a procedure set out in the EU Procurement Rules shall be followed. However, where the EU Procurement Rules would not otherwise apply to the contract, the Director shall determine the timescales that are to apply to the procedure taking into account factors such as the complexity of the subject matter of the contract.

16.5 In all cases where the competitive dialogue procedure is used, a full written record of all contacts, discussions and communications with tenderers shall be kept by the Director.

16.6 A minimum of two officers, one of whom to be of at least Senior Procurement Specialist grade, must be present at all times during any discussions with tenderers.

16.7 The Director must ensure that records of all discussions with tenderers are kept and these must be signed as such by all participants.

16.8 The Treaty Principles will be observed at all times during the competitive dialogue.

17 Innovation Partnerships

17.1 The Director may choose to use the innovation partnership procedure where, in the Director's view, there is a need for innovative works, products or service which cannot be met by solutions already available on the market.

17.2 The aim of the innovation partnership will be the development of the required innovative works, products, or services and the subsequent purchase of the resulting works, supplies, or services.

17.3 The estimated value of the works, supplies or services must not be disproportionate in relation to the investment required for their development.

17.4 Where the Director elects to use the innovation partnership procedure, the rules for such a procedure set out in the EU Procurement Rules shall be followed. However, where the EU Procurement Rules would not otherwise apply to the contract, the Director shall determine the timescales that are to apply to the procedure taking into account factors such as the complexity of the subject matter of the contract.

18 Extensions to Existing Contracts

18.1 Where the Director considers that an existing contract should be extended and the option to extend is given to Scotland Excel in terms of the contract, the Director may authorise the exercise of

that option on behalf of Scotland Excel. For the avoidance of doubt, where the contract does not make provision for the extension of the contract, the Director shall not extend that contract. However, a new contract may be entered into if the use of the negotiated procedure without publication of a notice can be justified in terms of these Standing Orders in which case the procedure in Standing Order 15 shall be followed.

18.2 For the purposes of Standing Order 18.1 an extension of a contract includes the option to increase the amount of supplies, services or works acquired under the contract as well as the option to increase the duration of the contract.

18.3 Where in terms of Standing Order 18.1, the contract does not make provision for the extension of the contract and the initial contract was not let in accordance with the EU Procurement Rules, the total value of the contract including the value of any extension shall not exceed the Threshold.

19 E-Procurement

19.1 This Standing Order shall apply to any tendering procedure or contract entered using electronic means.

19.2 Unless in exceptional circumstances the Director has agreed otherwise, all tendering exercises or negotiated procedures shall be conducted using electronic means (“e-procurement”).

19.3 The Director must consider whether it is appropriate to impose any specific requirements regarding verification and authentication of the tender submission and the signature of the person making that submission.

19.4 Any tender document issued using electronic means must state whether Scotland Excel has any specific requirements relating to authentication or verification of the tender submission or of the signature of the person making the submission.

19.5 Any invitation to tender shall provide information as to the internet address which offers unrestricted and full direct access by electronic means to the Contract Documents.

19.6 No tender submitted using electronic means will be considered unless it is received in the format requested by Scotland Excel in the Contract Documents and at the electronic address specified by Scotland Excel and unless it is received prior to the deadline for the receipt of tenders, as stated in the Contract Documents.

19.7 The Director shall ensure that each tender is kept unopened in a single secure electronic mailbox that cannot be opened before the deadline for the receipt of tenders.

19.8 Prior to the tenders being opened after the deadline for the receipt the Director shall implement such internal controls as are necessary to ensure that the identity of none of the contractors who have applied for an invitation to tender or has submitted a tender shall be revealed to any person other than those members of Scotland Excel staff authorised by the Director to administer the e-procurement system for that tender.

19.9 The Director shall ensure that for each procurement project the system used shall keep and, if required, produce a record showing the time and date of receipt of all tenders received in respect of each e-procurement exercise.

19.10 This Standing Order shall also apply to the receipt and custody of tenders for sub-contracts let using electronic means to be performed by nominated sub-contractors.

19.11 The system used must not allow any tenders sent to the wrong address to be received.

19.12 Late tenders must be clearly identified as such by the system and shall be recorded as rejected on the tender record sheet with the tenderer being notified to this effect.

19.13 The Director may extend the deadline for the submission of bids by notifying all potential tenderers of the extension in the following circumstances:-

(a) prior to any bids being received by Scotland Excel; or

(b) where following bids being received but before Scotland Excel has opened those bids due to the functionality of the e-procurement system.

19.14 The Director shall extend the deadline for submission of tenders:

(a) where additional relevant information, although requested by a tenderer in good time, is not supplied to a tenderer at least six days before the deadline; or

(b) where significant changes are made to the Contract Documents.

19.15 The Director may also elect to extend the deadline for submission of tenders where it is considered appropriate to do so.

19.16 Where the deadline for submission of tenders is extended by the Director in terms of Standing Orders 19.14 or 19.15 above, the Director shall notify all potential tenderers of the extension and any tenderers who have already submitted tenders shall be given the opportunity to re-submit their tenders.

20 Opening of Tenders

20.1 All tenders shall be opened in the presence a member of staff of Senior Procurement Specialist grade or over and at least one other member of staff, neither of whom is, at the time, directly involved in the contract to which the tenders relate.

20.2 A record shall be prepared to show who opened the tenders and who witnessed the process and the record shall be signed by the relevant officers.

21 Electronic Auctions

21.1 The following provisions apply to the undertaking of electronic auctions by or on behalf of Scotland Excel:-

(a) For the purpose of these Standing Orders, the expression "electronic auction" means a repetitive process involving an electronic device for the presentation of new prices, revised downwards, and/or new values concerning certain elements of tenders, which occurs after an initial full evaluation of tenders, enabling them to be ranked using automatic evaluation methods.

(b) The Director may authorise the carrying out of an electronic auction where satisfied that it is in the interests of Scotland Excel or any of the Member Authorities to do so and that the electronic auction is in accordance with the EU Procurement Rules.

(c) The Director may only authorise the carrying out of an electronic auction where she is satisfied that the likely benefit of an electronic auction will outweigh the costs of undertaking the electronic auction.

(d) An electronic auction may only be carried out where the possibility of the use of an electronic auction has been stated in the Contract Documents issued to contractors and, where the EU Procurement Rules apply, in the contract notice published in OJEU.

(e) For the avoidance of doubt, an electronic auction may be used where previous stages of a tendering procedure have not been undertaken using electronic means.

(f) Before proceeding with an electronic auction, the Director shall make a full initial evaluation of the tenders in accordance with the award criteria set and with the weighting fixed for them. All tenderers who have submitted admissible tenders shall be invited simultaneously by electronic means to submit new prices and/or new values.

(g) At least two working days must elapse between the date on which the invitations referred to in Standing Order 21.1(f) are sent and the date of the electronic auction.

(h) Throughout each phase of an electronic auction Scotland Excel shall instantaneously communicate to all tenderers involved at least sufficient information to enable them to ascertain their relative rankings at any moment. Scotland Excel may also, at any time, announce the number of participants in that electronic auction. In no case, however, may Scotland Excel disclose the identities of the tenderers during any phase of an electronic auction.

(i) Prior to the commencement of any electronic auction, Scotland Excel shall intimate to all tenderers involved:-

(i) All relevant information concerning individual connection to the electronic system to be used in the electronic auction.

(ii) The date and time fixed for the start of the electronic auction.

(iii) The number of phases in the electronic auction.

(iv) The mathematical formula to be used in the electronic auction to determine automatic re-ranking of tenders on the basis of the new values or new prices submitted and incorporating the weighting of all the criteria set to determine the most economically advantageous tender.

(v) Where variant bids are authorised, a separate mathematical formula for each variation.

(vi) Proposed duration of the electronic auction together with any proposals for the extension of the duration of the electronic auction.

(j) Any electronic auction will be subject to such additional procedural requirements as the Director considers necessary.

22 Technical and Financial Checks

22.1 No tenderer may be awarded a contract for the supply of goods, materials or services or the execution of works unless, following a review of the proposed contractor, the Director is satisfied as to:-

(a) the technical capability of the proposed contractor; and

(b) the financial standing of the proposed contractor.

22.2 Where the Director considers it appropriate to do so, advice may be obtained from the Director of Finance and Resources of

Renfrewshire Council or his nominee on the financial standing of the proposed contractor.

22.3 It shall not be necessary to review the financial standing of proposed contractors where, for example:-

(a) the estimated value of the contract is £100,000 or below; or

(b) it has been reviewed in the preceding 12 months from the date of invitation to tender; or

(c) the Director considers the contract to be of low financial and operational risk.

22.4 Assessment of a tenderer's technical capacity shall include a determination by the Director as to whether:

(a) the tenderer meets the selection criteria; and

(b) any exclusion grounds under the Procurement Reform Rules, or where appropriate the EU Procurement Rules, apply to the tenderer.

22.5 The assessment under Standing Order 22.5 shall be based initially on the ESPD submitted by the tenderer but, at any moment during the procedure, the Director may require the tenderer to submit all or any of the supporting documents where the Director considers this is necessary to ensure the proper conduct of the procedure.

22.6 Where a procedure requires a shortlist of participants to be prepared, before a participant may be included on the shortlist the Director shall:-

(a) verify that the participant whom he/she intends to shortlist meets all relevant criteria; and

(b) require the participant to submit such means of proof and supporting documents that the Director considers to be necessary.

22.7 Before preparing any report to seek approval to award a contract, except a contract which is a direct award under a framework, the Director shall:-

(a) verify that the participant who is the proposed contractor meets all relevant criteria; and

(b) require the participant who is the proposed contractor to submit such means of proof and supporting documents that the Director considers to be necessary.

22.8 Where the Director is unable to verify that a participant meets all the relevant criteria, or where a participant fails to submit such means

of proof as required by the Director in terms of this Standing Order, the participant shall be excluded from the procedure.

22.9 The Director shall keep a record showing the results of each check of the technical capacity and financial standing of proposed contractors.

23 Checking of Tenders & Post Tender Negotiations

23.1 All tenders shall be subject to checking by the Director who shall, if required by Standing Order 24.3, prepare and submit a written report in respect of all the tenders received in a form that complies with Standing Order 25 and containing a specific recommendation as to the acceptance of the successful tender or tenders and the reasons therefor.

23.2 Where the Director considers that a tender may be abnormally low, the procedures in the EU Procurement Rules shall be followed.

23.3 Between the last date and time for the receipt of tenders and the date on which a decision is taken as to which, if any, tender is to be accepted the Director may instruct members of staff or consultants to enter into post tender negotiations. Post tender negotiations shall only be used in circumstances where the Director has identified a tenderer who has submitted the best price of the most economically advantageous tender to Scotland Excel for a contract or part of a contract and where the Director is satisfied that there is scope for improvement in the offer received and that such negotiations will be in the best interests of securing value for money or improved terms and conditions for Scotland Excel. Post tender negotiations may only be used with that tenderer so identified. Post tender negotiations shall not be used to put other tenderers at a disadvantage or to distort competition.

23.4 Where it is considered possible that post tender negotiations might apply, a clear indication will be give to prospective contractors in the tender documents that post tender negotiations might be considered.

23.5 Between the last date and time for the receipt of tenders and the date on which a decision is taken as to which, if any, tender is to be accepted, the Director may instruct members of the Director's staff or consultants to contact a tenderer in respect of any contract in cases where such contact may be necessary to validate or clarify the terms of the tender or to effect any necessary adjustments but for no other purpose.

23.6 Notwithstanding the other terms of this Standing Order 23, where examination of the tenders reveals obvious errors or discrepancies

which would affect the tender figures, these errors will be dealt with in the following manner:-

(a) Any obvious arithmetical errors will be rectified by the appropriate officer checking the tenders and the amount of tender shall be held to be the amount so rectified and the tenderer informed in writing of the corrected amount.

(b) Where there is an obvious and genuine error in rates occurring, the tenderer will be given the opportunity of either confirming that they agree to their tender being considered with the error remaining or withdrawing their tender. This procedure must be undertaken in writing. Should the tenderer decide to withdraw their tender, it will not be considered for acceptance. The tenderer must not be given the opportunity to submit an amended tender.

23.7 A full written record shall be kept by the Director of all contracts where post tender negotiations have been used and the written record will be retained with the original tender. The written record will include the justification for authorising post tender negotiations, the nature of the negotiations undertaken, the outcome of such negotiations and shall detail any additional terms agreed by Scotland Excel.

24 Acceptance and Giving Reasons for Decisions

24.1 Where a contract is to be awarded following the evaluation of tenders against criteria set out in the Contract Documents, the Director shall keep a written record showing the assessment of each valid tender against those criteria and demonstrating why the successful tenders were accepted.

24.2 In cases where the value of the contract exceeds £50,000 but does not exceed the Threshold, the contract shall be accepted by the Director. Where a contract is accepted in the aforementioned circumstances the Director shall report the award of the contract to the Executive Sub-Committee as soon as reasonably practicable thereafter.

24.3 In cases where the value of the contract exceeds the Threshold, the contract shall be accepted by the Director or, on her instructions, by the Clerk on the authority of the Executive Sub-Committee. However, in circumstances where Scotland Excel has undertaken work on behalf of a third party who is not a member of Scotland Excel for contracts where the value exceeds the Threshold the Director may accept the contract, providing that she has obtained clear instruction and the necessary authority from the third party to do so and shall report the award of the contract to the Executive Sub Committee as soon as reasonably practicable thereafter.

24.4 In cases where the value of the contract exceeds the Threshold and in the opinion of the Management Group, urgency precludes obtaining the approval of the Executive Sub-Committee, the contract may be accepted by the Director or the Clerk on the authority of the Management Group, provided always that the acceptance of a contract in such circumstances is subject of a report to the next meeting of the Executive Sub-Committee.

24.5 Member Authorities may request Scotland Excel to undertake a tendering procedure on their behalf but may specifically request that the acceptance of the contract following on from that procedure is dealt with by the Member Authority in accordance with that Member Authority's Standing Orders relating to contracts. In such circumstances paragraph 22.1 to 22.5 do not apply to the award of that contract.

24.6 The Director may terminate any tendering or negotiated procedure at any time up to the award of the contract where she believes that justification exists for that course of action. Where the Director does decide to terminate a tendering or negotiated procedure the Director shall write to all tenderers involved in that procedure informing them of her decision and the reasons for that.

24.7 In accordance with the Procurement Reform Rules, where a participant is excluded from a procedure at any stage before submitting a tender, the Director shall notify the participant in writing and provide reasons as soon as reasonably practicable.

24.8 Where, after submission of tenders, a decision is taken to eliminate a tenderer from a tendering procedure, for example where a tender is incomplete or fails to meet the minimum criteria, the relevant tenderer shall be notified as soon as is reasonably practicable by the Director.

24.9 All tenderers shall be informed in writing of the success or otherwise of their tender as soon as is reasonably practicable after the approval of the successful tender.

24.10 Except in the case of letters issued to successful tenderers by the Clerk in terms of Standing Orders 24.3 and 24.4, the Director shall be responsible for writing to tenderers but may request the Clerk to issue the letters on her behalf.

24.11 Communication with tenderers may be undertaken using Scotland Excel's e-procurement system.

24.12 Where the EU Procurement Rules apply, no tender shall be accepted until the date when the mandatory standstill period in terms of those Rules has expired and the Director is satisfied that no valid challenge has been received to the contract award decision.

24.13 The mandatory standstill period is a period of at least 10 calendar days between the date of dispatch of the letters issued under Standing Order 24.8 and the date when it is proposed to enter into the contract.

24.14 Where a mandatory standstill period is not required, the Director may elect to follow a voluntary standstill period if she considers it appropriate to do so.

24.15 Where a valid challenge is made to the contract award decision before the award of a contract is made, the Director shall provide a report (which at the Director's discretion may be written or verbal) to the next meeting of the Executive Sub-Committee setting out the nature of the challenge made; an explanation as to why the challenge is valid; and a recommendation on the further procedures to be followed.

24.16 The Director shall keep and maintain a register of all contracts that are not exempt from these Standing Orders and, in respect of each contract shall enter into that register, the following information:-

- the name and address of the contractor;
- a description of the purpose of the contract;
- the duration of the contract; and
- any other information relating to the contract which the Director considers to be material.

25 Content of Reports on Contracts

25.1 For all contracts requiring the approval of the Joint Committee or the Executive Sub-Committee, a report will be submitted detailing the following:-

(a) The nature of the requirements of the contract.

(b) The tendering procedures adopted.

(c) The selection and/or invitation of contractors and their responses to the invitation.

(d) A comparative digest of offers received.

(e) The recommendation on the award of the contract or contracts.

26 Nomination of Sub-Contractor

26.1 Where a contract provides for the nomination of a sub-contractor, the appointment of a nominated sub-contractor shall comply with these Standing Orders.

27 Framework Agreements

27.1 Where the Director wishes to establish a Framework Arrangement ("the Framework") to provide for agreement on the terms for future contracts between Scotland Excel and the contractors for the purchase of goods, services or works, the following requirements shall be complied with:-

(a) Where the EU Procurement Rules apply, the Director shall establish the Framework in accordance with those Rules.

(b) In all other circumstances:-

i. The contractors to participate in the Framework will be selected from those who have responded to a notice.

ii. The notice shall be published on the Public Contracts Scotland website and in addition the Framework may be advertised in any other way the Director considers appropriate (including publication in the Official Journal of the European Union), taking into account the estimated value of the contracts to be let under the Framework and the importance of the subject matter of the Framework to Scotland Excel.

iii. The notice shall mention:-

A. that Scotland Excel wishes to establish a Framework;

B. a description of the goods, service or works which are to be purchased under the Framework;

C. a description of the procedure which is to be followed to establish the Framework;

D. where the procedure to be followed is similar to the open procedure:-

1. a period, being not less than 14 days from the date of publication of the Notice within which prospective participants may apply for the tender documents; and

2. a closing date for tenders to participate in the Framework to be submitted to Scotland Excel;

E. where the procedure to be followed is similar to the restricted procedure:-

1. a period being not less than 14 days from the date of publication of the Notice, within which contractors may apply for the pre qualifying questionnaire; and

2. a closing date for completed pre qualifying questionnaires to be submitted to Scotland Excel; and

3. The number of applicants that Scotland Excel intends to invite to tender which shall not be fewer than five. However, if fewer than five pre qualification questionnaires are received, all of those applicants meeting the minimum selection criteria shall be invited to tender.

(c) The Contract Documents must contain the procedures to be used for the award of contracts.

(d) The establishment of the Framework shall comply with Standing Order 24.

27.2 Where a Framework has been established in accordance with Standing Order 27.1, a contract may be awarded under the Framework without the requirement to seek further competition amongst the contractors on the Framework. However the contract must be awarded in accordance with the terms and procedures for award of contracts laid down in the Framework and, where the contract is to be awarded by Scotland Excel, in compliance with Standing Order 24.

27.3 Where a Framework has been established but it does not lay down all of the terms of a proposed contract including, for example, where a new item can legitimately be added to the Framework, a mini competition procedure shall be held under the Framework and in accordance with Standing Order 27.4 below.

27.4 Any mini-competition procedure in terms of Standing Order 27.3 shall be conducted in accordance with the procedures laid down in the Framework and the following:-

(a) every contractor on the Framework capable of performing the contract shall be issued with an invitation to take part in the mini competition. All invitations shall be issued at the same time.

(b) the invitations shall specify the closing date and time for submission of tenders under the mini competition procedure. The time limit fixed for the return of the tenders shall take into account factors such as the complexity of the subject matter of the contract and the time needed to submit tenders, but in any event shall not be less than 10 working days from the date the invitation to take part is issued.

(c) each tender shall be kept confidential until the expiry of the time limit for the receipt of tenders;

(d) the award of contract shall be made to the contractor or contractors who have submitted the best tender or tenders on the basis of the

award criteria specified in the Contract Documents based on the Framework documents; and

(e) where following a mini competition procedure any award of contract is to be made by Scotland Excel, the contract shall be awarded in compliance with Standing Order 24.

27.5 The Director may elect to enter into contracts under an existing Framework that has been properly constituted by the Scottish Government; the Crown Commercial Service, or any other agency of the UK government; other Scottish Centres of Procurement Expertise; local authorities; and other collaborative bodies. Any such contracts must be entered into in accordance with the conditions applicable to the relevant Framework.

28 Dynamic Purchasing Systems

28.1 The Director may elect to establish and use a Dynamic Purchasing System ("DPS") if satisfied that:

(a) it is in the interests of Scotland Excel to do so;

(b) the DPS will only be used for commonly used purchases the characteristics of which, as generally available on the open market, meet Scotland Excel's requirements; and

(c) the costs of the DPS will not outweigh the likely benefits of using the DPS.

28.2 Any DPS established under this Standing Order shall be operated as a completely electronic process and, throughout its period of validity, shall be open for the admission of any suppliers who meet the selection criteria set by the Director.

28.3 Where the Director elects to establish and use a DPS, the rules for such a procedure set out in the EU Procurement Rules shall be followed.

29 Concessions

29.1 Where Scotland Excel intends to grant a services concession contract or a works concession contract ("concession"), the Director shall be responsible for determining a best estimate of the financial value of the concession which shall be in accordance with the EU Procurement Rules, if applicable.

29.2 Based on the best estimate of the financial value of the concession, the Director shall determine the procedures that require to be followed in terms of these Standing Orders and, where applicable, the EU Procurement Rules.

30 Design Contests

30.1 Where the Director considers it appropriate to do so she may hold a design contest, which shall be a competitive procedure in which the Director invites the entry of plans and designs under predetermined rules under which the successful entry selected in terms of those rules is awarded a contract.

30.2 Where a design contest is to be held, a notice shall be placed on the Public Contracts Scotland website and the design contest may be advertised in any other way that the Director may consider necessary. The notice shall state:-

(a) that a design contest is being held;

(b) a description of the project;

(c) the place where a prospective competitor may obtain a copy of the rules; and

(d) the date not less than 14 days from the date of the publication of the notice by which the prospective competitor must initiate, in writing, their interest in being involved in the contest.

30.3 After the expiry of the period specified in the notice, invitations to tender shall be sent to at least three persons selected by the Director. If fewer than three persons have applied and are considered suitable by the Director, then invitations to tender shall be sent to all suitable persons. Where only one suitable applicant has applied the Director shall decide either to abandon the contest or to negotiate with the sole suitable applicant for the award of the contract using the Negotiated Procedure without Prior Publication of a Notice in Contract Standing Order 14.

30.4 The prior approval of the Joint Committee or the Executive Sub-Committee is required before a design contest in terms of this Standing Order is commenced.

30.5 For the purposes of these Standing Orders a design contest means a competition in which Scotland Excel:-

(a) invites the entry of plans and designs;

(b) establishes rules for the competition under which the plans or designs will be judged by a jury;

(c) may award prizes; and

(d) is enabled to acquire the use or ownership of plans or designs selected by the jury.

31 Specification of Standards

31.1 Where there is a recognised British, European or International Standard applicable to any contract which is current at the date of tender, the Contract Documents shall require that the goods, materials or services to be used or supplied and all workmanship shall at least meet the requirement of that standard.

32 Assignation, Sub-Contracting, Termination and Modification

32.1 In every contract, there shall be a provision whereby the contractor shall be prohibited from transferring or assigning to any person or persons whatever, any portion of the contract without the prior written consent of Scotland Excel. The Director shall have the power to consent on behalf of Scotland Excel to the assignation of a contract.

32.2 The sub-contracting of any part of a contract except to the extent permitted in writing by the Director shall be prohibited.

32.3 The Director may exercise any power on behalf of Scotland Excel to terminate any contract or part of a contract or to terminate Scotland Excel's participation in a Framework Agreement or to agree to vary or amend the terms of any contract but only following consultation with the Clerk and subject to the Director and the Clerk being satisfied that it is reasonable and in the interest of Scotland Excel to exercise that power.

32.4 Where it is proposed to modify a contract or framework, the Director shall determine whether the proposed modification would require a new procurement procedure. For the avoidance of doubt, modification includes any changes to the scope; terms and conditions; value; or parties to the contract or framework.

32.5 Where the Director determines that a modification would not require a new procurement procedure, the procedures under Standing Order 36 shall be followed if the contract is a schedule of rates contract.

33 Liquidated and Ascertained Damages

33.1 Where the Director deems it to be appropriate following consideration of the risks involved, the Director shall ensure that the contract provides for liquidated and ascertained damages. The amount to be specified in each such contract shall be determined by the Director.

34 Prevention of Collusion and Corrupt or Illegal Practices

34.1 In every written contract a clause shall be inserted to secure that Scotland Excel shall be entitled to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation if the contractor or the contractor's representative (whether with or without the knowledge of the contractor), shall have practised collusion in tendering for the contract or any other contract with Scotland Excel or any Member Authority or shall have employed any corrupt or illegal practices either in the obtaining or performance of the contract or any other contract with Scotland Excel or any Member Authority.

35 Health and Safety

35.1 No contract to which these Standing Orders apply will be accepted unless the contractor satisfies Scotland Excel that the contractor is operating health and safety policies which conform with current legislation.

36 Schedule of Rates Contract

36.1 In every works contract which is a schedule of rates contract, the Director shall, prior to invitations to tender being issued, fix an indicative total value for the contract. The indicative total value shall be set out in any report to the Executive Sub-Committee.

36.2 Where it becomes apparent to the Director that the indicative total value is likely to be exceeded, the Director shall ensure that a report on the matter is submitted to the next meeting of the Executive Sub-Committee. Where a contract has not been advertised under the EU Procurement Rules and the increase in the value of the contract is such that the EU Threshold is likely to be exceeded, no further orders shall be made under the contract.

36.3 The Director shall ensure that a condition is inserted in any such contract to the effect that the indicative total value of the contract cannot be exceeded without the approval of Scotland Excel.

37 Sustainable Procurement

37.1 The Director shall be responsible for ensuring that the Scotland Excel fulfils its Sustainable Procurement Duty.

37.2 The Director shall ensure that the Sustainable Procurement Duty is considered in the development of every Regulated Procurement and shall take into account how the Regulated Procurement can

(a) improve the economic, social and environmental wellbeing of Scotland Excel's geographic area of operation;

(b) facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the Regulated Procurement; and

(c) promote innovation.

37.3 Where improvements in terms of Standing Order 37.2 (a) have been identified, the Director shall ensure that the Regulated Procurement is carried out with a view to securing such improvements.

38 Consultants

38.1 It shall be a condition of the engagement of the services of any consultant that:-

(a) they shall comply with these Contract Standing Orders as though they were officers of Scotland Excel; and,

(b) at any time during the performance of the contract, the consultant shall, on a request by the Director produce all records maintained by them in relation to the contract and on completion of the contract transmit all such records to the Director, if so required.

38.2 All contracts for consultancy services must set out clear output targets for performance by the consultant under the contract.

39 Records and Registers

39.1 The Director shall maintain a contracts register in accordance with the Procurement Reform Rules.

39.2 Where these Standing Orders require that records or registers are kept, the Director shall obtain the approval of the Executive Sub-Committee prior to making arrangements for the disposal of any such records or registers.

39.3 The contracts register kept in accordance with Standing Order 39.1 is to be regarded as a permanent record of Scotland Excel and is not to be destroyed or disposed of.

40 Procurement Strategy and Annual Report

40.1 In accordance with the Procurement Reform Rules, the Director shall prepare and publish a procurement strategy setting out how Scotland Excel intends to carry out Regulated Procurements in the next financial year.

40.2 Where Scotland Excel's procurement strategy for the current financial year requires to be reviewed, the Director shall make such revisions as are considered appropriate and publish the revised strategy.

40.3 The Director shall prepare and publish an annual procurement report on Scotland Excel's Regulated Procurement activities in relation any financial year as soon as reasonably practicable after the end of that financial year.

Schedule 1

Special Arrangements for Contracts for Social and Other Specific Services and for Health or Social Care Services

Unless varied by the special arrangements set out in this Schedule 1, the foregoing standing orders apply to contracts for Social and Other Specific Services and contracts for Health or Social Care Services. The special arrangements are as follows:

A. Procedures for the Award of Contracts for Social and Other Specific Services

A.1 Where a contract is for Social and Other Specific Services and the estimated value of the contract is equal to or greater than the threshold for Social and Other Specific Services, the Director shall follow the relevant procedures for such services set out in the EU Procurement Rules and the Procurement Reform Rules.

B. Procedures for the Award of Contracts for Health or Social Care Services

B.1 Where a contract is for Health or Social Care Services and the estimated value of the contract is less than the threshold for Social and Other Specific Services, instead of using the procedures set out in the foregoing Standing Orders, the Director may elect to follow the procedures set out in the Procurement Reform Rules. In such circumstances, the Director may decide, that offers shall not be sought for example where:

(a) it can be demonstrated that the contract is of no interest to service providers in other EU member states; and/or

(b) the total sum to be paid under the contract is so low that service providers located in other EU member states would not be interested in bidding for the contract; and/or

(c) the service is of such a specialised nature that no cross-border market of suitable service providers exists; and/or

(d) advertising the contract would result in the loss of a linked service; and/or

(e) the services are required by a service user and can best be provided by the service user's existing service provider.

B.2 Where a decision is taken under paragraph B.1 above that offers shall not be sought, the Director shall decide if and how the contract shall be advertised.

B.3 Where a decision is taken under paragraph B.2 above not to advertise the contract, the Negotiated Procedure without Prior Publication of a Notice set out in Standing Order 14 shall be followed.

C. Guidance from the Scottish Government

C.1 Subject to Standing Order 9.2, contracts for Health or Social Care Services shall be procured in accordance with the Scottish Government's Guidance on the Procurement Reform (Scotland) Act 2014 and Guidance on the Procurement of Care and Support Services 2016 (Best-Practice) issued under Scottish Procurement Policy Note SPPN 7/2016 (as such may be amended or replaced).

C.2 In the event of any conflict between these standing orders and the Guidance referred to in paragraph C.1 above, the Guidance shall prevail.

D. SCSWIS and other Mandatory Registration

D.1 All Contractors providing Health or Social Care services must be registered with Social Care and Social Work Improvement Scotland (SCSWIS) (commonly known as the Care Inspectorate) and/or any other regulatory bodies relevant to the service provided.

E. Review of Decisions

E.1 Any decision taken under paragraph B.1 or B.2 shall be reviewed at regular intervals by the Director.

Scotland Excel

To: **Executive Sub Committee**

On: **18 November 2016**

Report
by
Director Scotland Excel

Request for Associate Membership of Scotland Excel by Forest Enterprise Scotland

1 Introduction

In addition to the 32 local authorities who are full members of Scotland Excel applications can be made for Associate Membership by organisations such as council arms length organisations, community groups, charities, housing associations and voluntary organisations which are a public body or a body that engages in activities of a public nature.

Organisations apply to Scotland Excel for Associate Membership to allow them to access the frameworks for goods and services which we have in place for our full members. Associates do not have the opportunity to influence the future contract delivery schedule which is reserved for the full local authority members.

2 Application

Forest Enterprise Scotland was established as an Executive Agency on 1 April 2004 and is part of the Forestry Commission Scotland. Forest Enterprise Scotland provides the Scottish Government with a land management capability for delivery of their Land Use Strategy, Scottish Forestry Strategy and delivering economic and community benefits.

3 Legislative Position

Before any application is submitted to committee for consideration checks are made into the organisation including scrutiny of the Memorandum & Articles of Association, finances and the type of contracts that the organisation wishes to

access. Membership commences once committee has approved the application and a Membership Agreement between Scotland Excel and the organisation is signed. The Membership Agreement protects Scotland Excel and Renfrewshire Council in the event of default by the Associate Member in any contract.

Scotland Excel monitors all requests from organisations to become associate members to ensure that all legal requirements are met. In this case Forest Enterprise Scotland qualify for membership as they, in accordance with the Local Authorities (Goods and Services) Act 1970, section 1B, namely that the organisation is not a public body, but it has functions of a public nature or engages in activities of that nature and the purpose of accessing Scotland Excel's services is to facilitate the discharge of those functions and activities.

4 Recommendation

It is recommended to committee that the Forest Enterprise Scotland application to join Scotland Excel as an associate member be approved, at an annual fee of £500, subject to completion and signing of the agreement document.

Scotland Excel

To: Scotland Excel Executive Sub Committee

On: 18 November 2016

Report
by
Director Scotland Excel

Update on the provision of procurement support services to Seemis LLP

1 Introduction

The purpose of this report is to provide Members with an update on recent discussions to provide procurement support services to the Seemis Group LLP.

Seemis Group LLP delivers an integrated national education management information system (MIS) for Scottish Local Government and associated supporting organisations (SQA, ScotXed etc). Owned by its members, Seemis was initially established on behalf of the 12 Strathclyde Region councils. However, since 2014, Seemis offers a complete solution that spans all the essential requirements of an Education MIS geared to the needs of all Scottish Local Authorities. Since 2014 a challenging programme has been undertaken to review and stabilise Seemis' product offerings. Whilst the products are now relatively stable it is clear that the current Seemis solution will become increasingly less fit for purpose over the next three to five years, and as such it is the intention to source a suitable partner from the marketplace and develop a new operating platform.

As the organisation pursues the delivery of a solution that will support an expanded operating model, a key enabler will be the implementation of a robust strategic sourcing model. As such, Scotland Excel has developed a proposal to provide a service to support this exercise. Members are requested to review the summary of this proposal and approve the engagement of Scotland Excel with Seemis LLP.

2 Procurement Route

Some analysis of procurement options has been undertaken already, ruling out a complete outsourcing and favouring a partnership approach and some market research and engagement has been conducted. A key outcome of this was that a number of those consulted commented that there was significant risk in such a proposal which made it unlikely that they would consider bidding. It is also clear that there would not be a standard model for contracting for this type of arrangement and significant work would need to be done to specify the risk positions in the contract as well as deciding how to evaluate those complex financial elements during tender.

On this basis, utilising the new competitive procedure with negotiation has been suggested as a possible procedure to conduct the procurement. This may be appropriate and would certainly give some flexibility within the tender process to discuss crucial technical elements of the contract and refine tenders through several rounds of negotiation and subsequent tenders.

Seemis have indicated that advice to date has indicated a 6 month timescale to complete this process; however, this depends on a number of factors which could represent significant risk. The following stages outline the high level plan for this type of procedure as may be applied to this requirement.

- **Preparation of the OJEU advert and the initial documents that accompany the OJEU advert**

  This is key step in order to be able to manage the procedure to its conclusion in a structured and compliant way. Whilst the process is designed to allow an element of flexibility, minimum requirements must be detailed at this stage and linked to the authority's needs. This would allow selection of suitable candidates to participate in the procedure.

  Depending on the work done to date, and whether the intention is to reduce the number of candidates, this stage of the procedure could take 2-4 months to arrive at a list of candidates to be invited to initial tender.

- **Invitation to submit initial tender documentation**

  The high risk and complicated nature of this procedure would suggest that at least the normal 30 days tender period is allowed. This would need to be considered carefully as it may take organisations some time to prepare documents and obtain internal approval to make an offer. There would then be a period of tender evaluation and potential areas for negotiation identified. From this, it is most likely that a round of negotiations would then be held to improve the content of tenders, discuss any technical/specification changes which may allow bidders to improve their offers, however, crucially the minimum requirements and award criteria must not be negotiated. From this, subsequent resubmission of tenders may be conducted over multiple rounds leading to a final tender, throughout which the authority may reduce the number of bidders to be involved in each subsequent round.

  Depending on the number of rounds of negotiation, this stage of the process could take between 3 and 6 months

- **Submission of final offer**

  The final stage is obviously submission of best and final offers (BAFO) with a period of evaluation and clarification that lead to the conclusion of the negotiation, and award of the contract. This must be based on the award criteria stated in the contract notice and must be a genuine competition (although the requirement to

have three bidders to ensure competition in previous regulations is now largely removed, so two bidders may be considered sufficient). It is also likely that there will be a complex financial model to apply in this case which may be based on life-cycle costing if complex financial proposals are made to take account of the inherent risk in the partnership for a commercial partner.

It is likely to take 1-2 months to complete the necessary procedural elements and there are likely to be considerable clarifications which need to be made and incorporated in to the contract with the successful partner in order to make a recommendation to award.

This recommendation would then be subject to Seemis governance processes for approval and regulatory standstill before final preparation of contract documents could be undertaken and the contract concluded successfully.

3. Resource considerations

Key to successful delivery of the exercise will be allocation of the appropriate level of resource. As such, it is proposed that Scotland Excel will allocate experienced members of the organisation to this project and backfill where appropriate with temporary or contract resources.

Outline requirements most likely delivered by a procurement lead supported by a coordinator or equivalent. Based on the above summary, the exercise may last for up to 12 months, and as such the cost profile should reflect this. Outline costs forecast as follows:

Procurement Lead (1xFTE):	Category Manager	c. £60,000
Support (1xFTE):	Procurement Coordinator	c. £38,000
Legal support (0.5xFTE):	Senior Solicitor	c. £30,000
Additional Expenses:		c. £22,000
Outline total:		c. £150,000

*Note: all sums are provisional and detailed cost breakdown will be agreed on agreement of the commission.

In addition, it is anticipated that throughout the development phase in year 2 there will be a requirement for procurement/commercial support. Requirements would be agreed as appropriate, and as such it is suggested that a nominal sum of £50,000 be allocated to this.

The project costs incurred will be charged on a cost reimbursable basis in line with an agreed delivery plan, which will be agreed following initial detailed evaluation of the current status, and development of the project plan.

4. Recommendation

Executive Committee members are requested to note the content of this report and approve the provision of procurement support services to Seemis LLP

Scotland Excel

To: **Executive Sub Committee**

On: **18 November 2016**

Report
by
Director Scotland Excel

Tender: **Demolition Services**

Schedule: **11-15**

Period: **1 August 2016 to 31 July 2018, with an option to extend for up to 24 months to 31 July 2020**

1. Introduction and Background

This recommendation is for the award of a demolition services framework. This framework is the first national collaborative arrangement for demolition services and is an addition to Scotland Excel's growing portfolio of construction related service frameworks.

Councils have an ongoing programmed requirement to demolish both domestic and commercial buildings. This framework provides councils with the mechanism to procure demolition services without a repeated need to approach the open market for each programmed demolition. While councils will be able to award emergency work directly from this framework, due to the often bespoke nature of each demolition project, programmed demolition works will be awarded via mini competitions.

To meet the varying contracting requirements of councils, Scotland Excel has developed this framework to incorporate two sets of standard industry terms and conditions to award demolition work. The NEC3 Engineering and Construction Short Contract and SBCC Minor Works Building Contract are both available for use to participating councils under this framework.

2. Scope, Participation and Spend

During strategy development it was agreed with council representatives that the framework would be split into three lots:

Table 1: Lotting Structure

Lot No.	Description	Indicative Percentage of Estimated Framework Value
1	Demolition Works up to £50,000	80%
2	Demolition Works over £50,000	
3	Emergency Demolition	20%

The lotting structure was agreed to align with the various specialisms within the supply base, as well encourage, in particular, the participation of small demolition suppliers.

As detailed in Appendix 1, 30 councils have confirmed their intention to participate on this framework, with Dundee City and Midlothian having their own contractual arrangements in place. All member councils however are listed in the EU contract notice as potential participants so all councils may access the framework if required.

Based on indicative council spend projections (refer Appendix 1), together with an allowance for emergency demolition work, potential associate member spend and a general contingency, the framework was advertised at £16 million per annum across all three lots.

3. Procurement Process

A User Intelligence Group (UIG) consisting of procurement and technical representatives from the participating councils was established to support the development of the procurement strategy and specification.

To ensure that the framework arrangements are awarded to the most capable tenderers, the UIG agreed that the open procedure for tendering should be used. It was also agreed that a two stage procedure would be used, stage one addressing qualification criteria and stage two addressing award criteria. Stage one assessed tenderer's business probity, financial standing, insurances, compliance to terms and conditions and quality management, environmental and health and safety systems.

At the second stage of the process, the offers were evaluated against the following criteria and weightings:

- Technical 30%
- Commercial 70%

Due to the unique nature of demolition works, councils agreed that work package pricing would be requested for lots 1 and 2 via mini competition. Consequently, pricing for specific demolition works were not sought as part of the tender, instead tenderers were required to submit maximum percentages of profit that will apply whenever project fees agreed via mini competition need to be varied by specific situational events.

In terms of lot 3 (emergency demolition), a range of labour and equipment rates were sought. This approach was agreed to enable quick and efficient award to ensure attendance on site within three hours of any emergency call out.

During the development of the procurement strategy, Scotland Excel consulted with Police Scotland. As a result of these discussions, Scotland Excel included a declaration document requiring tenderers to certify their 'non involvement in serious and organised crime' as part of the tender documentation. This inclusion allows for the potential future removal of any supplier from the framework if they are identified as being in breach of the declaration.

Scotland Excel also consulted with the supply base during the procurement development phase to gain their insight on a range of essential elements. These market consultations were advertised to the market through publication of a Prior Information Notice (PIN). The PIN and the framework were advertised on Public Contracts Scotland as well as the Official Journal of the European Union.

4. Report on Offers Received

A total of 46 organisations accessed the tender documents, with 31 tenderers submitting an offer before the closing date and time.

Two tenderers failed to include a commercial submission as part of their response and therefore were non compliant and not considered further. Notice of non compliance to one of the above tenderers (Dem-Master Demolition Ltd) prompted them to raise court action against Scotland Excel challenging the decision to exclude their tender from further evaluation. Scotland Excel successfully defended this challenge and, following a decision issued on 19 October 2016 [www.scotcourts.gov.uk/search-judgments/judgment?id=a6dd20a7-8980-69d2-b500-ff0000d74aa7], is now able to award the framework in the usual way.

Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the remaining 29 compliant offers received was conducted and details of the overall scores per lot are set out in Appendix 3.

5. Recommendations

Under the Public Contracts (Scotland) Regulations 2012, which apply to this tendering process but were superseded by new regulations on 18 April 2016, a framework arrangement can be concluded with a single supplier. If the agreement is concluded with several suppliers, the minimum number of suppliers must be three (provided there is sufficient numbers of suppliers satisfying the selection criteria and tenders meeting the award criteria).

Based on the evaluations carried out in line with the criteria and weightings set out above, it is recommended that a multi supplier framework is awarded to 24 suppliers across the three lots as detailed in Appendix 3.

The range of suppliers recommended will meet the varied operational and geographical requirements of participating councils and provides an appropriate degree of choice with regards to maximising operational efficiency and best commercial value. It is encouraging to note that all councils will receive complete service coverage and that 17 of the 24 recommended suppliers are classified SMEs (refer Appendix 2).

6. Benefits

Savings

Due to the bespoke nature of each and every demolition work package, a benchmarking exercise was not undertaken for lots 1 and 2. The high level of competition that will exist within the framework however should ensure that mini competitions will produce best value outcomes.

For lot 3, emergency demolition, tenderers were required to provide rates as a percentage variation from the National Federation of Demolition Contractors (NFDC) Daywork Charges. The tendered rates of the recommended suppliers for lot 3 have been benchmarked against the NFDC rates. On average, the overall tendered rates are circa 11% below the NFDC rates.
This framework offers significant price stability. The rates submitted for lot 3 have been fixed by four of the recommended suppliers for 24 months, while three recommended suppliers have fixed their rates for 18 months, with the remaining two suppliers fixing their rates for 12 months. Any requests for price increases beyond these fixed periods will be considered in accordance with the defined Scotland Excel process and evaluated against a range of applicable market indices.

Process savings will also be realised under this framework. Currently most councils conduct substantive procurement processes for each of their demolition requirements. This framework will now allow direct awards for emergency demolition work and the issue of mini competitions for programmed work under the framework terms.

Sustainable Procurement Benefits

The majority of the recommended suppliers are ISO14001 Environmental Management accredited or equivalent meaning they proactively explore reductions in process costs, emissions and waste.

Environmental Initiatives

Environmental initiatives were scored as part of the evaluation. Tenderers were asked to detail how they will recycle construction waste and what other initiatives their organisations would implement to reduce the impact of their services to the environment. The recommended suppliers recycle up to 95% of materials removed from demolition sites and six suppliers operate their own recycling centres. As well as this, the recommended suppliers offered a range of additional environmental initiatives including:

- lowering their vehicle and plant emissions by using Euro 5 and 6 emission standard vehicles and replacing vehicles every three years to obtain those with the most up to date energy efficient technologies;
- reducing their carbon footprint through, for example, local sourcing of required plant and equipment, the use of biodegradable oils and the use of hybrid vehicles;
- minimising air pollution by promoting vehicle sharing, encouraging fuel efficient driving and maintaining vehicles and plant on a regular basis; and
- educating staff to become more environmentally responsible.

Community Benefits

As the majority of spend on this framework will result from mini competitions conducted by councils under lots 1 and 2, community benefit commitments will be sought as part of each mini competition. This methodology was detailed in the tender documentation and, as a non scored element, assurances were sought from suppliers on their commitment to delivering community benefits through this framework.

All recommended suppliers have confirmed they will be willing to offer community benefits as part of any mini competition conducted under this framework. Councils will determine the level of community benefits at the time

of each mini competition. Scotland Excel will monitor and report on the delivery of community benefits under the framework as part of its contract and supplier management programme.

Workforce Matters

Tenderers were also asked a non scored question on workforce matters the payment of the Scottish Living Wage to their workforce. The responses confirm that 19 out of the 24 recommended suppliers pay the Scottish Living Wage or above to all their employees (except apprentices and probationary staff), with eight of these suppliers accredited by the Living Wage Foundation and a further three suppliers committing to be accredited within the first two years of the framework.

Scotland Excel includes monitoring Fair Work Practices and Living Wage within its contract and supplier management programme and will work with all remaining awarded suppliers to encourage them to pay all staff the Scottish Living Wage.

7. Contract Mobilisation and Management

In accordance with Scotland Excel's established Contract Supplier Management (CSM) programme, in terms of risk and spend, this framework is classified as level 2. As such, on a quarterly basis Scotland Excel will collect, analyse and review detailed supplier management information. Scotland Excel will also regularly monitor and report on provision of community benefits and workforce matters as well as continue working with Police Scotland. At least annually Scotland Excel will meet with the framework suppliers and UIG to review the framework operation.

Scotland Excel will host a framework mobilisation event to ensure purchasing councils and awarded suppliers are familiar with the framework requirements. The event will also provide a platform for councils and suppliers to make introductions, given this is the first national collaborative framework for demolition services.

8. Summary

This framework aims to provide participating councils access to best value suppliers for demolition related services.

The Executive Sub Committee is requested to approve the recommendations to award agreements to the suppliers as detailed in Appendix 3.

Appendix 1 – Participation and Spend Summary Demolition Services 11-15

Member Name	Participation in Contract	Participation Entry Date	Estimated Annual Spend (£)	Source of Spend Data
Aberdeen City Council	Yes	12 December 2016	£1,316,128	Spikes Cavell
Aberdeenshire Council	Yes	12 December 2016	£79,802	Spikes Cavell
Angus Council	Yes	12 December 2016	£122,143	Spikes Cavell
Argyll & Bute Council	Yes	12 December 2016	£60,154	Spikes Cavell
City of Edinburgh Council	Yes	12 December 2016	£161,371	Spikes Cavell
Clackmannanshire Council	Yes	12 December 2016	£156,470	Spikes Cavell
Comhairle nan Eilean Siar	Yes	01 April 2017	£10,000	Spikes Cavell
Dumfries & Galloway Council	Yes	12 December 2016	£45,000	Spikes Cavell
Dundee City Council	No			
East Ayrshire Council	Yes	12 December 2016	£239,187	Spikes Cavell - Confirmed by Member
East Dunbartonshire Council	Yes	12 December 2016	£52,438	Spikes Cavell - Confirmed by Member
East Lothian Council	Yes	12 December 2016	£117,700	Spikes Cavell
East Renfrewshire Council	Yes	12 December 2016	£250,000	Spikes Cavell - Confirmed by Member
Falkirk Council	Yes	12 December 2016	£270,000	Spikes Cavell - Confirmed by Member
Fife Council	Yes	12 December 2016	£360,000	Spikes Cavell - Confirmed by Member
Glasgow City Council	Yes	12 December 2016	£1,500,000	Spikes Cavell - Confirmed by Member
Highland Council	Yes	12 December 2016	£127,058	Spikes Cavell
Inverclyde Council	Yes	12 December 2016	£235,757	Spikes Cavell
Midlothian Council	No			
North Ayrshire Council	Yes	12 December 2016	£100,000	Spikes Cavell - Confirmed by Member
North Lanarkshire Council	Yes	12 December 2016	£968,980	Spikes Cavell - Confirmed by Member
Orkney Islands Council	Yes	12 December 2016	£10,000	Spikes Cavell
Perth & Kinross Council	Yes	12 December 2016	£231,209	Spikes Cavell
Renfrewshire Council	Yes	01 April 2017	£564,151	Spikes Cavell - Confirmed by Member
Scottish Borders Council	Yes	12 December 2016	£790,707	Spikes Cavell - Confirmed by Member
Shetland Islands Council	Yes	12 December 2016	£10,000	Spikes Cavell
South Ayrshire Council	Yes	12 December 2016	£160,000	Spikes Cavell - Confirmed by Member
South Lanarkshire Council	Yes	12 December 2016	£822,257	Spikes Cavell
Stirling Council	Yes	12 December 2016	£30,000	Spikes Cavell - Confirmed by Member
The Moray Council	Yes	12 December 2016	£50,000	Spikes Cavell - Confirmed by Member
West Dunbartonshire Council	Yes	12 December 2016	£1,094,200	Spikes Cavell - Confirmed by Member
West Lothian Council	Yes	12 December 2016	£320,793	Spikes Cavell
Associate Members	Yes	12 December 2016	£1,000,000	
NHS	Yes	12 December 2016	£100,000	
*Emergency Demolition	Yes		£3,000,000	
Totals			**£14,355,505**	

*Councils are unable to assign estimated annual spends for Emergency Demolition therefore £3m annually has been included in the value

Appendix 2 – SME Status

Supplier name	SME Status	Location	Lots Offered
Bardem Limited	Small	Paisley	1 and 2
Burnfield Builders & Demolishers Ltd	Small	Glasgow	1, 2 and 3
C.E.P. Demolitions Limited	Small	Glasgow	1 and 2
Caskie Limited	Small	Glasgow	1, 2 and 3
Central Demolition Limited	Medium	Bonnybridge	1, 2 and 3
Coleman & Company Limited	Large	Birmingham	2
Connell Brothers Limited	Small	Manchester	2
Daltons Demolitions Limited	Small	Edinburgh	2
David Morton (Larbert) Limited	Small	Falkirk	2
Frank O'Gara & Sons Limited	Small	Manchester	2
G&J Demolition Limited	Small	Glasgow	1, 2 and 3
George Beattie & Sons Limited	Small	Glasgow	1, 2 and 3
Gowrie Contracts Limited	Small	Dundee	1 and 2
JCJ (Demolition & Construction) Limited	Small	Glasgow	1, 2 and 3
John Graham (Metals) Limited	Small	Stirling	1 and 2
Keltbray Limited	Large	Glasgow	1 and 2
MacWilliam Demolition Limited	Small	Coatbridge	1 and 2
MM Miller (Wick) Limited	Small	Wick	1 and 2
Reigart Contracts Limited	Large	Coatbridge	1, 2 and 3
Safedem Limited	Large	Dundee	1, 2 and 3
William Goodfellow (Contractors) Limited	Small	Glasgow	1 and 2
William Munro Construction (Highland) Limited	Large	Alness	1, 2 and 3
Damada Asbestos Removals Ltd T/A Damada Group	Small	Hamilton	1 and 2
Brown and Mason Limited	Large	Dartford, Kent	2
CMEC Demolition Ltd	Small	Dunkirk, Nottingham	1 and 2
Erith Contractors Ltd	Large	Erith, Kent	2
Grantham Industries Ltd T/A GBM Demolition	Large	Louth, Lincolnshire	2
KDC Contractors Limited	Large	Manchester	2
Lawrie Demolition Ltd	Small	Aberdeen	1, 2 and 3

Appendix 3 – Scoring and Recommendations

Asterisk (*) denotes recommended suppliers

Lot 1 - Demolition Works up to £50,000

Supplier	Final Score
*WM MUNRO CONSTRUCTION (HIGHLAND) LTD	98.3
*JCJ GROUP	97.3
*Reigart Contracts Limited	95.8
*WM. GOODFELLOW CONTRACTORS LTD	95.5
*John Graham (Metals) Ltd	94.3
*Lawrie (Demolition) Ltd	93.8
*Central Demolition Ltd	93.3
*Caskie Limited	93.0
*George BEATTIE & SONS LTD	92.8
*Bardem Limited	92.0
*Burnfield Builders & Demolishers Ltd.	90.8
*CMEC Demolition Ltd	90.8
*C.E.P. Demolitions Limited	90.3
*Asbestos Building Surveys Ltd (ABS Ltd)	88.9
*MacWilliam Demolition Ltd	88.3
*Connell Brothers Ltd	88.0
MM Miller	85.3
David Morton (Larbert) Ltd	84.9
GOWRIE CONTRACTS LIMITED	84.9
Daltons Demolitions Ltd	83.6
G&J Demolition Ltd	82.8
SAFEDEM LTD	82.0

Lot 2 - Demolition Works £50,000 and over

Supplier	Final Score
*JCJ GROUP	99.0
*Reigart Contracts Limited	97.1
*WM MUNRO CONSTRUCTION (HIGHLAND) LTD	94.8
*WM. GOODFELLOW CONTRACTORS LTD	94.4
*Caskie Limited	93.4
*Central Demolition Ltd	93.0
*Bardem Limited	91.8
*Burnfield Builders & Demolishers Ltd.	91.4
*KDC Contractors Ltd	91.0
*C.E.P. Demolitions Limited	90.9
*Erith Contractors Limited	89.7
*Daltons Demolitions Ltd	89.3
*CMEC Demolition Ltd	88.7
*Asbestos Building Surveys Ltd (ABS Ltd)	88.6
*Connell Brothers Ltd	88.4
*Lawrie (Demolition) Ltd	88.0
*Frank O'Gara & Sons Ltd	88.0
*George BEATTIE & SONS LTD	87.8
*David Morton (Larbert) Ltd	87.4
*MacWilliam Demolition Ltd	86.9
*Brown and Mason	86.2
*Keltbray Ltd	85.6
*SAFEDEM LTD	84.1
G&J Demolition Ltd	81.8
GOWRIE CONTRACTS LIMITED	81.3
Coleman & Company	80.9
GBM Demolition	77.3

Appendix 3 – Scoring and Recommendations

Lot 3 – Emergency Demolition

Asterisk (*) denotes recommended suppliers

	Burnfield Builders & Demolishers Ltd.	Caskie Limited	Central Demolition Ltd	G&J Demolition Ltd	George Beattie & Sons Ltd	JCJ Group	Lawrie (Demolition) Ltd	Reigart Contracts Ltd	Safedem Ltd	WM Munro Construction (Highlands) Ltd
Aberdeen City Council			80.0*	72.5	90.7*		84.9*		74.9*	
Aberdeenshire Council			80.2*	72.6	91.0*		81.6*		75.3*	
Angus Council			80.7*		91.5*		81.5*	86.9*	77.3*	
Argyll & Bute Council	81.0*	64.9	61.5		69.5*	78.2*		67.4*	54.8	
City Of Edinburgh Council	81.0*	70.8*	61.5	54.4	74.0*	78.2*		67.4*	57.3	
Clackmannanshire Council	81.0*	71.8*	60.4	52.9	72.3*	76.5*		66.0	55.5	
Comhairle Nan Eilean Siar					94.0*				77.6*	
Dumfries & Galloway Council		82.5*			85.1*	93.0*		79.0*	66.4	
Dundee City Council			80.7*		93.8*		79.3*	86.9*	77.3*	
East Ayrshire Council	81.0*	73.2*	61.5		74.0*	78.2*		67.4	56.4	
East Dunbartonshire	81.0*	75.5*	61.5	54.4	73.9*	78.2*		67.4	57.0	
East Lothian Council	81.0*	70.8*	61.5		73.1*	78.2*		67.4	57.0	
East Renfrewshire Council	81.0*	75.5*	61.5	54.4	73.9*	78.2*		67.4	57.0	
Falkirk Council	81.0*	71.8*	60.4	52.9	72.3*	76.5*		66.0	55.5	
Fife Council			72.5*		87.4*		70.1	79.0*	69.5	
Glasgow City Council	81.0*	75.5*	61.5	54.6	73.9*	78.2*		67.4*	58.4	
Inverclyde Council	81.0*	75.5*	61.5		73.9*	78.2*		67.4	57.0	
Midlothian Council	81.0*	73.2*	61.5	54.4	74.0*	78.2*		67.4	57.0	
North Ayrshire Council	81.0*	75.5*	61.5	54.4	73.9*	78.2*		67.4	56.4	
North Lanarkshire Council	81.0*	73.2*	61.5	54.4	74.0*	78.2*		67.2*	57.0	
Orkney Islands Council					94.0*				73.3*	
Perth & Kinross Council	81.0*	70.8*	61.5		72.9*	78.2*	58.5	67.4	57.2	
Renfrewshire Council	81.0*	75.5*	61.5	54.4	73.9*	78.2*		67.4	57.0	
Scottish Borders Council		82.5*			85.1*			79.0*	67.4	
Shetland Islands Council					94.0*				73.0*	
South Ayrshire Council	81.0*	70.8*	61.5		73.7*	78.2*		67.4	55.8	
South Lanarkshire Council	81.0*	73.2*	61.5		73.7*	78.2*		67.4	56.4	
Stirling Council	81.0*	73.2*	61.5	53.8	74.0*	78.2*	58.1	67.4	57.0	
The Highland Council					90.2*		78.3*		72.6*	92.6*
The Moray Council					85.9*		79.6*		67.2	88.4*
West Dunbartonshire	81.0*	75.5*	61.5		73.9*	78.2*		67.4	57.0	
West Lothian Council	81.0*	73.2*	61.5	54.4	74.0*	78.2*		67.4	57.0	

Scotland Excel

To: Executive Sub Committee

On: 18 November 2016

Report
by
Director Scotland Excel

Community Benefits Update

1 Introduction

The purpose of this report is to provide an update on the community benefits facilitated and delivered from the Scotland Excel portfolio of frameworks agreements.

The requirement to include community benefits in the delivery of goods and services is an integral element within Scotland Excel frameworks. Community benefits are reviewed with suppliers at contract management review meetings and reported to local authority procurement managers at the business review meetings. Additionally, the system to capture and record Community Benefits has been reviewed and updated to address the requirements of the statutory guidance made under the Procurement Reform (Scotland) Act 2014 and to further support the drive to deliver sustainable procurement.
This report updates members on the Community Benefits return for the period to 30 June 2016.

2 Summary

Twice yearly in conjunction with the standard Management Information gathering process suppliers now complete a comprehensive Community Benefits template. This provides a clearer picture of the type (Employment, Apprenticeship. Training etc), and classification (Social, Economic, Environmental) of the Community Benefit delivered. It also allows suppliers, where necessary, to apportion the extent to which any shared Community Benefit is due to Scotland Excel Frameworks.

Table 1 shows a summary of the social value added across the portfolio since the revised community Benefit collection process was implemented. The figures for 2015/16 are now the complete return for the full financial year and 2016/17 figures represent the period from 1 April until 30 June 2016.

	2013/14	2014/15	2015/16	2016/17 - Q1	Total
No of Apprentices	9	92	49	8	**158**
No of New Jobs	78	43	29	8	**158**
No of Work Placements	0	5	6	0	**11**
Hours of Volunteering & Mentoring	95	377	1279	570	**2321**
Hours of Works Experience	5305	28214	16734	4541	**54794**
Value of Other Community Benefits	£2,474	£16,550	£46,140	£17,167	**£82,331**

Table 1: Summary of social value added across the collaborative portfolio

Whilst the buying pattern of the local authorities particularly within the Domestic Furniture and Fittings framework indicates that number of new jobs and apprenticeships created over the past three years peaked during 2014/15 the overall social benefits being returned is encouraging.

In addition to the Social Benefits outlined in this report it should also be noted that in terms of Environmental Benefits, data providing the volume, by weight, of recycled materials is captured by the respective Contract Managers as part of their overall contract management activity. This data is included in the business reviews held with each corporate procurement function on an on-going basis. Similarly Workforce matters including the Living Wage status are monitored, reported and managed on a contract by contract basis.

3 Next Steps

The next Community Benefits data collection, analysis and review cycle will be completed in line with Management information process to cover the period through to the end of financial year 16/17. The results will be reviewed with the supply base and where appropriate will be incorporated into supplier performance targets.

4 Conclusion

Committee members are requested to note the content of this report, and support the measures proposed to monitor delivery of community benefits for the remainder of the financial year.

Appendix 1 Community Benefits for each council

	Number of Apprenticeships	Number of New jobs	Number of Work Placements	Hours of Volunteering & Mentoring	Hours of Works Experience	Other Community Benefits - Sponsorship, Donations
ABERDEEN CITY AND ABERDEENSHIRE	1					
ABERDEEN CITY COUNCIL	1	4		1030	1484	£6,512
ABERDEENSHIRE COUNCIL		1		10	960	£179
ANGUS COUNCIL	2				52	£1,322
ARGYLL & BUTE COUNCIL	1			140		
CITY OF EDINBURGH COUNCIL	23	4	3	126	1738	£550
CLACKMANNANSHIRE COUNCIL						
COMHAIRLE NAN EILEAN SIAR						
DUMFRIES & GALLOWAY COUNCIL	5					
DUNDEE CITY COUNCIL					44	£5
EAST AYRSHIRE COUNCIL	2	3		88		
EAST DUNBARTONSHIRE COUNCIL	3			82		
EAST LOTHIAN COUNCIL	1				44	
EAST RENFREWSHIRE COUNCIL						£143
FALKIRK COUNCIL	3	6		144	1376	£4,532
FIFE COUNCIL		1			1004	£51
GLASGOW CITY COUNCIL	9	8	1	8	2792	£1,713
HIGHLAND COUNCIL	3			52	8	£478
INVERCLYDE COUNCIL	3				44	
MIDLOTHIAN COUNCIL						£100
NORTH AYRSHIRE COUNCIL	5	12		120	2932	
NORTH LANARKSHIRE COUNCIL	17	12			4262	£617
NORTH LANARKSHIRE/ RENFREWSHIRE	1					
ORKNEY ISLANDS COUNCIL	1				8	
PERTH & KINROSS COUNCIL	1			48	44	£1,500
RENFREWSHIRE COUNCIL	4	2			79	£5,251
SCOTTISH BORDERS COUNCIL	1				616	£500
SHETLAND ISLANDS COUNCIL						£500
SOUTH AYRSHIRE COUNCIL	2			105	912	£768
SOUTH LANARKSHIRE COUNCIL	22	63		99	14620	£20
STIRLING COUNCIL						
TAYSIDE CONTRACTS						£40
THE MORAY COUNCIL	1			100	1128	£2,400
WEST DUNBARTONSHIRE COUNCIL	1				77.5	£536
WEST LOTHIAN COUNCIL	5	32	5	169	724	£2,694
CENTRAL REGION	15				11590	
EAST REGION						
NORTH REGION	11	9			4560	
OUTSIDE SCOTLAND	1	1	2		3217	£12,159
SCOTLAND WIDE	4					£39,762
WEST REGION	9				480	
Total	**158**	**158**	**11**	**2321**	**54795**	**£82,331**

Scotland Excel

To: Executive Sub Committee

On: 18 November 2016

Report
by
Director Scotland Excel

Update On The Contract Delivery Plan

1. Introduction

This report provides a progress update on the 2016/2017 contract delivery plan.

2. Progress to Date

As detailed in appendices 1 – 3, the 2016/2017 contract delivery plan comprises framework renewals, new developments, framework extensions and frameworks with ongoing contract management only.

Contract delivery remains very active, with 5 new contracts delivered so far, and another 12 planned by March 2017. In addition, 9 contracts have been extended so far, with a further 5 planned by March. As such, the value of the portfolio is expected to grow to around £800m by March 2017.

The key growth area is construction, where delivery predictability has been constrained in the past due to a combination of resource availability and extended stakeholder consultation, and efforts will continue to ensure that we engage with the appropriate local authority representatives to ensure that contracts delivered align with council requirements. In addition, we will continue to ensure that focus is maintained on the high priority areas, supported as appropriate with additional resources, contained within the current budget.

Work has been undertaken to provide contract management and reporting of performance for a number of councils within the contract for care services for older people, the details of which are the subject of a separate report.
Efficiencies delivered to date are in line with the targets set at 5%.

3. Conclusion

Members are invited to note the progress made to date.

Appendix 1 - List of contracts to be renewed

2016/17									
Service	Estimated Annual Collaborative Contract Opportunity	Activity	Original Forecast Date	Previous Forecast Date	Delivered Date	Latest Forecast Date if Different	Forecast Savings Range	Delivered Savings Forecast	Comments
Groceries & Provisions	24,000,000	Renew	Mar-16		Mar-16		2% - 4%	8.3%	Presented and approved at Exec Sub Committee 04/03/16
Electrical Materials	14,000,000	Renew	Mar-16		Mar-16		2% - 4%	5.1%	Presented and approved at Exec Sub Committee 04/03/16
Waste Disposal Equipment	1,250,000	Renew	Mar-16		Mar-16		2% - 4%	5.0%	Presented and approved at Exec Sub Committee 04/03/16
Catering Sundries	6,000,000	Renew	Sep-16		Sep-16		2% - 4%	7.0%	Presented and approved at Exec Sub Committee 16/09/16
Domestic Furniture	20,000,000	Renew	Sep-16		Sep-16		2% - 4%	0.1%	Presented and approved at Exec Sub Committee 16/09/16
Vehicle Parts	12,000,000	Renew	Nov-16				2% - 4%		ITT published 19th Sept, closed 17th October
Personal Protective Equipment	7,500,000	Renew	Jan-17				2% - 4%		ITT in development, due to be published imminently
Bitumen	15,000,000	Renew	Mar-17				2% - 4%		ITT in development, due to be published imminently
Fostering	24,000,000	Renew	Mar-17				n/a		ITT published 7th Sept, closed 26th Oct
Education & Office Furniture	9,000,000	Renew	Mar-17				2% - 4%		Technical group currently assessing requirements with feedback being collated.
Education Materials	10,000,000	Renew	Mar-17				2% - 4%		ITT in development, due to be published November 2016
Engineering Consultancy	15,000,000	Renew	Mar-17				2% - 4%		ITT in development, due to be published November 2016

Appendix 2 – List of new contracts to be developed and delivered in 2016/17

Service	Estimated Annual Collaborative Contract Opportunity	Activity	Original Forecast Date	Previous Forecast Date	Delivered Date	Latest Forecast Date if Different	Forecast Savings Range	Delivered Savings Forecast	Comments
Customer Services Platform	3,750,000	New contract	May-16		May-16		2% - 4%		Presented and approved at Exec Sub Committee 13/05/16
Street Lighting (Bulk Renewal of Luminaires)	5,000,000	New contract	May-16		May-16		2% - 4%		Presented and approved at Exec Sub Committee 17/06/16
Demolition	16,000,000	New contract	Mar-15	Dec-15		Dec-16	2% - 4%		Timeline delayed due to legal challenge. After successful outcome, proposal to go to Exec Sub Committee on 18th Nov with a contract start date expected by mid Dec 2016.
Energy Efficiency Contractors	40,000,000	New contract	Mar-14	Dec-16		Mar-17	2% - 4%		Ongoing. Technical UIG approved lots and working towards completion of ITT
Playground Equipment & Artificial Surfaces	17,000,000	New contract	Mar-15	Dec-16		Mar-17	2% - 4%		ITT published Fri 7th Oct. Closes 14th Nov
Surveying & Construction Management	8,000,000	New contract	Mar-15	Mar-16		TBA	2% - 4%		Subject to resource. Priority given to council requirement for Energy Efficiency.
Adult Supported Living	30,000,000	New contract	Dec-12	Mar-16		TBA	N/A		Subject to funding , project schedule & timeline can be defined

Appendix 3 – Contracts with extension options and contract management activity ongoing in 2016/17

Contracts with extension options in 2016/17

Contract Description	Est Annual Value	
Meats - Fresh, Prepared and Cooked (incl. Fresh Fish)	£	7,000,000
Trade Materials	£	7,667,000
Road Maintenance Materials	£	2,500,000
Vehicle and Plant Hire	£	20,000,000
Street Lighting Materials	£	35,000,000
Tyres	£	6,000,000
Roadstone	£	35,000,000
Heavy Vehicles	£	33,750,000
Agency Workers Social Care	£	20,000,000
Asbestos	£	8,000,000
On Line School Payments	£	2,500,000
Signage	£	2,000,000
Telecare & Telehealth Technologies	£	3,400,000
Secure Care	£	20,000,000

Contracts with no renewal or extension activity but with ongoing contract management in 2016/17

Contract Description	Est Annual Value	
Building and Timber Materials	£	15,200,000
Children's Residential Care	£	75,000,000
Frozen Foods	£	13,000,000
Grounds Maintenance Equipment	£	12,500,000
Heavy Plant	£	12,500,000
Janitorial Products	£	9,000,000
Light Vehicles	£	25,000,000
Milk	£	9,000,000
Recyclable & Residual Waste	£	25,000,000
Recycle/Refuse Containers	£	8,000,000
Salt for Winter Maintenance	£	15,375,000
Security Services & Equipment	£	18,000,000
Washroom Solutions	£	3,500,000
Community Meals	£	3,500,000
Plumbing Materials	£	20,621,122
Organic Waste	£	2,000,000
Library Books & Textbooks	£	14,000,000
Care Homes for Adults with LD	£	31,000,000
Presentation & Audio Visual	£	6,000,000
Building Related Engineering Consultancy	£	10,000,000

SCOTLAND EXCEL

Operating Plan

2016 – 2017

Q2 Progress Report

Goa1 1: Supporting the delivery of better and more effective public services

Strategic objectives	
1.1	Deliver a range of collaborative procurement and supplier development services which support customers at a strategic and operational level
1.2	Deliver a range of shared services which support customers in the development of their professional, organisational and commercial capability
1.3	Deliver a range of new shared services which support the effectiveness and efficiency of customer operations

Activity	Year 2 Priorities	RAG status	Progress summary
(a) Develop and implement a contract plan aligned to the strategic priorities of member authorities	• Develop a contract delivery plan for Joint Committee approval in December 2016 • Manage a flexible workforce model to resource contract delivery • Develop a plan for delivering the adult supported living and care at home strategy • Develop a proposal to secure ongoing funding to support older people's care home services • Develop proposals for partnering with other procurement organisations as appropriate • Hold biannual Commercial UIGs and interim steering group meetings • Communicate strategies for all key category areas	G	• Work is continuing on a contract delivery plan for 2017-18 to be presented to the Joint Committee in December. • The workforce planning tool for procurement staff is being reviewed regularly, with resources reallocated across teams as required to ensure key objectives are met. • Proposals have been developed for adult supported living and care at home frameworks. Scotland Excel is exploring funding options to resource these opportunities. • Support for older people's care home services is progressing well, with market intelligence reports distributed to councils and a 'cost of care calculator' developed to aid fee negotiations. Consultation is underway with key stakeholders on a proposal for future funding of this work. • A partnership with Crown Commercial Services on the procurement of light and commercial vehicles has been agreed with councils. Work is underway to progress this in line with the contract renewal schedule. • The steering group met in August to discuss the Crown Commercial Services partnership and the opportunity to fund small value contracts through rebates. Commercial UIG meetings will take place in Q3. • All strategies have now been finalised and are being formatted for publication on the Scotland Excel website.

(b) Develop and implement a strategy and plan for the delivery of contract and supplier management	• Implement a project to pilot the national CSM tool • Develop a plan to roll out CSM across the portfolio • Produce annual contract management reports for all contracts	G	• The contract and supplier management (CSM) pilot is progressing well. Feedback on the system from participants has been positive and its reporting capability appears to meet requirements. The results of the pilot and recommendations will be available at the end of October. • A plan to roll out a CSM solution across the portfolio will be developed and implemented in Q4 based on the pilot results • Annual contract management reports continue to be produced for all contracts, including a benchmark of savings against market indices and an updated risk matrix.
(c) Develop and implement a strategy and plan for improving supplier performance	• Deliver an integrated programme of supplier development activity	G	• The results of the CSM pilot will inform the development of an integrated supplier development programme from Q4. In the interim, a template is available within the CSM tool to support supplier development activity.
(d) Manage the rollout of a new national procurement capability assessment to the local government sector	• Complete the rollout of the current PCIP programme • Analyse and report on PCIP results • Schedule PCIPs for members not participating in 2016 • Work with partners to agree the way forward for PCIPs	G	• Procurement & Commercial Improvement Programme (PCIP) assessments were completed with 13 councils by the end of Q2. The final 4 assessments in the 2016 schedule will be completed by 03 November. • A report on the 2016 PCIP programme will be submitted to the Joint Committee in December. • A second PCIP assessment cycle for councils which deferred their assessment is being planned for February to June 2017. • Scotland Excel is continuing to work with cross-sector partners on future plans for PCIP. Proposals developed at a workshop in September are being considered by the project board.
(e) Develop and implement a programme to lead and support the development of procurement and commercial capability	• Agree and resource development requirements with sector stakeholders • Develop and deliver a development programme to Mar 2017 • Deliver an Annual Conference to support development in Q4	G	• Following a sector steering group meeting in May, it has been agreed that each council will receive three days of development support. • Requests for development support have been incorporated into a change programme which is now underway. One project has been completed and nine are in progress. A further 23 requests will be scheduled as resources become available. • Planning for an annual conference in February 2017 will begin during Q3. An interim event for procurement leads will take place in Glasgow on 08 November.

(f) Develop and implement a 'procurement academy' to support professional capability and encourage new entrants to public procurement	• Develop and implement a blended learning strategy • Finalise recommendations for delivering the social care commissioning PDA • Develop and implement plans for recruiting 2 interns and a modern apprentice during 2016-17	G	• A blended learning pilot, combining eLearning from professional bodies with regional workshops, was completed in September. The results of the pilot have been positive and the first full programme is expected to run from November 2016. A blended learning strategy will be presented to the Joint Committee in December. • Following stakeholder consultation, a new learning programme is being developed which supersedes the social care and commissioning professional development award (PDA). The Leading and Managing Strategic Commissioning programme is being piloted with Inverclyde Council, and will be more widely available from 2017. • Two graduate interns have been recruited to support procurement projects. Options for funding a modern apprentice will be considered in Q3.
(g) Develop and implement a shared service offering for councils which meets their requirements in a changing public sector landscape	• Develop a shared services strategy • Incorporate additional shared service income into annual funding proposals	G	• The development a shared service strategy has been put on hold to enable focus on several shared service and/or funding opportunities which will be presented to the December Joint Committee. • Funding proposals for 2016-17 are being developed and will be presented at the December Joint Committee meeting.

Goa1 2: Being sustainable in everything we do

Strategic objectives	
2.1	Work with stakeholders to develop procurement strategies which support the delivery of national and local policy priorities
2.2	Deliver positive and measurable social, economic and environmental impact to local communities
2.3	Lead and support customers in the development and implementation of best practice in sustainable procurement

Activity	Year 2 Priorities	RAG status	Progress summary
(a) Develop and implement strategies for responding to procurement and/or public sector legislation	• Develop an action plan to ensure internal compliance with legislation • Identify legislative areas to be incorporated within L & D plans for the sector • Monitor risks/ opportunities arising from the Community Empowerment Act • Develop a plan for engaging with IJBs/NSS • Develop a plan for delivering waste category strategy recommendations	G	• An action plan has been developed and is underway. Contract Standing Orders have been updated to reflect new legislation, and the Standard Terms &Conditions of Supply are being reviewed. • Guidance on the European Single Procurement Document (ESPD) has been provided to stakeholders. • A Q2 review has indicated no current risks or opportunities arising for the sector from the Community Empowerment Act • In Q2, Scotland Excel presented to the Integrated Joint Boards (IJBs) Chief Officers forum, issued surveys on older people's care to IJB Chief Officers and Finance Officers, and engaged with IJB Chief Officers through COSLA's Delivering Change Partners Group for adult care. • A new framework for the treatment of organic waste is in development to assist councils with their legislative duty to collect household food waste, which came into effect in January 2016.
(b) Ensure Scotland Excel's collaborative frameworks support local and national government policy priorities	• Continue to support fair working practices and other policy areas • Continue to support policy aspects of social care frameworks • Continue to represent the sector at the CRDG and support the roll out of recommendations	G	• Consideration of fair working practices and other policy areas continues to be embedded within all contract strategies. Tenders issued in Q2 for secure care, fostering and vehicle parts frameworks all included questions on payment of the Living Wage. • Scotland Excel is continuing to monitor and respond to national social care policy developments to ensure that these are incorporated into our approach to new frameworks. • Scotland Excel attended a Construction Review Delivery Group (CRDG) meeting in August. A local authority steering group has been established to input to the work of the CRDG, and will meet in October.

(c) Ensure Scotland Excel's collaborative frameworks support positive local economic outcomes	• Continue to encourage local business participation through procurement processes, partnerships and events • Embed community benefits in procurement processes • Develop and implement a new reporting approach for community benefits • Consider opportunities for supported businesses and/or third sector in contract strategies	G	• Scotland Excel is continuing to support participation by local businesses in procurement opportunities. In Q2, staff took part in a Meet the Buyer event in Orkney, a third sector event in Glasgow, and a Supplier Development Programme training session in Falkirk. • Community benefits commitments made by the suppliers to the catering sundries and domestic furniture frameworks awarded in Q2 include jobs, apprenticeships, work experience, charity donations and sponsorship. • A new community benefits reporting template was issued to suppliers to capture benefits delivered from October 2015 to June 2016. The returns are now being analysed and a full report will be available in Q3. • The new domestic furniture framework includes18 third sector organisations as suppliers, 17 of which are working through two consortia. The framework has also established opportunities for supported businesses in the supply chain.
(d) Ensure Scotland Excel's collaborative frameworks support local government environmental duties and policies	• Continue work with partners to develop policies and programmes in support of a National Brokerage model • Continue to embed environmental considerations through procurement processes	G	• Scotland Excel continues to engage with the Scottish Materials Brokerage Service project. 19 councils have now signed up to the Household Waste Recycling Charter which supports the consistent collection of waste materials. • Environmental impact was considered in both contracts awarded during Q2. The catering sundries framework scored suppliers on the use of recycled materials in their products, and the new domestic furniture framework includes a lot for re-use furniture.
(e) Champion the development and dissemination of best practice in sustainable procurement	• Publish Scotland Excel's sustainable procurement strategy • Deliver stakeholder support for new legislative duties through L & D plans • Continue to represent the sector within the Scottish Government's Best Practice working group • Develop and implement a consistent approach to horizon scanning	G	• Scotland Excel's sustainable procurement strategy has been completed and will be presented to the Joint Committee in December. • Scotland Excel is continuing to work with the Scottish Government and partners to explore options for delivering legislation training across all sectors. Legislative support is also being delivered to councils that have requested it through the capability development programme. • Scotland Excel continues to participate in the Scottish Government's Best Practice working group. During Q2, the group reviewed its work plan and continued to support the implementation of ESPD. • The first horizon scanning meeting was held in September and considered the potential impact of Brexit.

Goa1 3: Placing customers at the heart of our business

Strategic objectives	
3.1	Work with customers to develop and implement bespoke plans for maximising the value of our services
3.2	Develop robust communications strategies which support customer engagement and position Scotland Excel and its customers as leaders in public procurement / shared services
3.3	Represent the views and needs of customers in the wider stakeholder environment

Activity	Year 1 Priorities	RAG status	Progress summary
(a) Develop and implement a portfolio of account management services that meet the collective and individual needs of local authority customers	• Implement phase 2 of account management improvements	G	• Planned improvements have now been implemented. The new reporting format introduced for quarterly Business Reviews with councils is receiving positive feedback. These reports now provide greater clarity on the value of membership and help to identify customer needs.
(b) Develop and implement a stakeholder engagement strategy that support the delivery of first class customer experience across all of our services	• Publish a stakeholder engagement strategy • Implement a survey and report on customer satisfaction • Initiate a customer care forum to support ongoing improvements to customer service • Develop a centralised contact data resource • Develop a 'future digital' strategy including options for an online customer collaboration platform	A	• Limited progress has been made on the remaining strands of the stakeholder engagement project during Q2 due to competing priorities, and the strategy will now be completed in Q3. • An in-depth customer satisfaction survey is scheduled for implementation in Q3, with a full report available by the end of Q4. • A cross-functional customer care forum will be established in Q4 to monitor the delivery of stakeholder engagement strategy recommendations and respond to improvement opportunities identified through the customer survey. • Work to create a centralised resource for managing data on c. 1,500 procurement and technical contacts has stalled due to competing priorities. Workloads are being reviewed to establish a plan for continuing this strand of the stakeholder engagement project. • Development of a 'future digital' strategy, including recommendations for web development and online collaboration, will commence in Q4.

(c) Develop and implement a corporate communications strategy that enhances and protects Scotland Excel's corporate reputation	• Update the marketing and communications strategy and plan • Complete and launch the new Scotland Excel website • Continue to monitor and manage all communications risks arising from contracts/ business activities	A	• An updated marketing and communications strategy and plan is still to be completed, and will now be completed in Q3. • Feedback to Scotland Excel's new website has been very positive and Q2 user statistics were up across all key measures compared with the same period in 2015. Some further work is required to complete the processes which support ongoing maintenance of website content and membership. • Scotland Excel is continuing to mitigate communication risks through appropriate handling of media enquiries in line with policy.
(d) Develop and implement a model for associate members which delivers clear business and financial benefits to Scotland Excel and the membership base	• Review the associate member fee structure • Develop and implement an associate member strategy • Develop an associate membership offering for the social landlord sector	G	• The associate member fee structure is being reviewed as part of strategy development to ensure that it reflects the value being delivered to high spending members and partners. • An associate member strategy is in development and will be presented to the Joint Committee in December. • A membership offering for the affordable housing sector is being developed as part of the associate membership strategy.
(e) Develop and implement a programme for engaging with the wider public sector to ensure Scotland Excel has the right partnerships in place to support the needs of its customers	• Host and/or attend forums to gather sector views and share information • Represent the sector within the national public procurement programme • Continue to review engagement plans for Scotland Excel's wider stakeholder landscape	G	• Scotland Excel is continuing to hold and/or attend meetings for sector stakeholders. In Q2, this included local authority steering groups for contract development, procurement capability and eCommerce, and attendance at the Scottish Local Government Procurement Forum. • Scotland Excel is continuing to represent sector interests at national procurement/commissioning meetings. In Q2, this included government forums for collaborative procurement, eCommerce, construction, best practice and professional development. • Scotland Excel is continuing to engage with key stakeholders across a range of business areas. A schedule for reviewing and updating stakeholder engagement plans will be embedded as business-as-usual by the end of Q3.

Goa1 4: Becoming the partner of choice for delivering shared services

Strategic objectives	
4.1	Implement organisational development policies which support a highly skilled, motivated and engaged workforce
4.2	Implement best practice processes and technology which support the efficient and effective delivery of services to customers
4.3	Implement robust strategies, governance, risk management and funding models which demonstrate a measurable return on investment and secure Scotland Excel's future

Activity	Year 1 Priorities	RAG status	Progress summary
(a) Develop and implement a strategy to support staff recruitment, retention, development, performance and engagement	• Develop and implement an organisation wide rolling resource plan • Develop a recruitment management strategy • Review the careers microsite and develop proposals for improvement/replacement • Develop plans to enhance employee performance management, training and development • Develop proposals for a new staff intranet	G	• Work to implement an organisation wide resource planning model is continuing and is expected to be in place by the end of Q3. • Recruitment policies have been updated to ensure a consistent approach across the organisation. An awareness event is being planned in early 2017 to support future recruitment. • The careers microsite has been refreshed with new branding and content has been updated. Additional staff profiles are being developed to promote the organisation as a positive place to work. • A project is being initiated to develop and implement an organisational development strategy. The first meeting will take place on 03 November. • Two 'off the shelf' intranet systems are being evaluated to support a new intranet launch by the end of Q3. Longer term options will continue to be considered as part of the infrastructure review.
(b) Develop and implement programmes to support the continuous improvement of business performance, systems and processes	• Agree and deliver 2016-17 transformation projects • Develop a proposal for a spend data management and reporting tool	A	• The scope of the sustainable funding project has been revised and preparations are being made for a second phase of organisational development. The stakeholder management project has been delayed by lack of resource but should be closed by year end. • Proposals to support the selection of data and reporting tools have been received from three suppliers. These are currently on hold as an opportunity has arisen to explore a co-funded solution with Spikes Cavell which may prove more cost effective.

	• Develop a proposal to migrate the ICT infrastructure to a cloud environment • Establish a Policy Review Group to support ongoing procurement policy and process improvements • Continue to develop academic, business and professional partnerships to support innovation and best practice • Develop an action plan to respond to IiP assessment recommendations		• A review of additional costs for requirements not included the ICT infrastructure proposal, such software licensing, has been undertaken. It is unlikely that full migration to a cloud-based infrastructure will be possible within budget and other options are being considered. • During Q2, the Policy Review Group focused on development of internal guidance materials for the introduction and on-going use of the ESPD. • Relationships have been developed with six Scottish Business Schools. Four workshops for the blended learning pilot were held at business school sites with support from academics. • Investors in People (IiP) report recommendations have been reviewed by the Senior Management Team. Some actions have been implemented to improve cross-team communication and further options will be considered as part of the organisational development project. A staff survey is being developed to track the impact of actions taken.
(c) Ensure that Scotland Excel delivers its plans through effective governance, risk management and policies	• Refresh CEOMG participation and remit • Continue to monitor and update the corporate risk management plan • Develop and implement a rolling plan for updating corporate policies • Produce quarterly performance management reports for governance meetings	G	• A new Chief Executive Officers Management Group (CEOMG) has been established with CEOs from Aberdeen City, Argyll & Bute, Falkirk, Glasgow, Renfrewshire and West Dunbartonshire Councils. The first meeting will take place on 07 November. • Scotland Excel's risk management plan continues to be reviewed and updated on a monthly basis. A new risk has been added for Brexit. • A review and update of all HR and corporate policies will be complete by the end of Q3. A rolling plan for future reviews will be put in place. • A quarterly performance management reporting process has been established.
(d) Develop and implement a strategy for gathering, analysing and distributing business intelligence within Scotland Excel and across the sector	• Embed data management processes developed as part of the business intelligence project • Agree feasibility of offering external services in response to the findings of the business intelligence project	G	• Feedback from data and procurement staff have enabled further improvements to be made to the MI tracker and checklist developed as part of the business intelligence project. • Agreement reached in Q1 that there is no opportunity to extend business intelligence services to the sector at this time.

(e) Develop and implement a clear, transparent and sustainable funding and delivery model for Scotland Excel	• Develop and agree 2017-18 funding proposals at the Dec Joint Committee • Develop proposals for a flexible associate/partnership resourcing model • Continue to explore options for funding models which support sustainability and growth over the longer term	G	• Funding proposals for 2016-17 are being developed and will be presented at the December Joint Committee meeting. • A flexible associate/partnership model for resourcing business requirements is being considered by the Executive Team • Funding proposals for new and existing services are being developed for the Joint Committee, and include funding from rebates, associate member income and partner projects.

Report Key	
R	Project or activity is currently stalled or significantly behind schedule
A	Project or activity is progressing at a slower pace than anticipated and/or results have been weaker than expected
G	Project or activity has been completed and/or is progressing in line with expected/agreed timelines and targets

Key Performance Indicators

KPI	Link to outcomes	Q2 Status
No. & value of contracts delivered v plan	• Our services support the effective and efficient delivery of public services	• 12 contracts delivered, renewed or extended from 26 targeted • £721m portfolio value against £770m target by year end
Percentage & value of savings v target (excluding social care)	• Our customers are satisfied with our services and achieve a measurable return on their investment	• Average savings of 5.5% against a rolling 5% target (2015-18) • £4.08m estimated saving in the last recorded quarter (Apr-Jun 2016)
No. of PCIP assessments completed v schedule	• Our expertise supports continuous improvement in procurement performance	• 13 assessments completed from schedule of 17
No. of Scottish suppliers & percentage SMEs	• Our services help to deliver positive and sustainable outcomes for communities and service users	• 370 Scottish suppliers of which 76% are SMEs
No. of community benefits realised to date	• Our services support the implementation of national and local policy priorities	• 158 jobs • 158 apprenticeships • 11 work placements • 54,794 hours work experience • 2,231hours volunteering/mentoring • £82.3k value of other initiatives
Customer satisfaction statistics & trends	• Our customers are satisfied with our services and achieve a measurable return on their investment	• Available from Q4
Website usage statistics & trends	• Our customers receive relevant communication and support	• 7,161 visitors in Q2 • 14,326 user sessions in Q2
Media coverage v target	• Our reputation demonstrates the value of collaboration	• 32 media items placed by end of Q2 against an annual target of 25
Income from associate members v target	• Our reputation demonstrates the value of collaboration	• £56.3k income against a £30k target
Staff turnover v headcount	• Our people, policies, processes and technology optimise our value	• 4.3% staff turnover in Q2 • 58 permanent staff

Report issued: October 2016

SCOTLAND EXCEL

ASSOCIATE MEMBER STRATEGY

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1 INTRODUCTION

This document contains the strategic direction and recommendations for operating Associate membership of Scotland Excel. This strategy should be read in conjunction with the organisation's corporate strategy 2015-18[1]

Since the organisation's inception, governing members of the organisation were keen to ensure the focus of its efforts were fixed on its core membership. As the organisation has matured and in significantly more challenging financial times, Scotland Excel's Joint committee has been supportive of the organisation exploring alternative funding sources. A key caveat to this is that these sources do not conflict with the objectives of the organisation or dilute the support given to the local authority members

The aim of the strategy is therefore twofold:

- Explore the method of offering supplementary and complementary services to a second tier of members that generates potential incremental income whilst having no detrimental impact on our core members.
- Providing Additional value to the wider public family.

2 BACKGROUND

Scotland Excel was formed in 2008 as the procurement centre of expertise for Scottish local authorities. It is a leading non-profit organisation representing all 32 local authorities.

In addition to full membership offered to Scotland's local authorities, the organisation offers access to its frameworks and additional services through associate membership. Associate members pay a significantly reduced fee in comparison to full members and therefore play no formal role in the governance or strategic direction of Scotland Excel. As a public body however, Scotland Excel endeavours to return additional value to the wider public family and does so through its use of associate membership. A robust governance process is utilised to ensure that organisations that apply fit within the public and third sector and also fully serve a public purpose.

Although associate membership has been in place since the outset of the organisation it is now felt prudent to review the strategic direction of this customer segment, consider the current operational model and make a series of recommendations on how to proceed.

[1] Scotland Excel Strategy 2015-18

3 EXECUTIVE SUMMARY

At the time of publication, Scotland Excel had 32 Scottish local authority members and 47 associate members. Eligibility to join as an associate members is determined within the governance of Scotland Excel and derived from the 1970 Local Government (Goods and Services) Act, as amended by the Local Government (Scotland) Act 2003.

In addition to full members and associate members, a reciprocal agreement is in place which allows use of frameworks to bodies represented by the other 3 centres of expertise at no charge:

- NHS - National Shared Services (NSS)
- Advanced Procurement for Universities and Colleges (APUC)
- Scottish Government Procurement

The associate membership fee for Scotland Excel was reviewed in 2015 and a new three tier model implemented. The fees structure agreed was as follows:

- Contract spend up to £10,000 pay a £500 annual membership fee.
- Contract spend between £10,000 and £50,000 pay a £1000 annual membership fee.
- Contract spend over £50,000 pay a membership fee which represents a percentage of the spend. In this instance a maximum fee of £30,000 has been set.

Services offered by Scotland Excel that may be interest to associate members have been split into three broad categories; Collaborative Procurement, Capability services including consultancy, assessment and policy and provision of learning and development.

Scotland Excel has undertaken an analysis of the market and potential competitors to understand the opportunities and strategic direction for associate membership. Markets for associate membership include:

- Housing Associations
- Charitable Organisations
- Transport Partnerships
- Arms Length Organisations (ALEO)

It is the recommendation of this strategy that Scotland Excel focuses on housing associations as its primary market for development. There are approximately 170 Registered Social Landlords (RSLs) governed by the Scottish Housing Regulator (SHR). The SHR sets very clear and specific criteria for membership and these guidelines mirror the requirements for Scotland Excel to accept organisations as associate members. There are a number of reasons why this group of organisations fit well with Scotland Excel now and how the organisation can develop to support them going forward as associate members. These are covered within this strategy.

Scotland Excel, at the request of Scottish Government, has provided a proposal outlining the implementation of a small team of four people dedicated to the housing sector for a fixed period of 2 years. Future operation of this team would have to be self funded. This recommendation is based on the acceptance of this proposal.

<u>Funding</u>

Scotland Excel believes that all work related to associate membership should be self-funding. This recognises the challenging economic position its core membership currently face and likely to continue to face. Scotland

Excel will continue to seek alternative funding options similar to that discussed previously with Scottish Government and housing associations. It should however be recognised that in order to generate greater levels of associate member income resources and funding will be required. The main resource requirement areas are within business generation, account management and marketing. Any requirement for specific framework development would also require procurement resource.

Committee members may consider various funding options including re-investment of additional associate membership fees to generate greater returns or re-allocation of any budgetary surpluses. Scotland Excel recommends the creation of a robust business case for any resourcing and investment within this area whilst adhering to the self-funding principles.

Fees

The third tier membership is currently being reviewed and an alternative clearer method sought.

Reciprocal fee waivers are in place for a number of organisations:

- NHS trusts and organisations served by National Shared Services (NSS)
- All higher and further education organisations covered by Advanced Procurement for Universities and Colleges (APUC)
- All Non Departmental Public Bodies (NDPB) supported by Central Government Procurement

In addition to a fee waiver organisations utilising Scotland Excel frameworks may also earn a monetary rebate against their expenditure.

Options open to members include:

- Charging an associate member fee to these organisations and therefore terminating the bilateral fee waiver agreement.
- Retaining fee waiver as it currently stands.
- Retaining fee waiver but Scotland Excel retains any rebates earned by associate members.

It is unclear at this stage what extent local government makes use of framework agreements provided by the above centres of expertise. Understanding this and the potential impact to Scotland Excel core members is key to any future changes to this agreement. Further work is being undertaken in this area to consider the most beneficial route to core members and Scotland Excel.

The 19 ALEOs currently registered as associate members pay no fee. Recognising the significant financial challenges that members are facing and potentially also within their ALEOs it is recommended that implementation of any fee should be postponed to a future date. Guidance from members and committee is sought on this approach.

Scotland Excel is considering a more tailored fee structure for housing associations should this market sector grow to a reasonable scale. A number of ways are currently utilised by other member organisations in this sector and will be reviewed for suitability. The model that appears to be most accepted and utilised by housing associations is based on number of housing units.

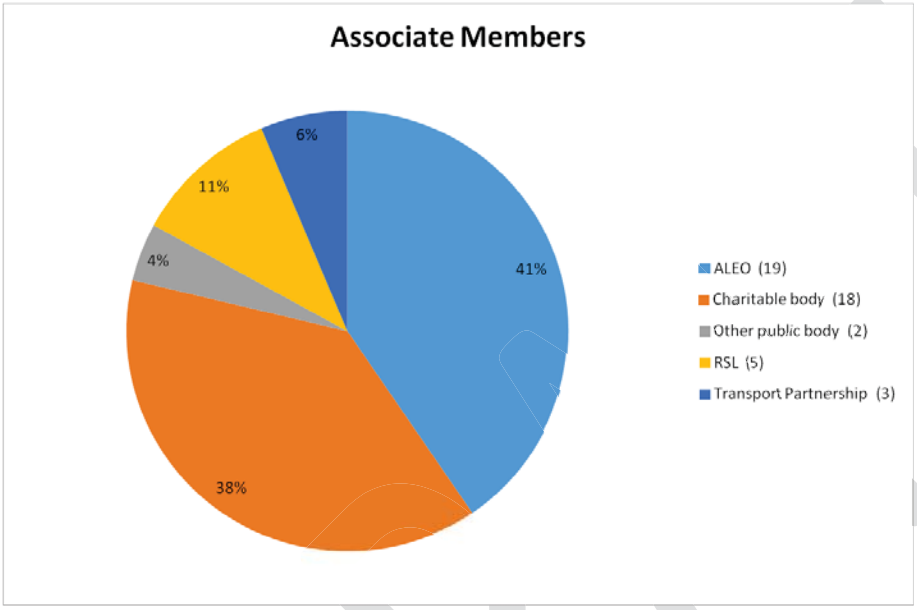
4 MEMBERSHIP AND SERVICES

At the time of publication Scotland Excel had the following membership profile:

- 32 Scottish Local Authorities.
- 47 Associate Members – (See http://www.scotland-excel.org.uk/home/Aboutus/Ourmembers/Associate-members.aspx on our website for a current list of associate members) A current list at time of publication is included in Appendix 1.

Associate members are split between various types of organisations which are represented in Figure 1.

Figure 1



Eligibility to join as an associate member's organisation is determined within the governance of Scotland Excel. "As a public sector procurement agency, Scotland Excel is restricted in the types of organisation which it can supply its services to. In order to become an associate member of Scotland Excel, the organisations Constitution, or Articles and Memorandum of Association must comply with the requirements of the 1970 Local Government (Goods and Services) Act, as amended by the Local Government (Scotland) Act 2003."

Non council bodies granted associate status typically fall under Part 1 Section 8(b) of the Local Government (Scotland) Act 2003. :

(c) a person who, in the circumstances set out in subsection (1L) below, enters into the contract in order to provide the local authority with goods or services, or with a person who, not being a public body, has functions of a public nature or engages in activities of that nature and the purpose or effect of the agreement is to facilitate discharge by that person of those functions or that person's engagement in those activities.

In addition to full members and associate members, a reciprocal agreement is in place which allows use of frameworks to bodies represented by the other 3 centres of expertise:

- NHS - National Shared Services (NSS)
- Advanced Procurement for Universities and Colleges (APUC)
- Scottish Government Procurement

The nature of this agreement has been discussed at a senior level to review it suitability. Each of the other three centres operate under a different central funding model affording this option.

4.1 Associate Membership Fees

The associate membership fee for Scotland Excel was reviewed in 2015 and a new three tier model implemented. The fees structure agreed was as follows:

- Contract spend up to £10,000 pay a £500 annual membership fee.
- Contract spend between £10,000 and £50,000 pay a £1000 annual membership fee.
- Contract spend over £50,000 pay a membership fee which represents a percentage of the spend. In this instance a maximum fee of £30,000 has been set.

The new fee structure works relatively well at the first and second tiers but has caused some difficulty at the third tier. Although one new third tier member was successfully signed up in 2016, the calculation process tends to be fairly detailed and not immediately available to the prospective customer. On a number of occasions, organisations that were felt to reside at this tier were confused by the inability to receive an immediate fee quotation. It is therefore recognised that a further review of this tier of associate membership and utilise a model that provides a clearer and timelier quotation to prospective members.

4.2 Service Offering

Services offered by Scotland Excel that may be of interest to associate members have been split into three broad categories:

- Collaborative Procurement
- Capability services including consultancy, assessment and policy.
- Provision of Learning and development.

<u>Collaborative Procurement</u>

Through collaboration with councils, suppliers, and partners, Scotland Excel has reached the point where we save Scottish local government in the region of £17m a year, while helping our members get the best possible value when it comes to sourcing the goods and services they need.

There are many factors at play in collaborative procurement - engaging, sharing, learning, benchmarking, agreeing, improving, and innovating - to name but a few. It is about achieving consensus not compromise. Scotland Excel procurement teams are committed to working with local authority colleagues to provide the best possible arrangements for all members.

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Scotland Excel offers a number of frameworks to its members. Categories covered include:

- Construction
- ICT
- Education
- Social Care
- Fleet
- Corporate

The initial range of contracts offered by Scotland Excel was valued at circa £100m in 2008 and has grown to in excess of £700m today. While continuing to grow, the portfolio today embraces a wider range of goods and services with higher value and more complex contracts for technical and professional services. This increasing range of contracts has seen an increase in interest and in the use of the Scotland Excel portfolio by a wide range of organisations. Some of these are already associate members, some are not, and some gain access to the contracts through the principle of cross sector collaboration.

It is generally recognised that these organisations are making significant savings through the negotiated prices, economies of scale and the cost avoidance of having to run their own tenders.

The growth in the contract portfolio has resulted in a range of new opportunities for existing Associate Members and offers the potential to attract a wider range of organisations to join as associate members going forward

Capability Services

In addition to its extensive contract portfolio, Scotland Excel offers a wide range of services designed to support the ongoing development of member capabilities. In the local government sector, there was a real willingness to work together to deliver improvements. Scotland Excel developed a programme to facilitate this based on three phases – assessment, analysis and action – with priorities for the next phase agreed with councils at an annual event. These priorities informed a rolling programme of workshops, best practice initiatives and consultancy services delivered by Scotland Excel to lead and support change

One of the key mechanisms utilised by Scotland Excel is the use of a formal nationally recognised assessment tool. The Procurement Capability Assessment (PCA) tool has recently been redesigned and renamed the Procurement and Commercial Improvement Programme (PCIP).

To date Capability Services have only been offered to Scotland Excel's core membership however, a recent Scottish Government funded pilot programme for Scottish Housing Associations has demonstrated a potential new market opportunity. This market is covered later within this document.

Learning & Development

Scotland Excel is recognised as leading the way in learning and development across the public procurement sector. We are committed to supporting procurement capability to further develop the specialist knowledge and skills that exist within local authorities.

Our Enhancing Procurement Capabilities training programme for 2016 is well underway. This offers a range of courses for public procurement staff at all stages of their career, whether starting out or continuing their professional development. Our courses cover a wide variety of topics in procurement, legal, finance and supplier management, as well as specialist courses for construction, professional services and ICT procurement.

All learning and development services are open to associate members. To date little marketing of this has taken place with associate members.

4.3 Marketing and Communications

In general, very little specific marketing or communication for associate members is undertaken other than the page on the corporate web site. Associate members will receive general communications that are aimed at a wider distribution such as the quarterly newsletter.

More recently Scotland Excel has sought to increase visibility and awareness of the organisation and has attended external events such as the Chartered Institute of Public Finance and Accountancy (CIPFA) annual conference and the Chartered Institute of Housing (CIH) conference. This necessitated the need for associate member collateral and a leaflet was produced internally to minimise cost.

A significant increase in marketing and communication is required to increase the visibility to potential associate members.

4.4 Account Management

Scotland Excel provides dedicated account management to each of its 32 members from a pool of four full time account managers. At a minimum this involves a formal quarterly business review meeting with corporate procurement managers and their teams to review a number of elements including contract usage. Account managers provide core members with an extensive amount of information and work to ensure member satisfaction.

To date it has been the policy to only provide account management to core members. This has recently changed with the enrolment of an associate member paying the maximum £30k annual membership. In order to provide ongoing support to this associate member it has been agreed to schedule a quarterly account management meeting. The extent of this meeting is currently under development.

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5 Competitive Analysis

A high level competitive analysis has been undertaken utilising the three service categories identified above. In addition to the competitive analysis, this strategy attempts to identify the unique selling points of the organisation that provide competitive advantage and therefore enable a successful implementation of this strategy.

5.1 Competitive Services

Procurement frameworks

There are a wide variety of competitive products offered in the market. These products are offered by both public and private organisations. A full competitive analysis is beyond the scope of this strategy.

Organisations that provide a degree of overlap include:

- NHS National Procurement (NP)
- Scottish Government Procurement
- Advanced Procurement for Universities and Colleges (APUC)
- Crown Commercial Services (CCS)
- Eastern Shires Procurement Organisation (ESPO)
- Yorkshire Purchasing Organisation (YPO)
- Procurement for Housing (PfH)
- London Housing Consortium (LHC)
- Central Purchasing Consortium (CPC)
- North East Procurement Organisation (NEPO)

The above list is not exhaustive but does cover a number of the more prominent organisations. A recent review of overlap with regard to frameworks suitable for the housing sector indicated overlap in particular with Construction and Corporate framework categories.

Scotland Excel works extensively with its core customers to ensure that the frameworks being developed are appropriate and within the strategic direction of its members and therefore the organisation. Through the Collaborative Leads Group (CLG), the organisations works with the other centres of expertise to agree a common collaborative strategy.

Capability Services

Competition for the provision of these services occurs primarily within the private sector. The services delivered under the “Leading Change” banner mirror many of the services provided by private sector consultancy organisations. Scotland Excel does not have the breadth of resources available to many of the larger private sector competitors. In addition, the organisation does not have the financial resources to make the scale of investment often required at the outset of these projects.

Competition also exists within the public sector. It is recognised that a number of other public bodies provide similar services to their own customers. These customers all reside within the wider public family but in more recent months these customer boundaries have become more blurred. The growth ambition of the NHS National Services Scotland (NSS) has shown that more work is required to understand both boundaries and opportunities for collaboration. NSS, a centrally funded organisation, have much greater funding and resources and have an ability to invest significantly in change projects.

Despite these challenges Scotland Excel can and does still undertake competitive exercises on behalf of its members.

Learning & Development

Competition for learning and development provision resides primarily in the private sector. There are a number of organisations providing generic and specific face to face training on a multitude of subjects. Private provision of training is fairly disparate and typically does not have the insight into our customers' needs that Scotland Excel has.

5.2 Competitive Advantage

Competitive advantage may be viewed as offering better value to customers through better pricing or by demonstrating higher benefits at an equivalent or greater price. As a public body, the aim of the organisation is not to maximise shareholder returns but rather to return maximum value to its stakeholder members and ideally the wider public family. Its aim is therefore not to dominate a market but rather provide a cost effective and high quality service or product to its members. It is however important for the organisation to understand its competitive advantage and unique selling points to maximise customer value.

Procurement frameworks

Scotland Excel frameworks have a number of competitive advantages over other organisations.

As a public body driven by the requirements of its members and not shareholders, the organisation is focussed on delivering frameworks providing true member value.

Scotland Excel does not add any hidden rebate costs to fund framework provision. A number of the organisations listed above do not "charge" for membership but recoup substantial returns on less than transparent rebates.

Scotland Excel adheres to the Scottish Model of procurement and delivers substantial incremental social value within many of its frameworks. This includes living wage, community benefit, Scottish SME centred activities and a number of other sustainability criteria.

Many of the frameworks provided by Scotland Excel are within challenging areas that other providers are not able to tackle. These frameworks predominantly within the social care arena continue to grow and provide important services to members.

The organisation provides associate members with access to a dedicated web based Catalogue Content Management (CCM) system.

A number of competitive organisations have advantage over Scotland Excel through their extensive resources and ability to invest. The use of embedded rebates appears to be their main funding mechanism. Scotland Excel operates within a regime whereby members prioritise framework areas and gaps unfortunately remain.

It is also worth recognising the challenges associated with restrictions to associate members who join after frameworks have been put in place.

A number of areas of opportunity exist for associate members and frameworks. These opportunities tend to be based on the nature of the associate member.

Capability Services

The most significant challenge to Scotland Excel capability services lies in the ability of competitors to invest and in resource availability. The organisation does not have the bandwidth or funding to create services or offerings for future potential customers. This “loss leader” strategy is commonplace within private sector organisations to initiate customer engagement. Larger consultancy bodies also have a wealth of pre-created services and a breadth of talent that Scotland Excel cannot offer.

Competition also exists from NSS although has been limited to date. This situation is expected to change over the coming period.

Scotland Excel’s competitive advantage lies within its knowledge and experience of local government, its primary customers. With eight years of experience in leading capability development the organisation has built a wealth of knowledge and a degree of intellectual property that provides its advantage. In 2015 the Joint Committee agreed to permanent funding for three full time employees to provide these services. In conjunction with a number of other internal resources, the organisation provides this predominantly to its core customers.

An additional competitive advantage lies within the ethos of the organisation to serve members and not shareholders. This provides a financial advantage over private sector competitors.

Limited scope exists within the existing organisation to provide these services beyond core customers to associate members. This is solely due to financial and resource constraints. This situation may however be changed if appropriate opportunities arose and committee members were willing for this approach to proceed.

Learning & Development

Learning and Development services from Scotland Excel have generally sought to provide cost neutral or free courses to its customer base. The primary aim is to maximise value and cover primary costs associated with training provision. In the past this has not covered the cost of learning and development administration. In 2015 the Joint Committee agreed to fund two full time resources for the provision of Learning and Development.

This cost neutral approach has provided significant competitive advantage over private sector providers. In addition, the knowledge gained from delivery of a highly successful service over a number of years has served the organisation and its members well.

Scotland Excel believe there are potential routes to developing Learning & Development services which are currently being considered within its Learning and Development strategy. This will require further investment but will also offer better services to associate members and therefore provide a competitive advantage.

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6 Market Strategy

In order to consider the market strategy for associate members an analysis of existing and future markets was undertaken.

6.1 Strategic Options

Scotland Excel utilised the Ansoff matrix[2] to consider the potential directions to take. Diagram X represents the matrix. The tool is a widely utilised specifically when considering market expansion.

Diagram X

Market Penetration

This quadrant is where an organisation sets out to provide more of its existing services to its existing market.

Scotland Excel believe this is an important quadrant for the wider organisation. Growth of existing services to existing core members is an important part of our strategic direction and is covered within our corporate strategic plan. It is also equally relevant to our associate members.

The organisation has typically regarded its "market" as the wider public sector and made little effort to grow and develop this other than through an opportunistic approach. In addition to this, little effort has been placed on promotion of services to associate members once they join. Members once enrolled have little direct communication with the organisation and receive little support. Extensive work has however been undertaken with the organisational web site to provide a better "self-service" experience for members. A level of account management has also recently been introduced for third tier associate members and is outlined later within this document.

Market penetration may therefore be regarded as a "simpler" option where Scotland Excel seeks to develop its services and relationship with existing members with an aim to improve member retention and explore incremental revenue within this group.

[2] Ansoff Matrix

Market Development

This quadrant is where an organisation sets out to provide its existing core services to new customers within a new market

It may be argued that this is the quadrant that associate membership primarily resides. It is another important aspect to the organisations wider ambitions. Figure 1 demonstrated that the majority of associate members are currently arm's length organisations of our core membership.

In this quadrant we explore the division of our wider public sector market into a number of divisions. One example of this may be Housing Associations. At the time of publication there were 5 housing associations registered as associate members. This represents approximately less than 3% of the Scottish market.

Diversification

This quadrant is where an organisation sets out to develop new services and to provide them to new customers in a new market. This is typically the most radical and difficult market expansion for an organisation. With regards to Scotland Excel associate membership, it is felt that sufficient opportunities exist within other quadrants and that this strategic option be considered at a future date.

Product Development

This quadrant is where an organisation sets out to develop new services and provide them to customers within its existing market. Similarly to the diversification quadrant, with regard to associate membership, this strategic direction is less attractive than market development and market penetration. It should however be forefront within the wider organisational strategic direction where new services could potentially support existing members.

6.2 Target Markets

A number of potential markets that may be considered as part of the "market development" approach have been identified. The areas being considered do not encompass all potential areas available but provide enough opportunity for this strategic timeframe.

6.2.1 Housing Associations

The area which has been identified as offering the greatest potential opportunity for Scotland Excel to develop is that of housing associations. There are approximately 170 Registered Social Landlords (RSLs) governed by the Scottish Housing Regulator (SHR). The SHR sets very clear and specific criteria for membership and these guidelines mirror the requirements for Scotland Excel to accept organisations as associate members

There are a number of reasons why this group of organisations fit well with Scotland Excel now and how the organisation can develop to support them going forward as associate members.

Housing Associations are to be subject to procurement legislation, the Public Contracts (Scotland) Regulations, and as part of this the Scottish Government has stated that Housing Associations should undertake procurement assessments as part of the process to embed continuous performance improvement. These changes place a new burden on housing associations many of which have relatively small staff teams for whom the main task is providing and managing social rented housing and may have little if any procurement knowledge or experience.

Scotland Excel is in a unique position in the market place to become the partner of choice to housing associations to support them with the challenges that they face.

Scotland Excel offers:

- Compliant frameworks which enable organisations to easily and quickly access the goods and services they require (whilst recognising existing contract restrictions).
- An organisation which is based in Scotland, supporting the local economy with 70% of suppliers being SMEs.
- Promotes, as fully as possible, community benefits including the Living Wage, modern apprenticeships and training opportunities as part of contract delivery.
- Experience in reviewing organisations and assessing their procurement practices.
- Is a not for profit organisation with no shareholders or private partners.

However, there are specific new services that will need to be developed and offered to support the organisations and make membership an attractive option:

- Support to carry out tenders for specific goods and services which are not and would not be part of the Scotland Excel contract portfolio.
- Access to general procurement capability and policy services.
- A range of training for staff and management committees to allow them to understand procurement requirements and then specific training for staff carrying out procurement processes.
- Access to best practice to staff with technical skills but limited procurement expertise.

6.2.2 Transport Partnerships

Regional transport partnerships (RTPs) were established on 1 December 2005 to strengthen the planning and delivery of regional transport so that it better serves the needs of people and businesses.

RTPs are independent bodies defined in the Transport (Scotland) Act 2005. That legislation bases them on the local government model but they are not local authorities and they are not NDPBs. RTPs are like joint boards, bringing councils together to perform local government functions collectively and strategically over a larger area.

Three of the seven RTPs are existing associate members of Scotland Excel. Further work should be undertaken to engage the remaining four organisations.

6.2.3 Charitable Organisations

There are 24,122 different charities registered with the Scottish Charities Register (OSCR). Scotland Excel has eighteen (38 percent of current Scotland Excel members) that we regard generally as charitable bodies. This includes a wide variety of organisations by nature and scale. Scotland Excel can offer a number of attractive options to a number of these bodies and achieve bilateral benefits. These offerings and requirements are similar to those described above to housing associations in Scotland. The scale and diversity of charities is clearly however different and therefore will require a different approach.

6.2.4 Arm's Length Organisations

In recent years there has been a growing number of Arm's Length Organisations (ALEOs) set up by councils to deliver a range of services previously provided by the local authority. When the first of these were set up many years ago the argument was made that these were part of the council and as such should be given free associate membership of Scotland Excel. However, as the number and use of these has grown the nature of the relationship with the councils has changed and some organisations are almost completely separate from the council. Additionally, there is a growing demand from these organisations to have their own separate communication and engagement from Scotland Excel.

Currently there are 19 ALEOs which represents 41% of associate members. Governing members have questioned at committee on a number of occasions whether this group should continue to receive free membership. This is an area for further debate and consideration for committee members

6.2.5 Integrated Joint Boards

Legislation to implement health and social care integration, passed by the Scottish Parliament in February 2014, came into force on April 1, 2016. This brings together NHS and local council care services under one partnership arrangement for each area. In total 31 local partnerships have been set up across Scotland and they will manage almost £8 billion of health and social care resources.

At present procurement for IJBs has been undertaken through either local government or NHS budgets. Associate membership for IJBs should be discussed if further changes are applied to the IJB landscape.

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7 RECOMMENDATIONS AND IMPLEMENTATION OF STRATEGY

This document has sought to consider the strategic direction for associate membership of Scotland Excel. It has considered; current membership, services offered and undertaken a high level competitive analysis. Utilising the Ansoff matrix, the potential strategic market direction has also been investigated.

This section of the strategy will now provide recommendations on the various options that are available.

7.1 Implementation of target markets

Potential markets for associate membership were previously identified in section 6.1.

7.1.1 Housing Associations

Scotland Excel has identified housing associations as the first group to be targeted for growth in associate membership.

A number of actions may be considered:

- Gain an improved understanding of the housing association market and segment to a suitable level. Initial recommendations are to target the top 40 in terms of revenue identified from the information available from the Scottish Housing Regulator.
- Agree a clear fee strategy for membership to allow effective marketing and discussions with organisations.
- Create appropriate marketing material specific to housing associations.
- Identification and provision of appropriate training courses covering an introduction to procurement, procurement legislation and then more specific technical procurement skills.
- Consider the development of an associate member user group to develop existing members, identify sector specific issues / solutions and to market services particularly training and consultancy.
- Consider a housing sector specific membership enrolment process. Rather than committee having to review and approve numerous reports submitted for housing association membership, provide delegated approval to officers to automatically approve if they are already members of the Scottish Housing Regulator.

Scotland Excel has previously worked with Scottish Government and housing associations to undertake a pilot project which investigated the procurement capability of the sector. This project was fully funded by Scottish Government and generated incremental income for Scotland Excel. In addition to the income it also allowed Scotland Excel to understand the market further and demonstrate its suitability as a partner of choice. Throughout this project it was made clear to all parties that no further work could be undertaken without additional funding. Scotland Excel, at the request of Scottish Government, has provided a proposal outlining the implementation of a small team of four people dedicated to the housing sector for 2 years. The team would provide the following:

- Resources to undertake procurement assessments. This would firstly focus on the 40 associations that are developing houses and then the remaining 130 or so over a longer period.
- Support for wider capability development in the sector.
- Support for implementation of procurement policy.
- A more detailed understanding of the spend profile of the sector.
- Undertake appropriate procurement exercises appropriate to the sector.

This proposal brings a number of benefits to our associate member strategy:

- Scotland Excel will gain a unique and detailed view of the housing sector spend profile.
- Promotion of Scotland Excel and benefits of associate membership.
- Increase spend on wider Scotland Excel frameworks hopefully providing further benefits to existing core members.
- Potential ability to create frameworks that will also benefit core members.
- A fully externally funded model.

The proposal has been presented to ministers by Scottish Government and Scotland Excel awaits a decision.

It is recommended that if the proposal is accepted by Scottish Government then this market should be the primary group for associate membership. Other groups may be considered based on resources required and opportunistic membership progressed when received.

7.1.2 Transport Partnerships

The remaining four transport partnerships have been identified. An initial analysis of existing transport partners will be undertaken to quantify benefits and understand which frameworks are currently being utilised. Once this is completed each partnership will be contacted and meetings organised.

7.1.3 Charitable Organisations

Rather than target each of the specific sectors within this market, it is recommended that a more specific product or service offering be communicated to enrol new members. This is more about targeted communication rather than provision of a new product or service.

This approach would be progressed once the work on the primary group (housing associations) is at a more mature stage in its development.

7.1.4 Arm's Length Organisations

The challenges regarding ALEOs was covered previously within this document and is also covered later when discussing fee structures.

The scale of arm's length organisations across the 32 local authorities and wider public sector is unknown and unquantified in general. Further work may be undertaken to add clarity to this landscape.

Limited support is currently provided to the local authority originating ALEOs.

Further work on this market would again be undertaken after the primary group is addressed.

7.1.5 Organisations utilising Scotland Excel frameworks who are not members

Scotland Excel suppliers provide spend data on a quarterly basis. This data lists organisations who spend on frameworks. Suppliers have provided data that indicates spend by organisations who are not fee paying members of Scotland Excel e.g. in the last fiscal year there were over twenty housing associations listed as utilising frameworks yet only five fee paying members.

This associate level data has not been investigated further for accuracy but it is proposed that this is done as part of this strategic implementation.

7.2 Funding and Resources

Scotland Excel believes that all work related to associate membership should be self-funding. This recognises the challenging economic position its core membership currently face and likely to continue to face. Scotland Excel will continue to seek alternative funding options similar to that discussed previously with Scottish Government and housing associations. It should however be recognised that in order to generate greater levels of associate member income resources and funding will be required. The main resource requirement areas are within business generation, account management and marketing. Any requirement for specific framework development would also require procurement resource.

Committee members may consider various funding options including re-investment of additional associate membership fees to generate greater returns or re-allocation of any budgetary surpluses. Scotland Excel recommends the creation of a robust business case for any resourcing and investment within this area whilst adhering to the self-funding principles.

7.3 Associate Membership Fees

Associate membership fees should be considered in a number of ways:

Third tier membership

As previously highlighted, the third tier membership is being reviewed and an alternative clearer method sought.

Reciprocal Agreement

Reciprocal fee waivers are in place for a number of organisations:

- NHS trusts and organisations served by National Shared Services (NSS)
- All higher and further education organisations covered by Advanced Procurement for Universities and Colleges (APUC)
- All Non Departmental Public Bodies (NDPB) supported by Central Government Procurement

Overall this fee waiver will cover over 150 organisations.

In addition to a fee waiver organisations utilising Scotland Excel frameworks may also earn a monetary rebate against their expenditure.

Options open to members include:

- Charging an associate member fee to these organisations and therefore terminating the bilateral fee waiver agreement.
- Retaining fee waiver as it currently stands.
- Retaining fee waiver but Scotland Excel retains any rebates earned by associate members.

It is unclear at this stage what extent local government makes use of framework agreements provided by the above centres of expertise. Understanding this and the potential impact to Scotland Excel core members is key to any future changes to this agreement. Further work is being undertaken in this area to consider the most beneficial route to core members and Scotland Excel.

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Arm's Length Organisations

The 19 ALEOs currently registered as associate members pay no fee. This is a historic agreement that argues, as originally part of local government, their fee is covered within Scotland Excel's core requisition. ALEOs currently make extensive use of Scotland Excel frameworks and in one instance receive extensive rebate income from use of the contracts.

Recognising the significant financial challenges that members are facing and potentially also within their ALEOs it is recommended that implementation of any fee should be postponed to a future date. Guidance from members and committee is sought on this approach.

Housing Associations

Scotland Excel is considering a more tailored fee structure for housing associations should this market sector grow to a reasonable scale. A number of ways are currently utilised by other member organisations in this sector and will be reviewed for suitability.

The model that appears to be most accepted and utilised by housing associations is based on number of housing units.

7.4 Service offering

Service offering to associate members may be regarded as a subset of that offered to core members. Further work will be undertaken to understand how these services may be positioned to better reflect the market sector e.g. Housing or charitable bodies.

7.5 Account Management

Scotland Excel recommends an account management approach for associate members which is proportionate to their scale and fee. This will initially be covered by existing account management resource whilst numbers are below an agreed level. This account management will likely be quarterly and seek to be a bilateral meeting providing benefits to both organisations.

7.6 Marketing and Communications

In order to better "sell" associate membership to prospective customers a significant marketing and communications effort will be required. Scotland Excel will review its marketing and communications strategy to consider how this can be achieved. Prior to this a review of current member communications must be undertaken. Resources and investment will provide challenges in this area also.

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Appendix 1

Organisation Name
Angus Alive
Church of Scotland Social Care Council
City Building (Glasgow) LLP
Cordia (Services) LLP
Culture Perth & Kinross
CultureNL
East Ayrshire Leisure Trust
Edinburgh Leisure
Fife Cultural Trust
General Teaching Council
Glasgow Life
Hanover (Scotland) Housing Association
Hayfield Support Services with Deaf People
High Life Highland
Highland Reserve Forces and Cadets Association
Inverclyde Leisure
Islay and Jura Community Enterprise Ltd
Jobs & Business Glasgow
Jordanhill School
Kibble Education and Care Centre
Live Borders
Lochalsh and Skye Housing Association
North Area Transport Association
North Ayrshire Leisure Ltd
North East Transport Partnership (NESTRANS)
North Lanarkshire Leisure Ltd
RegenFX
Renfrewshire Association for Mental Health
Renfrewshire Leisure Ltd
River Clyde Homes
Rossie Secure Accommodation Services
Safer Glasgow
SB Cares
Scottish Wildlife Trust
Seamab School
SEEMIS Group LLP
South Lanarkshire Leisure and Culture
Sport Aberdeen
St Roch's Childcare Services
Strathclyde Partnership for Transport
The Firhill Complex
The Royal Zoological Society of Scotland
Transport Scotland
Tron Theatre
Trust Housing Association
Turning Point Scotland
Wheatley Group

Scotland Excel

To: **Executive Sub Committee**

On: **18 November 2016**

Report
by
Director Scotland Excel

Sustainable Procurement Strategy

1 Introduction

The purpose of this report is to provide Members with the opportunity to review the new Scotland Excel Sustainable Procurement Strategy. It is intended that this new strategy will be presented for approval of the Joint Committee at the meeting scheduled for 9th December.

2 Summary

The present Scotland Excel Sustainable Procurement Policy/Strategy has been in place since June 2013. It was developed from Scotland Excel's original Sustainability Policy which was introduced in 2010 following the launch of the first national plan for sustainable procurement – The Scottish Sustainable Procurement Action Plan.

Over the last few years there have been a number of changes to policy and legislation which has given greater focus on sustainable procurement and the benefits to be realised. In particular during 2016 the coming into force of the Public Contracts (Scotland) Regulations 2015; the Procurement (Scotland) Regulations 2016; and statutory guidance made under and in terms of the Procurement Reform (Scotland) Act 2014 have further supported the drive to deliver sustainable procurement.

The new Sustainable Procurement Strategy (attached as an annex to this report) has been developed following a detailed review of the statutory guidance and best practice and is clearly aligned to the strategic priorities of local government. The strategy will support local government in meeting the challenge of delivering social benefits and contributing to economic growth. Additionally it further strengthens the consideration of Social considerations such as Workforce Matters (including the Living Wage) and Community Benefits at the outset of a procurement exercise to ensure that overall value and potential social benefits are optimised.

Delivery of the Sustainable Procurement Strategy will be monitored through the internal governance process on a contract by contract basis and will be reported within Scotland Excel's Annual Procurement Report which will detail performance against and compliance with the Annual Procurement Strategy (as required under the Procurement Reform (Scotland) Act 2014).

3 Conclusion

Executive Committee members are requested to note the content of this report and endorse the submission of the Sustainable Procurement Strategy for approval by the Joint Committee.

Scotland Excel

Sustainable Procurement Strategy

DRAFT

October 2016

Scotland Excel: Sustainable Procurement Strategy

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1 Introduction

Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, while minimising damage to the environment[1].

With the goal of achieving social, economic and environmental value from public sector spend Scotland Excel has, particularly over recent years, been a prominent first-adopter and practitioner of sustainable procurement. Our lead in the development of the sustainable procurement Flexible Framework self-assessment tool and our sustainable public procurement training to the public sector exemplify this approach. Our success in implementing sustainable procurement is clearly seen in our National GO Award for Sustainability Initiative of the Year, and the fact that around 70% of suppliers on our contracts are SMEs.

This strategy builds upon current practice and sets out how Scotland Excel will best address recent changes in legislation, implement the new sustainable procurement duty and will further incorporate/embed sustainability into all of its procurement activity.

Scotland Excel is committed to understanding how its procurement activity can contribute to national and local priorities. The Scottish Government's National Outcomes align with those of the United Nations Sustainable Development Goals. The Scottish Government's purpose is to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish through increasing sustainable economic growth. Therefore, sustainable public procurement, covering all of Scotland and implemented and supported by Scotland Excel, will help the government achieve its overarching purpose and strategic objectives.

Scotland Excel is permitted under the EU public procurement rules and required under the Procurement Reform (Scotland) Act 2014's ("**Act**") sustainable procurement duty, to consider before it procures anything, how it can improve the social, environmental and economic well-being of the area in which it operates. There is a particular focus on reducing inequality. Scotland Excel is also required to consider how its procurement processes can facilitate the involvement of SMEs, third sector bodies and supported businesses and how its procurements can be used to promote innovation.

The purpose of this strategy is to set out how Scotland Excel intends to ensure that its regulated procurements (as defined under the Act [2]) will be carried out in compliance with

[1] Procuring the Future (Sustainable Procurement Task Force).

[2] For the purposes of this policy, it is assumed that all of Scotland Excel's procurements are regulated procurements as defined in the Act, namely, any procedure carried out in relation to the award of a proposed contract / framework agreement with an estimated value equal or greater than £2,000,000 for public works contracts / framework agreements and £50,000 for other public contracts / frameworks agreements (assuming the contract / framework agreement is not an excluded contract / framework agreement).

the sustainable procurement duty. This strategy sets out how Scotland Excel will draft and / or revise its statement in its annual Procurement Strategy setting out its compliance with the sustainable procurement duty. This strategy, together with each year's Procurement Strategy, will detail a robust, achievable approach to sustainable procurement that is relevant and proportionate to the scope of Scotland Excel's procurement activities.

The sustainable procurement duty is roughly divided into three sections. It is sensible for this strategy to follow these sections, which are:

- Economic, Social and Environmental wellbeing
- SMEs, Third Sector Bodies, Supported Businesses
- Promoting Innovation

2 Economic, social and environmental wellbeing

2.1 What does this mean?

Under its sustainable procurement duty, Scotland Excel must, before carrying out a regulated procurement, consider how in conducting the procurement process it can improve the economic, social and environmental wellbeing of Scotland Excel's area and act, when carrying out the procurement, with a view to securing these benefits.

2.2 How Scotland Excel implements this

In general, we will consider how best our procurements can achieve the following:

- economic outcomes, including: optimal availability of suitable and high quality jobs; encouragement of local small businesses; efficient and effective transport links; lifelong learning, training and skills development; and the provision of infrastructure and new information and communication technologies;

- social outcomes, including: encouragement of the voluntary sector; satisfaction of the needs of children and young people (particularly the most vulnerable); and fuller access to education;

- environmental outcomes, including: improving the availability of clean air, clean water, and clean streets; improving the quality and safety of the built environment; protecting communities against the threat of climate change, including flooding; and improving and promoting biodiversity and accessibility to nature.

In particular, to ensure that Scotland Excel identifies and addresses how it can optimise these economic, social and environmental outcomes through its procurement activity (and so satisfy its sustainable procurement duty), it shall positively implement the methodology agreed by the Scottish Government's Public Procurement Reform governance structure.

First, each year in the preparation of its sustainable procurement duty statement in its annual Procurement Strategy (which outlines its proposed approach to sustainable

procurement), Scotland Excel will use the 'Sustainable Public Procurement Prioritisation Tool' ('**SPPPT**') to identify the best opportunities for sustainable procurement in relation to its anticipated procurement spend over that coming calendar year.

Second, during the development phase of each procurement exercise the 'Sustainability Test' may be used (alone, or using information derived from the SPPPT) to check the anticipated sustainability-related opportunities, outcomes and risks that an individual procurement might involve.

Third, during the development phase of each procurement, or at regular strategy development-related intervals, Scotland Excel may run the 'Life-Cycle Impact Mapping' exercise in order to identify sustainability-related (economic, social, health and environmental) impacts at each stage in the life of the works, products or services to be procured. The outputs of this exercise can then be used to best mitigate the potential for negative impacts, or further develop any positive impacts, in, for example, the design of the: procurement process; contractual performance clauses; or Scotland Excel's contractual management procedures.

Finally, Scotland Excel will continue to use the 'Flexible Framework' self-assessment tool for sustainable procurement to develop action plans, responsibilities and targets, to help it realise its intended sustainability outcomes. Note that in 2013 Scotland Excel was one of the first organisations to reach level 4 of the 'Flexible Framework'.

Some of the ways in which Scotland Excel will specifically promote economic, social and environmental sustainability are:

- Economic sustainability:

    - *Fair working practices*: Use our procurement processes to the full extent permissible to promote fair working practices by our suppliers, in particular, encouraging the payment of the Living Wage and discouraging the use of zero-hours contracts;

    - *Community benefits*: Further embed the provision by suppliers of recruitment and training and other economic community benefits into our future tender opportunities, and encourage current suppliers to provide these;

    - *Unfair commercial practices*: Continue to use and develop our procurement processes to the full extent permissible to discourage the use of unfair commercial practices such as blacklisting, corruption, bribery, fraud and anti-competitive practices;

    - *Local businesses*: Further encourage the participation of local businesses in our tender opportunities, for example, by strengthening our partnership with the Supplier Development programme, supplier / buyer events, training suppliers on our e-procurement platforms and by developing a model for engaging directly with local suppliers in partnership with our members' procurement and economic development teams;

- *Best-value:* Continue to make sure that all our procurement provide the opportunity for our members to achieve best value in their procurements;

- *Education and training:* Ensure that our education related frameworks provide the best products and services for child and adult education;

- Social sustainability:

  - *Ethical procurement:* Continue to design our procurement processes to offer fairly sourced, manufactured and traded products;

  - *Social Care*: Continue to ensure our adult and children care services deliver relevant national policy outcomes;

  - *Community benefits*: Fully embed the provision by suppliers of social-related community Benefits into our future tender opportunities, and encourage current suppliers to provide these;

  - *Our frameworks:* Continue to design our food-related procurement processes to offer healthy food options, such as organic products , and to ensure that all of our frameworks, and in particular our social care, food, hygiene and safety and safety and security frameworks, maximise healthy and safe outcomes;

- Environmental sustainability:

  - *Our frameworks*: Continue to embed in all of our frameworks, in particular, those specifically with environmental-related purposes, implementation of relevant Government environmental-related strategies (e.g. reduction of environmental impacts, waste, recycling and climate change) and, so, support, our members' compliance with legislation, climate change targets and efforts to recover value from waste;

  - *Community benefits*: Fully embed the provision by suppliers of environmental-related community Benefits into our future tender opportunities, and encourage current suppliers to provide these;

3 SMEs, Third Sector Bodies, Supported Businesses

3.1 What does this mean?

Under its sustainable procurement duty, Scotland Excel must, before carrying out a regulated procurement, consider how in conducting the procurement process it can facilitate the involvement of: SMEs; third sector bodies; and supported businesses in the relevant procurement process. This is particularly important for micro-businesses which constitute the majority of businesses in Scotland.

In brief, this means keeping the costs associated with submitting a tender as low as possible, and removing barriers to participation, in order to encourage the participation of small firms (including the self-employed), third sector bodies and supported businesses.

3.2 How Scotland Excel implements this

Scotland Excel already addresses the well-documented concerns regarding the participation of SMEs, Third Sector Bodies and Supported Businesses in its procurement processes, namely, transparency, simplicity of processes and facilitating access. A key driver of the sustainable procurement duty is to increase the transparency of procurement activity to economic operators and simplicity is the key to help facilitate access to public contracts.

Transparency

Scotland Excel already carries out a number of requirements that complement the sustainable procurement duty's aims of increased transparency, with the aim of assisting businesses to assess current spend areas, organisational priorities and potential future contract opportunities:

- Full use of Public Contracts Scotland ('**PCS**') to provide fully transparent tendering and award procedures;

- Using the Contracts Register on the Scotland Excel website to provide information on the scale and nature of procurement by a contracting authority (enabling the market to identify opportunities); and

- Fully debriefing of unsuccessful candidates and tenderers to help them understand in detail the relative strengths and weaknesses of their bids to provide them with a focus for developing their business.

Scotland Excel will continue to provide its transparency enhancing activities outlined above. In addition,

- Its annual procurement strategy will set out how it intends to conduct its procurements and its annual procurement report will set out the scale and nature of its previous year's procurements, both of which will enable the market to identify further opportunities; and

- Scotland Excel foresees that it will continue to develop and enhance its debriefing of unsuccessful candidates and tenderers to assist them in future tenders.

Simplicity

Scotland Excel currently aims to make the process of accessing its procurements by candidates and tenderers as simple as possible. For example, it strives to ensure that its selection and award stages are designed in as simple and as clear a manner as possible, and fully and clearly explained to candidates and tenderers via PCS, the procurement documents and tenderer information sessions. Further, we make no charges for participation in our procurement processes and have no intention to do so.

Scotland Excel will build upon its current systems to make the process of accessing its procurements by candidates and tenderers as simple and straightforward as possible. Furthermore, it will consider whether other models of procurement might suit its

procurement categories, for example, consider substituting the procurement of framework agreements with the procurement and use of the dynamic purchasing model.

Access

Scotland Excel currently strives to ensure maximum access to its procurements by SMEs, third sector bodies and supported businesses in the following ways:

- Using only selection conditions and requirements, award criteria and conditions of contract that are proportionate to the framework agreement being procured;

- Undertaking significant preliminary market consultations to ensure that the market is aware of Scotland Excel's requirements and procurement plans;

- Dividing framework agreement requirements into lots to permit access from smaller businesses;

- Flexibly procuring our social care framework agreements to the extent permitted by the procurement rules; and

- Encouraging its suppliers, via community benefit tender commitments or otherwise, to consider: using SME, third sector and supported business sub-contractors to fulfil the contract requirements; and providing / facilitating development activities within its supply chain.

In addition to its current access enhancing activities outlined above, Scotland Excel foresees that it will further develop the access of SMEs, third sector bodies and supported businesses to its procurements and plans to:

- take full advantage of the new public procurement rules to help participation of these organisations, such as: limited financial capacity no longer being a bar on being selected to tender; only asking relevant and proportionate questions and requiring the satisfaction of proportionate minimum conditions and requirements in the new ESPD (Scotland); and, limiting the qualification-related evidence required by bidders to the minimum necessary;

- take steps to encourage the participation of consortiums involving SMEs, third sector bodies and supported businesses;

- consider whether it is appropriate for certain framework agreements, or lots thereunder, to reserve participation, or certain contracts, to supported businesses;

- consider ways to further encourage its suppliers (e.g. legally enforceable community benefit contract commitments, or softer means) to consider: using SME, third sector and supported business sub-contractors to fulfil the contract requirements; and providing / facilitating development activities within its supply chain;

- consider how the flexible procurement regime for health and social care might encourage SME, third sector and supported business bidder, for example, by reducing for them any administrative burden barriers to participation; and

- continue to encourage participation by local companies in Scotland Excel's tender opportunities. For example, Scotland Excel will: continue to host supplier events and train suppliers on our e-procurement platforms; continue to strengthen our partnership with the Supplier Development Programme; engage with industry bodies, such as the Federation of Small Businesses and Chambers of Commerce, all to identify opportunities to improve access for SMEs.

4 Promoting innovation

4.1 What does this mean?

Under its sustainable procurement duty, Scotland Excel must, before carrying out a regulated procurement, consider how in conducting the procurement process it can promote innovation. This means Scotland Excel can influence the market towards innovative solutions. This might involve: innovation in the design and delivery of public services; the procurement of innovative goods and services; and innovative procurement processes and models.

4.2 How Scotland Excel Implements this

Not only do a number of Scotland Excel's framework agreements facilitate the purchase of innovative technologies by our members, but Scotland Excel has driven: the procurement of innovative goods and services; and, innovative procurement processes and models.

In relation to the former, Scotland Excel implements government policies through its procurements and thus drive demand for, and the development of, new goods / services available to our members. For example, the provision of a recycled furniture lot in our recent Domestic Furniture and Furnishings procurement process was driven by the government 'circular economy' policy. The desire for such a lot was only developed at the instigation of Scotland Excel via our preliminary market consultations.

In relation to the latter, Scotland has been at the forefront of developing novel ways to encourage its suppliers to pay at or above the living wage and provide economic, social and environmental community benefits to their wider community. Furthermore, we have helped establish and embed the development of e-procurement and the use of e-catalogues and e-invoicing through our frameworks.

Scotland Excel will continue to proactively monitor the legislative, policy, commercial and market place backgrounds in order to identify opportunities through which it can develop, or encourage its members or suppliers to develop new: ways to deliver public services; good and services; and procurement processes and models, and contractual models.

Scotland Excel, in a spirit of continuous improvement, will also further build knowledge and understanding through collaboratively engaging with Scottish Government and Zero Waste Scotland, and by further developing relationships, it will actively participate in the development of new learning initiatives with other sectors including higher education.

5 Supporting our members

Scotland Excel actively promotes the sustainable "whole organisation" approach to procurement starting at the very beginning of the procurement process when customers (local authorities) begin to consider their contract requirements.

In line with this approach Scotland Excel are also committed to taking a lead role in the delivery of sustainable procurement through being an advocate of best practices, facilitating sharing knowledge and support, and building capacity and capability within local authorities across Scotland.

Where required, Scotland Excel will support its members with duties arising from the new procurement rules applicable in Scotland. We will work with partners and members to ensure that tools and guidance to support sustainable procurement are developed and used to maximise social, economic and environmental benefits.

6 Summary, Key Principles and Outcomes

Scotland Excel is totally committed to the on-going development of, and delivering, this Sustainable Procurement Strategy. As the Centre of Procurement Expertise for Local Authorities it is appropriate and suitable that Scotland Excel aims to be at the forefront of best practice.

For Scotland Excel, procuring responsibly and sustainably means adhering to our sustainability principles:

- We will deliver best value collaborative contracts which fully incorporate sustainability considerations and support the delivery of best practice sustainable procurement;

- We will ensure that the procurement decisions we take are full informed to so that resulting courses of action have the minimum possible impact on the environment, both now and in the future. We aim to increase knowledge and skills to evaluate and respond to conflicting demands;

- We will continue to further embed ethical and social issues into the procurement process including the Living Wage and Community Benefits, and will be proactive in addressing issues of broader human rights within the supply chain;

- We will demonstrate the highest possible professional standards, which we will underpin by providing effective training, development and support to all staff involved in the procurement process. We will fully meet the requirements of the Chartered Institute of Purchasing and Supply (CIPS) Code of Ethics;

- We will engage with suppliers across all the markets in which we work and simplify our processes wherever possible, helping to better equip them to compete for public sector business. We will work in partnership with suppliers to drive sustainability benefits from contracts;

- We will share expertise, best practice and engage with internal and external stakeholders to promote approaches to sustainable procurement. We will monitor our progress and publish outputs; and

- We will keep abreast of developments and take an innovative approach to sustainable procurement, ensuring that our decisions are based on prevailing best practice.

Successful implementation of this strategy will be demonstrated by delivery of the following outcomes:

- Procurements with potential for high sustainability impacts clearly identified and appropriate mitigation plans and actions determined;

- Specifications include sustainability considerations (including whole life costing) ;

- Terms and Conditions upgraded to include appropriate sustainability and corporate social responsibility provisions.

- Sustainability within the Evaluation Criteria appropriately weighted;

- Improved transparency of Contractors position regarding Workforce matters (in particular payment of the Living Wage;)

- Increased Number of Contractors paying the Living Wage;

- Reduced Number of Contractors using zero hours contracts;

- Provision of Community Benefits will be maximised;

- Improved assurance that goods on Scotland Excel Frameworks are ethically sourced;

- Raised production and process standards;

- Waste and environmental impacts will be minimised;

- Increased participation from small and medium sized local businesses, supported businesses and the third sector; and

- Higher consumption of healthy and nutritious food.

7 Change Control

Amendments to this document can only be authorised by the Author and in accordance with approved processes and procedures.

The electronic version of this document held by the Custodian is the only true version – all printed copies are uncontrolled.

8 Document history and version control

Document Title	Sustainable Procurement Strategy.
Document File Name	Sustainable Procurement Strategy draft v0.3
Revision No.	Draft v0.3
Author (Business Owner)	Procurement Coordinator (Policy) (Procurement Development Manager).

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Scotland Excel

To: Scotland Excel Executive Sub Committee

On: Friday 18 November 2016

Report
by
Director Scotland Excel

Update on the Learning & Development Provision

1. Introduction

This report provides members with an update on Scotland Excel's Learning and Development (L&D) provision and direction. It is intended as a pre-curser to Scotland Excel's formal L&D strategy which will be presented to members at the December Joint Committee.

2. Background

Providing L&D leadership to our members has been at the heart of Scotland Excel's strategic direction since inception. The organisation has delivered a national and award winning service throughout this period. Increasingly however, the local government community has highlighted the challenges of educating their workforce in a sustainable manner, supporting their continuous professional development through a mode which delivers practical results in the workplace.

One of the main delivery mechanisms provided by Scotland Excel was provision of one day standalone course delivered through an external training provider. With this contract coming to an end on the 30 November 2016 and our community asking for a more progressive L&D solution, a new strategy was required. Structured interviews were conducted across the local authority community capturing the communities' current and future needs nationally.

<u>Scotland Excel Learning & Development Pilot</u>

In order to explore this new strategic direction, Scotland Excel worked with our Procurement Improvement Programme steering group to agree a 3 month L&D pilot. The pilot was implemented with 30 learners across 15 councils partnering with three professional bodies and six Scottish university business schools. The Phase#1 pilot supported a blend of self-directed study accessing professional body licensed content supported by Scotland Excel resources.

These were supplemented with routine online discussions and five face-face workshops, resourced by Scotland Excel and the business school partners. Regional workshops were delivered in Paisley, Aberdeen, Stirling and Edinburgh.

The Phase#1 pilot participants, partners and structure are illustrated in image 1.

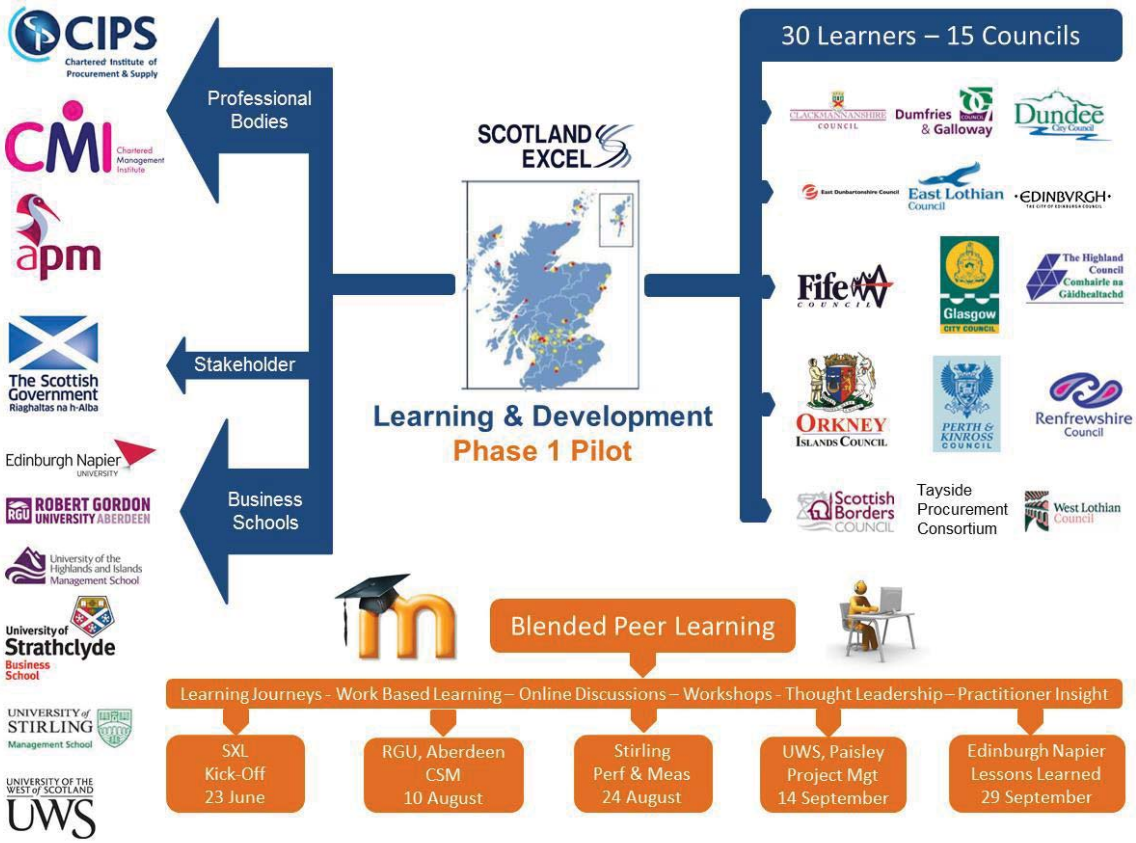


Image 1: Phase#1 Pilot Structure and Partners

<u>Pilot outcomes</u>

The outcomes of the Phase#1 pilot and the Phase#2 recommendations will be shared with the PIP Steering Group and the L&D Focus Group, prior to being distributed across the community and then presented to members.

Further work will be undertaken on potential commercial models that support expansion of the delivery model across the professional body disciplines; and with regional business school partners. This approach minimises any impact of council member's travel expenses and time out of the office.

Appendix 1 provides more data on the initial results of the pilot programme.

3. National L&D Strategy

Scotland Excel Co-Chairs the Professional Practice and Development Strategic Forum (PPDSF) as a component of the Scottish Government Commercial and Procurement Directorate.

It is through this group that Scotland Excel will both ensure the benefits of wider collaboration and learning are achieved and that our member requirements are best served. One of the key areas is ensuring that our programmes are fully aligned to the government's procurement competency framework.

This competency framework illustrates the multi-disciplinary skills required for an individual to effectively fulfil their job description and provide a pathway to progress

through the levels of Awareness; Practitioner; Leader and Expert throughout their public procurement career, from new hire to expert.

4. Developing our future workforce.

In addition to leading our sector in learning and development, Scotland Excel has developed our future workforce through a number of mechanisms:

Modern Apprentices

Scotland Excel has hired and developed 4 Modern Apprentices to date, with 3 completing their apprenticeship and now in full time employment; 1 is currently progressing through their apprenticeship.

Graduates

Scotland Excel has hired and developed 7 graduates, with 5 actively employed within Scotland Excel – 1 category manager; 2 senior procurement specialists and 2 progressing through their 3rd year Post Graduate studies whilst employed as graduate trainees.

Interns

Scotland Excel has hired and developed 7 interns employed on 6-11 month contracts. This approach develops inexperienced graduates, boosting their employability, whilst increasing Scotland Excel's resources over a short-term finite period. Several of these interns have moved on to full time roles both internally and externally. Scotland Excel currently has 2 interns working within the organisation.

This success is echoed across many of our member organisations with many examples of good practice in developing procurement people of tomorrow. Examples of working with schools, colleges, universities and other groups are found throughout the community.

5. The Scotland Excel Academy

Responding to the community's feedback on a more sustainable approach to L&D, Scotland Excel has developed an online training platform based on a standard used in higher and further education.

The Academy learning platform supports additional functionality including online discussions; forums and blogs. This is illustrated in image 2.

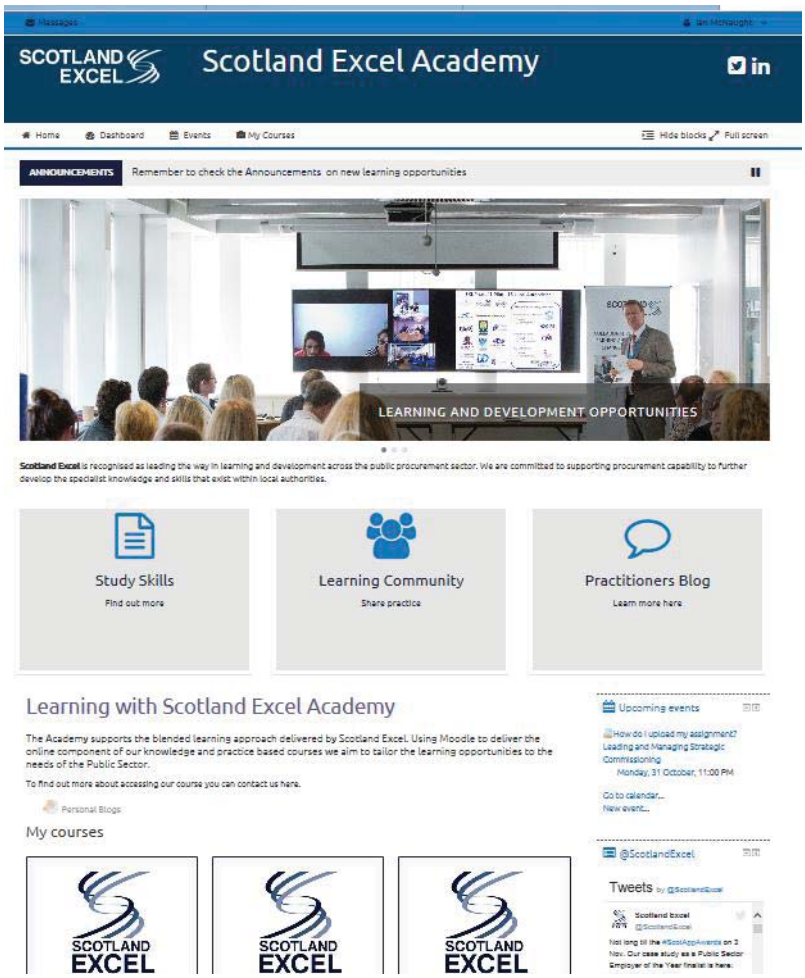


Image 2: Scotland Excel Academy http://academy.scotland-excel.org.uk

Accredited Programmes

Responding to the community's input and initial pilot feedback, Scotland Excel is exploring the delivery of its own programmes, accredited with the three established professional body partners – namely the Chartered Institute of Procurement and Supply (CIPS); the Chartered Management Institute (CMI) and the Association of Project Management (APM)

.

CIPS Accredited Programmes

Scotland Excel has started to explore a commercial and delivery model with CIPS to deliver procurement knowledge supporting positive outcomes through blended learning and work based practice.
Much of the community already engages with CIPS through self-study, although this is reported as being tediously time consuming and expensive.
Other modes of study are available from CIPS although they are cost prohibitive.

Scotland Excel will engage with CIPS to determine if synergy can be established between the organisations leading to a commercially viable model of accredited blended learning.

CMI Accredited Programmes

Scotland Excel is progressing through the process striving to become a CMI Approved Centre. As a CMI Approved Centre, Scotland Excel will deliver leadership & management knowledge supporting positive outcomes through blended learning and work based practice.

Learners who successfully pass the work based project assessments will earn a Professional Certificate or Diploma in Leadership & Management; at level SCQF8.

APM Accredited Programmes

Scotland Excel will explore expanding the licensed content agreement with APM striving to deliver project management knowledge supporting positive outcomes through blended learning and work based practice.
These discussions have not yet commenced.

10. Recommendations

Members are asked to note the content of this report and provide any input to the formal L&D strategy prior to the December Joint Committee.

Appendix 1

Of the 36 people who participated across the 5 regional workshops, 24 were learners from 15 of the councils. 88% of these learners progressed through their personal learning journey supported by Scotland Excel.

71% of the learners engaged in face-face regional workshops at Robert Gordon University in Aberdeen; the University of Stirling in Stirling and the University of the West of Scotland in Paisley.

The outcomes of a 'lessons learned' workshop at Edinburgh Napier University, combined with further customer consultation with Scotland Excel's account managers informs the Phase#2 strategy.

Image 3: Phase#1 Pilot Summary

Image 4 illustrates the major positive outcomes of the Phase#1 pilot.

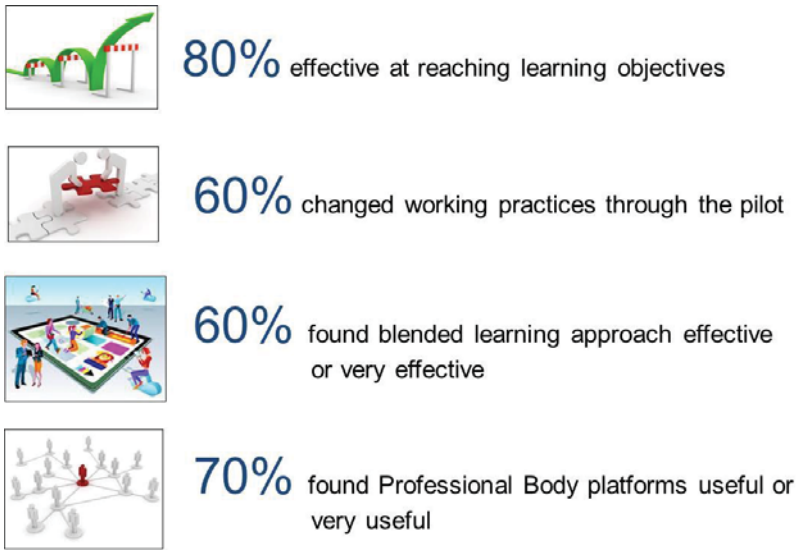


Image 4: Phase#1 Major Outcomes

Scotland Excel

To: Executive Sub Committee

On: 18 November 2016

Report
by
Director Scotland Excel

Update on the development of a small value procurement service

1. Introduction

This report provides an update proposal regarding the value that Scotland Excel can deliver to its members through the introduction of a *small value procurement service*. The proposal, if approved, would be implemented in fiscal 2017/18 and run for four years (the life of the proposed contract).

2. Background

At its Joint Committee on June 2016, members called for further investment in and wider recognition of the value of Scotland Excel. Whilst this is welcomed by the organisation, it is also vital to operate an efficient organisation that continually seeks ways to deliver further customer value.

Previously, as part of a review of funding operations in 2015, Scotland Excel considered the use of procurement rebates as a possible funding mechanism. In 2016-17 members achieved approximately £1.4m in procurement rebates. After discussion with stakeholders, it was felt that **existing** rebates currently received by members should be left untouched. Subsequent to this agreement, Scotland Excel has recently implemented a framework for groceries with a **new** rebate attached, and this proposal seeks to utilise this new rebate, not currently utilised by members, to fund a new service based around low value procurement opportunities.

The initial proposal sought to return cash to members to provide a degree of requisition mitigation. However, extensive consultation resulted in a request for a value proposition rather than a cash return.

As previously discussed, Scotland Excel has selected this contract for a number of reasons including timing, stability, predictability and availability of data. Appendix 1 shows the indicative source of rebates by council based on historical spend patterns
.

3. Operating Model

Subject to approval, it is anticipated that the delivery team will mobilise from April 2017, and be active for the period of the relevant framework agreement of 4 years.

The contracts to be included in the delivery plan will be subject to agreement with local authority procurement teams and service users, and participation levels will drive contract inclusion. Given that contract delivery and mobilisation is likely to follow within 3 – 4 months of the team formation, it is likely that the detailed delivery schedule will be developed in the period January to March 2017.

Initial analysis based on various cumulative spend ranges would suggest that there are a number of contract areas that would be suitable for inclusion, a summary of which can be found in table 1.

Spend Range (£000k)	No. of contracts	Estimated value (£000k)
500 – 1000	x5	4,200
1000 - 1500	x3	3,400
1500 - 2000	x3	5,200

Table 1 : Contract range example

4. Benefits Assessment

Scotland Excel believe there are a number of benefits to members should this proposal be approved. The benefits are across three areas; cost avoidance, resources and contractual savings.

Cost Avoidance

The benefits of collaborative procurement are well rehearsed. Scottish Government estimate that each public procurement exercise costs on average £12k to complete. Using the example provided in table 1, this would represent cost avoidance as follows in year 1:-

Average no. of councils participating in the sample contracts areas: 26

Assuming that there is some collaborative activity currently in place, then assume that there are on average 5 procurement exercises taking place, per contract area (of which there are 11), per annum.

Cost avoidance: 5 x 11 x £12k = £660k

Resources

Procurement teams across members, although currently under significant resource pressure, continue to deliver significant value. Recruitment of resources also continues to be a challenge. This proposal will help alleviate these challenges to a degree. Additionally it would be Scotland Excels intention to look to use this new area to develop staff and potentially afford an opportunity for a new modern apprenticeship and therefore encourage new talent into the procurement community.

Savings

Scotland Excel anticipates that based on a collaborative and more focused approach to these procurement exercises that financial savings should be sought. Savings delivered to date, excluding social care contracts, have averaged 5.5%. On this basis, again based on the examples in table 1, the forecast savings based on spend of £12.8m would be £704k, which is in line with the Scotland excel forecast return of c.£5 for every £1 invested.

5. Recommendations

Members are requested to note the contents of this report, and endorse the introduction of the small value contracts team.

Appendix 1 : Rebate Values

STANDARD REBATE	
Council	Rebate Value
Aberdeen City Council	£6,638
Aberdeenshire Council	£11,968
Angus Council	
Argyll & Bute Council	£3,580
City of Edinburgh Council	£5,889
Clackmannanshire Council	£1,370
Comhairle nan Eilean Siar	£1,348
Dumfries & Galloway Council	£3,806
Dundee City Council	
East Ayrshire Council	£3,304
East Dunbartonshire Council	£3,383
East Lothian Council	£2,146
East Renfrewshire Council	£2,472
Falkirk Council	£5,239
Fife Council	
Glasgow City	
Highland Council	£8,800
Inverclyde Council	£2,966
Midlothian Council	£2,524
North Ayrshire Council	£4,709
North Lanarkshire Council	£12,687
Orkney Islands	
Perth & Kinross Council	£264
Renfrewshire Council	£5,795
Scottish Borders Council	£4,371
Shetland Islands	
South Ayrshire Council	£2,200
South Lanarkshire Council	£10,745
Stirling Council	
The Moray Council	£2,596
West Dunbartonshire Council	£3,468
West Lothian Council	£8,190
Tayside Contracts	£14,792
	£135,253

Scotland Excel

To: Executive Sub Committee

On: 18 November 2016

Report
by
Director Scotland Excel

Care Home Funding

1 Purpose

To update the Executive Sub Committee on Scotland Excel's care home services for older people activity, as well as our role in the wider reform of adult social care, and to seek support from the Executive Sub Committee for ongoing funding to be made available to continue with this critical service activity.

2 Recommendations

Members of the Scotland Excel Executive Sub Committee are invited to:

- note the progress made in developing and implementing a procurement and contract management service for care home services for older people;
- note the prominent role Scotland Excel is undertaking in preparation for the National Care Home Contract (NCHC) fee negotiations for 2017/ 2018;
- note the support Scotland Excel has provided to the wider adult social care reform agenda; and
- support a proposal for local authorities to continue to fund our work in these areas for the next three years.

3 Introduction and Background

In Scotland, care home provision is delivered by more than 300 providers across almost 900 care homes. Local authorities across Scotland spend approximately £450m annually in contracted out care.

Local authorities already undertake robust contract monitoring activity linked to their statutory adult protection and care management duties for some of the most vulnerable people in our communities. However more than 50% of local authority expenditure is

with 20 providers, many of which operate across Scotland and the rest of the United Kingdom.

Given the cross council presence of these 20 providers and the prevalence of ever more complex business and financial structures, 24 local authorities agreed to provide specific project funding to Scotland Excel until March 2017 to facilitate a range of services that would provide sustainable support for local strategic commissioning of care home services for older people (refer Appendix 1). Since then Scotland Excel has taken forward the work under four work streams:

- market intelligence;
- financial risk;
- cost of care; and
- procurement strategy.

There has been good progress across all work streams. During 2016:

- all participating local authorities have received a local market intelligence report tailored to their partnership area;
- Scotland Excel has worked with two sector wide groups to take forward our work across financial risk and cost of care;
- Scotland Excel has undertaken market research and engaged with commissioners on their views on a range of procurement and contracting matters; and
- Scotland Excel has maintained regular dialogue with local authority lead officers, COSLA, SLGP, health and social care Chief Officers, providers, statutory bodies and other key stakeholders.

In addition to its core role, Scotland Excel is providing ‘in kind’ support to the current adult social care reform activity being led by COSLA.

4 Market Intelligence

Scotland Excel has completed the first issue of market intelligence reports to all participating local authorities. The reports include a standard performance dashboard, which sets out key data such as occupancy, provider concentration, service quality and expenditure.

Local authorities have recently been surveyed on the style, structure and content of the first set of reports. A significant majority of local authority leads confirmed that the reports will support local strategic commissioning and the development of market facilitation plans. Some local authorities however requested that future reports place a greater emphasis on financial risks. Scotland Excel is currently preparing some pilot sample reporting to respond to this specific feedback, with a proposal for improvements to be presented to the next local authority lead officers meeting.

In addition to local reporting, a national market intelligence report on older peoples' care homes has been produced, bringing together information gathered for individual local authority reports and contrasting this with Scottish level information from national data sources such as the Care Inspectorate, ISD Census of Care Homes and Spikes Cavell expenditure figures. This national report will support the wider adult social reform agenda, as well as better enable local authorities and health and social care partnerships to contrast their local position with Scotland as a whole.

As a first tranche of local and national reporting, a solid foundation of intelligence is now available for local authorities/ health and social care partnerships. The market intelligence reports however will need regular updating to remain relevant.

5 Financial Risk

In 2014, the Task Force for the Future of Residential Care[1] recommended that *"a compulsory risk register should be devised…to provide an early warning system for care providers experiencing challenges to the continuity of care – and an associated ladder of intervention for public authorities to co-produce solutions for exit or redesign of struggling services."*

In response to the continued gap in this area, Scotland Excel has been exploring the potential for a voluntary information sharing scheme with providers. Two sessions have been held with Scottish Care and eight of the top 20 providers in Scotland (in terms of local authority expenditure) to take forward the recommendation from the Task Force for improved financial risk monitoring. The objective of this work stream is to develop a system to reduce the potential for and impact from provider failure. Establishing such a system however is a sensitive matter, with the market concerned about potential for any information to unintentionally undermine the sustainability of the overall sector or a specific provider.

The Task Force suggested the following risk indicators should be considered:

- Financial health (credit rating)
- Organisational structure
- Market concentration
- Quality (Care Inspectorate grades)
- Stability of care home management
- Use of agency staff
- Occupancy
- Profitability

Feedback from Scottish Care however is that they are keen to ensure that any system considers the impact that commissioner activity can have on financial risk.

In response to the meetings held to date, it has been agreed that two pilots be used to test the potential for an enhanced financial risk monitoring system. Meetings have been

[1] http://www.gov.scot/resource/0044/00444594.pdf 2014

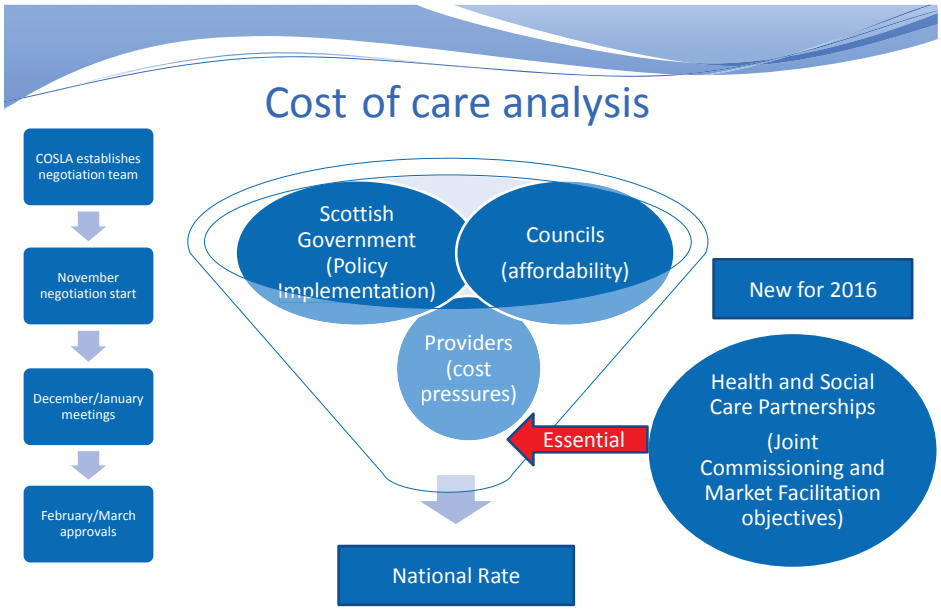
held with the Chief Officers of Aberdeen City and Angus health and social care partnerships to scope these pilots prior to wider consultation on an information sharing model with all participating partnerships.

Building on Scotland Excel's leadership in this area, the Care Inspectorate is now exploring how they can contribute to more enhanced monitoring of providers. This work is likely to take some time to become embedded. In the meantime, Scotland Excel will continue to work with providers and deliver more information to local authorities.

6 Cost of Care

Scotland has long benefitted from the setting of a national rate in terms of consistency of the cost of care to people accessing care homes wherever they live in Scotland. The undernoted negotiation mechanism however for delivering the national rate has not changed since 2008:

Diagram – Fee setting negotiations since 2008



With the establishment of health and social care partnerships and the requirement for joint strategic commissioning plans, it is timely to review and strengthen how we approach the fee setting process.

Scotland Excel has made substantive progress in exploring the potential use of a cost of care calculator. A calculator underpins fee negotiations by providing a tool to more forensically examine care home costs, while at the same time allowing for more effective scenario planning in response to potential policy decisions, for example to implementation of the Scottish Living Wage.

The importance and relevance of this work has been recognised by all stakeholders including Chief Officers, COSLA, SLGP and providers. A Cost of Care Sub Group chaired by Scotland Excel has guided the work to date and brings together stakeholders including the Scottish Government, Scottish Care, Care Inspectorate, Heath Improvement Scotland and COSLA.

Scotland Excel has researched existing calculators and identified the following key elements, as well as sub elements and benchmark options:

- Staffing
- Buildings
- Other costs (e.g. supplies and services)
- Providers return, corporate overheads, management costs
- Occupancy
- Inflation

This work is being undertaken in partnership with providers.

During November 2016 – January 2017, Scotland Excel will provide COSLA and the fee negotiation team with detailed background papers and negotiation advice, as well as strong leadership in the assessment and selection of options for each cost element.

Health and Social Care Partnerships have already been surveyed on the desired balance between national benchmarking of costs and the applicability of local variation to take account of specific local market circumstances including occupancy, capital costs in terms of land and buildings and workforce issues such as staff recruitment difficulties. There is a clear desire for a continued national approach, with support also expressed for a limited and phased approach to potential local variation in areas such as occupancy and staffing levels.

While the calculator has gone some way to provide a tool to understand costs in the sector, there is a need for further benchmarking of costs over the medium term. COSLA has described the reform of the NCHC as a once in a decade opportunity to improve the commissioning and procurement of care home provision. It is absolutely crucial therefore that appropriate time, effort and engagement is afforded to getting the components right. If funding is agreed for the next three years, Scotland Excel will gather and benchmark much more cost information and explore with partners the options and opportunities for future variation of rates at a local level.

7 Procurement Strategy

In the procurement of care home services, local authorities have always taken their lead from legislation and guidance, principally to support peoples' choice of care home[2]. While some local authorities have commissioned care home services for very specific

[2] Social Work (Scotland) Act 1968 (Choices of Accommodation) Direction 1993

purposes e.g. early supported discharge from hospital or respite services, in general the number and location of care homes in Scotland has been led by market decisions.

The Task Force for the Future of Residential Care made several recommendations on future commissioning of services, including *"partnerships should explore new procurement methodologies to offer control over quality and capacity, e.g. by selecting "preferred providers" through a tender process, while ensuring developments are consistent with choice directives"*. Since 2014 however there has been little exploration of new procurement methodologies with only a few local authorities tendering for additional services outwith the national rate.

In line with initial scoping documents, Scotland Excel is finalising a draft procurement strategy that explores potential procurement and non procurement options for the future sourcing of care home services. The strategy has been informed by the market intelligence reporting already produced by Scotland Excel as part of the overall service offering, as well as Scottish wide research and publications from agencies such as Audit Scotland, Information Services Division and Care Inspectorate.

Participating local authorities have been surveyed and a local authority leads forum confirmed the most significant commercial and quality considerations that local authorities would like incorporated into a future contracting model. There is however no consensus on which procurement option is preferred to source future services. It is recognised however that whatever recommendation is taken forward, it will need to offer the continued benefits of a national approach, whilst providing flexibility to embrace local circumstance and the published objectives of local strategic commissioning and market facilitation plans. Any sourcing solution will also need to take into account learnings from past procurement approaches for care home services across the United Kingdom.

The finalised procurement strategy will need to deliver on the following objectives:

- Meet the Task Force recommendation to deliver a new procurement approach;
- Meet provider and commissioner aspirations to operate to a national contract, while offering the flexibility of local variation;
- Meet the Delivering Change in Adult Social Care Partners Group (refer section 9 and Appendix 2) requirement for a new national negotiation and contracting arrangement;
- Ensure that national negotiations on price are supported by national contract intelligence on both performance and commercial considerations;
- Ensure that the price paid for services sustains the market to afford people choice of care homes but remains affordable for local government;
- Deliver community benefits; and
- Share the burden of monitoring such a significant market sector.

A consultation process for the draft procurement strategy will be agreed shortly with key stakeholders. As we move into this next phase, a national approach which includes all 32 Scottish local authorities will offer the best chance of success to procure services more effectively and efficiently.

8 NCHC Fee Negotiations 2017/ 2018

Scotland Excel is part of the COSLA negotiation team for the 2017/ 2018 fee negotiations and has provided the negotiation strategy, national market intelligence report and cost of care discussion paper. These papers together with the cost of care calculator tool provides a level of support not previously available.

It is anticipated that Scotland Excel will be required to provide a central role in fee negotiations. There will continue to be a requirement to undertake further benchmarking of actual costs and to provide further intelligence to any future negotiation team.

9 Reform of Adult Social Care

COSLA is currently working with partners on an ambitious agenda that is seeking to reform adult social care. This activity reports through to the Ministerial Strategic Group chaired by the Cabinet Secretary for Health. Scotland Excel is an integral part of this work through its participation on a range of governance groups including the Delivering Change in Adult Social Care Partners Group, Reform of the NCHC Virtual Technical Expert Group, Cost of Care Sub Group, Nursing Sub Group and Standards, Quality and Improvement Sub Group (refer Appendix 2).

In terms of care home services for older people, the Delivering Change in Adult Social Care Partners Group has concluded that there should continue to be a national approach, but with greater sensitivity to local priorities.

If resourcing can be made available, Scotland Excel will be able to continue to support this broader reform activity, including looking at new procurement approaches and the provision of market intelligence, cost breakdowns and contract terms that support flexibility and innovation.

9 Ongoing Funding

The work funded to date has enabled the delivery of bespoke market intelligence, supported the development and delivery of a cost of care calculator, opened up a dialogue on information sharing and risk management between local authorities and large providers across Scotland, as well as the development of a national procurement strategy for imminent consultation.

There is a requirement to continue to support the cost of care calculator, establish a different approach to fee negotiations and contracting and take forward revisions to the National Care Home Contract. Future work however will require continued resourcing beyond commitments made by local authorities to March 2017. Scotland Excel is currently finalising a funding proposal that will ensure the foundations put in place can be successfully built on over the next three years. Appendix 3 details the potential deliverables during this period.

8 Recommendation

The Scotland Excel Executive Sub Committee is asked to note the work undertaken to date and comment on Scotland Excel's plans to seek three year funding from local authorities to continue with the work outlined in this paper.

Appendix 1- Local Authorities Funding Current Activity to March 2017

Aberdeen City
Aberdeenshire
Angus
Argyll & Bute
Clackmannanshire
Dumfries & Galloway
Dundee City
East Ayrshire
East Lothian
East Renfrewshire
Falkirk
Glasgow
Inverclyde
Midlothian
Moray
North Ayrshire
Perth & Kinross
Renfrewshire
Scottish Borders
South Ayrshire
South Lanarkshire
Stirling
West Lothian
Western Isles

Appendix 2 – Governance Arrangements for the Reform of Adult Social Care

Ministerial Strategic Group	
The MSG is chaired by the Cabinet Secretary for Health with appropriate support provided by Scottish Government Ministerial team. Other members include the COSLA President, Vice President, Spokesperson and Executive Group member, NHS Boards, NHS Chief Executives, HIS, Scottish Care, SCVO, and SWS	Political consideration and oversight of the NCHC reform process. Final proposals for change agreed by COSLA leaders

Delivering Change in Adult Social Care Partners Group[3]	
COSLA (Chair), reps from IJBs, Scottish Care, CCPS, SWS, SG leads, Care Inspectorate and Scotland Excel	Agree new framework for commissioning publically funded residential care places and endorse fit for purpose model of commissioning

Reform of the NCHC Virtual Technical Expert Group	
COSLA (Chair), ISD Scotland, HIS, Scotland Excel, SWS, Scottish Care, SG leads	Develop options and thereafter produce a fit for the future flexible framework for commissioning publically funded residential care places

Cost of Care Sub-Group		**Nursing Sub-Group**		**Standards, Quality & Improvement Sub-Group**	
Scotland Excel (Chair), COSLA, Scottish Care, SWS, Care Inspectorate, ISD Scotland, LA finance reps, SG leads	Explore the development of a care cost calculator in relation to care homes for older people	COSLA, SG leads, Scottish Care, Scotland Excel, Care Inspectorate, Chief Nursing Officer, Royal College of Nursing, NHS, Colleges and Universities	Explore how nursing is currently used in relation to care homes for older people and how to better support new flexible approaches to care	Scottish Care (Chair), COSLA, Care Inspectorate, RCN, SSSC, Scotland Excel, SG Leads, ISD Scotland, Healthcare Improvement Scotland	Explore the changes possible in contracting arrangements and the wider regulation landscape to better support new flexible approaches to care

[3] The Delivering Change Group also has responsibility for considering the findings of a related project looking at home care provision and there are strong links between the two projects, most notably in relation to workforce and funding matters.

Appendix 3 – Expected Deliverables 2017/ 2020

	By March 2018	By March 2019	By March 2020
Market Intelligence			
Issue two partnership specific reports	◆	◆	◆
Issue annual national report	◆	◆	◆
Financial Risk			
Agree financial risk monitoring process	◆		
Issue agreed reporting to councils		◆	
Review reporting with providers and councils/ partnerships/ statutory bodies			◆
Cost of Care			
Refine the cost of care calculator in response to greater understanding of capital costs and provider return	◆		
Refine the cost of care calculator to support assessment of dependency	◆		
Consider application of care cost calculator in other social care settings		◆	
Refine the cost of care calculator to support national and local approaches		◆	
Procurement Strategy/ Contract Terms			
Implement procurement approach	◆		
Distribute management information	◆	◆	◆
Review financial incentives in contract	◆		
Consider how personalisation can be delivered within contract arrangements	◆		

Scotland Excel

To: Executive Sub Committee

On: 18 November 2016

Report
by
Director Scotland Excel

Proposal to develop a partnership model with Crown Commercial Services

1 Introduction

The purpose of this report is to provide Members with the opportunity to review the proposal that Scotland Excel enter into a Partnership Agreement with Crown Commercial Services for the provision of cars and light commercial vehicles. Subject to endorsement by the Executive Sub Committee, it is intended that this proposal will be presented for approval of the Joint Committee at the meeting scheduled for 9th December.

2 Summary

The current Scotland Excel framework agreement for cars and light commercial vehicles expires in May 2017. As part of a strategic category review, the organisation has, for some time, considered various delivery models to meet the demands of councils. Given that the majority of vehicle types procured through this type of framework are in essence standard vehicle models available directly from the UK vehicles market, there is ample evidence to support that Scotland Excel and our stakeholders gain little strategic or economic value by conducting a further independent procurement exercise, rather than collaborating with another public sector body.

A review of viable alternatives has concluded that the current arrangement developed by Crown Commercial Services (CCS), an executive agency sponsored by H.M Government Cabinet Office, represents an opportunity for Scottish local authorities to benefit from the economies of scale offered by a national contract. Additional benefits include that the reduction in the resource requirement within Scotland Excel to develop a replacement contract will support the pursuit of additional contract activity for member councils.

Consultation has taken place via the User Intelligence Group for fleet, from which the proposal received unanimous support.

3 Conclusion

Executive Committee members are requested to note the content of the attached proposal, and endorse the submission for approval at the Joint Committee.

Proposal

Partnership with Crown Commercial Service for the procurement of cars and light commercial vehicles.

Prepared by:

Hugh Carr, Head of Strategic Procurement, Scotland Excel

Prepared for:

Julie Welsh, Director, Scotland Excel

26 October 2016

Purpose

This paper provides a proposal to work collaboratively with Crown Commercial Service as a partner in the adoption of their light vehicle procurement framework to replace the current Scotland Excel 0612 Cars & Light Commercial Vehicles framework for the purchase of cars and light commercial vehicles upon its expiry on 31 May 2017.

Background

Scotland Excel has had several generations of frameworks for light and commercial vehicles over the last number of years and the current framework with an annual forecasted value of £25m has been in place since 2013. It was advertised as a 3 year contract with an option to extend for a further year from June 2016. The option to extend for a year was approved by the Director of Scotland Excel and no further extension is available beyond 31 May 2017.

As the councils have an ongoing requirement to procure light vehicles beyond May 2017, there are 2 basic viable procurement options open to Scotland Excel:

1. Scotland Excel conduct a vehicles procurement exercise independently, or,
2. Scotland Excel work collaboratively with a public sector procurement partner of choice, i.e. Crown Commercial Services.

As the majority of vehicle types procured through this type of framework are in essence standard 'off the shelf' vehicle models available directly from the UK vehicles market, there is ample evidence to support that Scotland Excel and our stakeholders gain little advantage economically, strategically or in terms of increasing council efficiencies by conducting a further Scotland Excel procurement exercise of their own where an effective alternative public sector route to market already is in existence.

This proposal for a partnership approach with Crown Commercial Services was unanimously agreed in principal at a User Intelligence Group meeting held on the 12th September.

It is this partnership approach that is being proposed within this report.

Strategic context

Effective and efficient fleet procurement can enable Local Government to meet customer demands, reduce costs and address Public Sector Reform, by providing, better public services, better customer experiences and opportunities for collaboration to encourage a shared best practice.

Crown Commercial Service (CCS) is an executive agency, sponsored by H.M. Government Cabinet Office. It brings together policy, advice and direct buying; providing commercial services to the public sector and saving money for the taxpayer.

By working in partnership with Crown Commercial Service with Scotland Excel directly contract managing the framework, more effective and efficient fleet procurement can be leveraged for Scottish Councils.

Benefits assessment

The proposal to partner with Crown Commercial Service will seek to deliver tangible and measurable benefits including:

- Providing a collaborative opportunity to be a key player within the UK's single largest light vehicles procurement exercise.
- Adoption of such a large value framework buying vehicles directly from manufacturers will maximise savings and maximise market attractiveness.
- Leverage on a significantly larger single UK vehicle procurement demand.
- Potential immediate savings from accessing an existing national collaborative framework, and identification of further savings potential through any additional future collaboration.
- Reduce duplication, reduce public sector costs whilst maximising savings.
- Pooling of talent resources and sharing procurement and fleet expertise on best practice.
- Increased opportunity for shaping the UK fleet market and having greater supplier influence.
- Help facilitate Scotland Excel pursuing additional strategically important areas of council procurement, for example, additional construction contract activity.

This proposed collaborative procurement model with Crown Commercial Services has the potential to return significant efficiency savings to both Scotland Excel and the Scottish local authorities in a wider context. For example, if through the greater purchasing power of a large and demonstrably successful framework a modest saving on vehicles of even 1% is achieved, this would result in an annual monetary saving of £250,000. In addition, Crown Commercial Services currently generate additional income via a supplier levy system, for this contract this represents 0.5% of turnover. Discussions are ongoing regarding the allocation of any sum generated between Crown Commercial Services, Scotland Excel and member councils. Additional savings are likely to result from the reduction in administration effort, due to the avoidance of duplication and process costs.

Through the adoption of an alternative framework, best value for Scotland Excel's stakeholders can be maintained and potentially improved upon and scarce and finite manpower resources within Scotland Excel may be maximised in other more strategically important areas of procurement.

Timescales

High level timescales for delivering this collaborative project are:

- Completion of Memorandum of Understanding between Scotland Excel and Crown Commercial Services – November 2016
- Formally inform the incumbent Scotland Excel framework suppliers of the intention to not tender under our own name
- Formally inform wider supply base (Communicated via Public Contracts Scotland)
- Formalise full transition plan, website development requirements, management information (M.I.) and contract management responsibilities with Councils and Crown Commercial Service
- Complete full end user training on CCS vehicle website functionality, vehicle ordering processes and framework familiarisation
- Full transition to be completed by 31st May 2017

Risks

An initial assessment of the project risks has indicated that there may be some limited incumbent supplier disappointment with Scotland Excel not conducting their own procurement

exercise. The current Scotland Excel framework has a limited number of Scottish based vehicle dealerships directly contracted, whereas the CCS framework contracts directly with the vehicle manufacturers themselves whereby local vehicle dealerships are appointed on their behalf to simply PDI (Pre-delivery inspection) and deliver the vehicle to the end customer. This may remove a level of commercial attractiveness to the local supplier as their opportunity to determine their own commercial terms are diminished.

This issue can be mitigated by informing the marketplace at the earliest appropriate opportunity of the decision not to renew the Scotland Excel framework.

The other main risk is in effectively resolving any future contract management issues where issues may be disputed at either being at a local level (at dealership) or at the manufacturer level. It should be recognised that this is not purely reserved when partnering with another organisation to utilise another organisation's procurement framework and this issue can exist currently under Scotland Excel's own agreement. It can be mitigated by the ongoing close liaison between Scotland Excel and Crown Commercial Service's customer account team.

Next steps

Scotland Excel will agree a full project plan with the Fleet User Intelligence Group and Crown Commercial Services by holding a UIG early in 2017, including agreement on estimated future framework expenditure, end user training timescales/requirements and overall framework service level/contract management agreements.

Quarterly reporting will be provided to monitor progress.

Proposal

Affordable Housing Procurement

Prepared by:

Julie Welsh, Director, Scotland Excel

Prepared for:

Ainslie McLaughlin, Director of Procurement and Commercial, Scottish Government

30 September 2016

Purpose

This paper provides a proposal for the role Scotland Excel could play in delivering the Scottish Government's aspirations within the Affordable Housing Supply Programme (AHSP). It seeks funding of £412k for a two year pilot programme to develop capability, implement policy and identify financial savings.

Background

In 2011, the Scottish Government produced its report on *Procurement in the Affordable Housing Sector*. The report undertook an extensive analysis of the sector and made a number of observations and recommendations.

Potential savings estimated at between £26 million and £42 million per annum were identified for non-development expenditure. One of the key recommendations from this report was that "*there should be a central procurement service for the affordable housing sector*".

The report suggested Scotland Excel as a preferred option for this. As the Centre of Procurement Expertise for local government, Scotland Excel has a proven track record of working with large and complex organisation with a local remit, as well as a growing portfolio of national construction frameworks.

Strategic context

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.

The Scottish Government, as part of the 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 need for investment

The 2011 report, and more recent work undertaken by Scotland Excel on behalf of the Scottish Government, has demonstrated that the affordable housing sector requires support to implement extensive legislative changes and adopt the Scottish Model of Procurement.

While Scotland Excel has the skills and experience to deliver this support, our funding model is focused on the delivery of procurement services to the local government sector. Therefore, investment in a two year pilot project is required to deliver the following activities to help the affordable housing sector to realise savings from collaboration and improve their procurement capability:

- 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.

Turner and Townsend's report states that savings "*will be difficult to achieve in the short term, and will need a concerted change management effort from key sector stakeholders*". Scotland Excel believes that this pilot project will support this change and enable significant savings and benefits to be realised within a few years. It will also explore the potential for more immediate savings through the use of existing national frameworks.

Benefits assessment

Due to the limited availability of spend information for this sector, it is difficult to quantify benefits at this stage. However, the proposal will seek to deliver tangible and measurable benefits including:

- An indication of the immediate savings potential that can be realised through the use of existing national collaborative frameworks, and identification of further savings potential through future collaboration.
- Formal assessment of procurement capability across the affordable housing sector using a Scottish Government recognised methodology.
- Advice and support to help the sector develop and implement procurement improvement plans which underpin savings and efficiency at a local level.
- Advice on using sustainable procurement practices to deliver wider community benefits such as jobs and apprenticeships, SME opportunities, and workforce matters such as payment of the Living Wage.
- Support to help the sector realise collaboration opportunities within their sector and across the wider public sector.
- Advice and support on policy and the opportunity to participate in relevant learning and development programmes offered by Scotland Excel.

Return on investment

In 2011, Turner and Townsend estimated that £530m of procurement expenditure could be influenced by improved improvement practices[1]. Even a modest 1% saving through the use of existing national frameworks could deliver **c. £5.3m cost savings** in the second year of the project against an **investment of £412K**.

[1] Now likely to be higher due to increased turnover and additional Scottish Government investment

In the longer term, collaborative procurement has the potential to return significant efficiency savings to the sector. For example, if half of Scotland's housing associations collaborated on a national procurement exercise, it could create **efficiencies of c. £1m**[2] by avoiding duplication.

Timescales

High level timescales for delivering the programme are:

Year 1	• Project initiation and resource recruitment • Complete an analysis of sector spend and savings potential • Deliver procurement capability assessments for 40 high spending housing associations
Year 2	• Develop and implement a communications programme to support the use of collaborative contracts across the sector • Develop and implement an advisory service to support the sector with their procurement improvement plans • Project close and funding model in place for further roll out of benefits

Risks

An initial assessment of the project risks has indicated that sector engagement is the primary risk that will be faced. Although work undertaken to date has achieved a positive reception from the community, wider engagement and adoption may be problematic. Scotland Excel is confident that, with the support of Scottish Government, this issue can be mitigated.

Next steps

Within three months of securing investment, Scotland Excel will agree a full project plan with the Scottish Government including expenditure, timescales and deliverables. In parallel with this, Scotland Excel will undertake a recruitment exercise to ensure a suitably qualified team is in place to resource the programme. Quarterly reporting will be provided to monitor progress.

[2] Based on the Scottish Government cost estimate of an average procurement exercise at £12k.

Proposal

Procurement of Social Care Services

Prepared by:

Julie Welsh, Director, Scotland Excel

Prepared for:

Ainslie McLaughlin, Director of Procurement and Commercial, Scottish Government

30 September 2016

Purpose

This paper sets out the business case for interim financial investment to expand Scotland Excel's social care procurement shared service. Funding of £350k over the next two years would allow Scotland Excel to deliver an ambitious work programme that will ensure procurement plays its part in supporting the Scottish Government's flagship reform of health and social care.

Background

Social care reform is becoming increasingly urgent, particularly with the demographic challenges that the nation faces from its rapidly ageing population.

> "*The growing number of people with complex health and social care needs, particularly frail older people, together with continuing tight finances, means that current models of care are unsustainable"*.
>
> **Audit Scotland**[1]

Scotland Excel has a proven track record of working with councils to deliver collaborative social care procurement frameworks which increase fee transparency, reduce duplication, provide enhanced monitoring of care providers, and support the delivery of social care and workforce policy outcomes.

Strategic context

Securing the value and financial sustainability of health and care services is embedded within in the Scottish Government's *2020 Vision for Health and Social Care*[2]. This proposal has been developed to respond to the current financial environment and rapidly changing legislative and policy landscape:

- The integration of health and social care is one of Scotland's most important programmes of reform since devolution of powers from Westminster. Robust market facilitation and procurement strategies establish the foundations for successful strategic commissioning plans which make the best use of resources.
- Statutory guidance to the Procurement Reform (Scotland) Act offers greater procurement flexibility while increasing the focus on the principles of equity, fairness and transparency. However, many procurement staff remain unfamiliar with the flexibility and obligations required by this new statutory guidance.

The need for investment

An opportunity exists to extend the benefits of collaborative procurement to two further key areas of social care expenditure. Further benefits can be secured through the development of tools which support social care placements and by enhancing the knowledge and efficiency of practitioners responsible for social care procurement.

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[1] Audit Scotland Changing Models of Health and Social Care published March 2016
[2] 2020 Vision for Health and Social Care

Scotland Excel has identified two areas of significant public sector expenditure that would benefit from a collaborative approach to developing and implementing procurement strategies:

- **Adult supported living** – An estimated c. £450 million per annum is spent on adult supported living. Preliminary research indicates that a relatively small number of providers dominate this market, with very limited visibility of how fees compare between individuals, providers and localities. A national framework could increase transparency on fees and outcomes delivered for service users.
- **Care at home** – An estimated c. £400 million per annum is spent on care at home services. A deeper insight into this market is required to explore the sustainability of current fee levels and the opportunity to standardise costs, support outcomes-based service delivery, and provide a centralised resource for monitoring the financial sustainability and workforce practices of providers.

While national frameworks increase efficiency by eliminating the need for local contracts, the process of contacting providers to find the right placement can be onerous. The efficiency and effectiveness of this process could be improved through funding the development of a **national vacancy tool** which supports real time information on placement vacancies across the independent and third sector.

The effectiveness of social care commissioning could also be enhanced through the consistent dissemination of procurement knowledge and best practice. Additional investment would allow Scotland Excel to respond to identified skill gaps by establishing a new **commissioning academy** to deliver learning programmes including:

- **Health and Social Care Integration** - Procurement can play a clear role in the overall success of strategic commissioning plans. Scotland Excel would research and establish a range of practical tools and templates for use by local partnerships.
- **Procurement of Care and Support Guidance** – Scotland Excel would develop a learning programme for contracts, commissioning and procurement staff to ensure knowledge of the new Scottish Government guidance is embedded across local authorities and related partners.
- **Self-directed Support** – Many procurement staff remain unaware of their potential role in relation to self-directed support. Scotland Excel would deliver a learning programme to help practitioners create a flexible and creative procurement environment which helps individuals to meet their personal outcomes.

To pursue all of the above opportunities, Scotland Excel would need to increase the size of its social care procurement team. As there is no scope for this within the organisation's current funding model, additional investment must be secured.

Benefits assessment

While further work is required to quantify benefits, based on our previous experience of similar projects, we believe that investing in the proposed programme has the potential to deliver the following benefits:

- An opportunity to make costs savings against the c. £850m expenditure on adult supported living and care at home services which can be used to reduce budgets or invest in better services and workforce improvements.
- Potential efficiency savings of c. £768k from the development of a single national framework in place of 32 local authority agreements[3].
- A national vacancy tool will improve the efficiency of practioners by significantly reducing time spent finding the right placement for individual service user needs.
- Creating transparency and consistency within the social care market through national procurement frameworks paves the way for commissioning strategies which deliver innovation and service improvements.
- Centralised monitoring of social care provider financial stability can support continuity of care for vulnerable service users through early intervention
- A collaborative approach can help to standardise terms and conditions for social care employees and support positive workforce practices such as payment of the Living Wage and avoidance of zero hours contracts.
- A national commissioning academy provides a trusted resource that enables practitioners to keep up-to-date with best practice, policy and legislation in a changing landscape.

Return on investment

Potential **efficiency saving of c. £768k** would provide an immediate return on an **investment of £350k** during the lifetime of the project. Following completion of the two national frameworks, even a modest **cost saving of 1% could return c. £8.5m per annum** to reinvest in service improvements or other areas of public expenditure.

Timescales

High level timescales for delivering the programme are:

Year 1	• Project initiation and resource recruitment • Develop procurement strategies for national adult supported living and care at home frameworks • Specify, source, configure and test a national vacancy tool for social care placements • Develop learning materials and initiate pilot courses offered within the commissioning academy
Year 2	• Develop and implement national frameworks for adult supported living and care home services • Launch and roll out a national vacancy tool for social care services to practitioners and providers • Complete commissioning academy pilot courses and roll out to practitioners across the public sector • Project close and funding secured for business-as usual activities

[3] Based on the Scottish Government cost estimate of an average procurement exercise at £12k.

Risks

Key dependencies and risks associated with the programme are:

- Securing provider engagement for a national procurement approach.
- Building relationships with new stakeholders within Integrated Joint Boards.
- Recruiting suitable qualified staff for the project team
- Securing ongoing funding for contract management and further development of the commissioning academy to respond to changing policy or skills requirements.

Scotland Excel has significant experience of resourcing similar projects and engaging with stakeholders across the social care sector. We are confident that any risks arising can be mitigated in partnership with the Scottish Government.

Next steps

Within three months of securing investment, Scotland Excel will agree a full project plan with the Scottish Government including expenditure, timescales and deliverables. In parallel with this, Scotland Excel will undertake a recruitment exercise to ensure a suitably qualified team is in place to resource the programme. Quarterly reporting will be provided to monitor progress.