

## Scotland Excel

**To: Chief Executive Officers Management Group**

**On: 18 November 2020**

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

### **Income Stream Update**

#### **1. Purpose**

- 1.1 This paper provides members with an update on the progress made on generating additional funding through a series of income generating projects.
- 1.2 The report provides a high-level update to facilitate further discussion and recommendations from the committee.

#### **2. Background**

- 2.1 The Revenue Estimates 2018-19 report presented at the Scotland Excel Joint Committee on 8th December 2017 and the Funding Model Review at the 29th June 2018 Joint Committee highlighted the challenging future financial landscape for local government, and the impact on Scotland Excel. At that point, prior to the world-wide pandemic, it was recognised that over the medium term, local government in Scotland is likely to face further contraction in available resources. In this context, Scotland Excel sought operational savings to manage its financial position flexibly to maintain the aim of minimising the level of requisition required, and also to develop value propositions for member authorities to ensure that best value is achieved.

A number of funding opportunities were also identified by Scotland Excel and approved by the Joint Committee. These were:

1. Consultancy Services
2. Learning and development
3. Associate Membership
4. New Build Housing
5. Rebates

Recognising the future impact of Covid 19, Scotland Excel has been working to minimize the financial impact on Scotland Excel whilst also supporting members. As a result, additional services have been added to the portfolio and promoted across the sector.

### **3. Planned Income Stream Updates**

#### **3.1 Consultancy Services**

Scotland Excel has delivered consultancy services for several years, but these have become much more significant over the past two years. We have delivered a range of successful projects and currently have a wide range of projects underway across councils, associates, arms-length organisations and other public bodies.

The June 2018 Joint Committee approved a surplus target of £70k for Consultancy Services in 2019/20. Based on the success of this offering, the target was subsequently raised to over £200k. Projects have been delivered across a number of councils and associate members.

Covid 19 had a minimal impact on projects but did have an impact on the project pipeline with Scotland Excel and potential members focussing on the pandemic.

Subsequent support from CEOMG members has raised the visibility of this service with other members and has had an immediate impact on project pipeline. Members are asked to continue supporting this important service.

#### **3.2 Learning & Development**

The Academy is Scotland Excel's award-winning learning and development service. It provides several blended learning programmes in partnership with industry leaders such as Chartered Institute of Procurement & Supply (CIPS), Chartered Management Institute (CMI) and Association of Project Management (APM). The Academy currently has 170 active learners engaged in accredited programmes and nearly 500 have participated in non-accredited one day development workshops.

Covid 19 had a significant initial impact with the Academy resulting in the need to switch from a high-quality face to face longer term learning experience to an online environment. Most existing programmes have continued but there has been a significant impact on new programmes. Planned income targets for The Academy were reduced in June and continue to be a challenge for the remainder of the current financial year.

Members of the CEOMG can support Scotland Excel by considering Scotland Excel when addressing their staff organisational development needs.

### 3.3 Associate Membership

Over the past two years, fee based associate member growth has mainly come from housing associations through visibility and participating in the Scottish Government Affordable Housing project known as the Procurement Commercial Improvement Programme (PCIP). The new associate member strategy continued to target the housing sector and a had a new focus on the third sector. A number of new non fee-paying associates have been added from council related organisations or the wider public sector.

As a result of Covid 19, Scotland Excel launched an emergency associate membership mechanism that provided immediate access to emergency related items. This resulted in over thirty new temporary memberships who pay no fee but do have restricted access. Work is underway to convert these to fee paying members.

Covid 19 has had a significant effect on membership growth.

### 3.4 New Build Housing

Following an extensive development period and a restricted procurement exercise, 19 contractors were awarded to this framework which commenced on 26th August 2019. The new framework comprises five lots for different project sizes and includes provisions which encourage sustainable and energy efficient housing, advertising of sub-contracting opportunities, delivery of community benefits and use of supported businesses and social enterprises. The New Build Residential Construction framework was targeted to deliver its first contribution of £93k in financial year 2020/21. This target was subsequently further reduced at the June 2020 Joint Committee.

Covid 19 has had a significant impact on the New Build income stream and it is now likely that it will have a negative impact on the current financial year. Scotland Excel is working to ensure this has no impact on core operating expenses. It is however anticipated that the initial annual estimates derived previously are still anticipated to be delivered but over a later time period.

Members of the CEOMG can support Scotland Excel by utilising the framework within their own organisations where appropriate and encouraging others to do so too.

### 3.5 Rebates

The use of volume rebates within appropriate contracts was approved at the June 2018 Joint Committee. As part of the internal contract governance process, the applicability of the inclusion of rebates is now standard practice.

It is unlikely that Covid 19 will have an impact on the current years budget but will have an impact in subsequent years.

#### **4. Future Income Stream Updates**

4.1 Scotland Excel has been working to identify additional services or funding streams to support financial sustainability. Guidance and support from the last CEOMG resulted in a number of presentations and a letter to all chief executives highlighting existing and new Scotland Excel Services. These new services included:

- Framework Efficiency review
- Care Contracts review
- Further Competition service
- Contract Audit
- Early Years services
- Community Wealth Building support

A number of meetings have now taken place and existing free services provided and new fee paying services proposed.

#### **5. Recommendations**

5.1 Members of the CEOMG are invited to note the contents of this report and continue to support Scotland Excel in its endeavours to achieve financial sustainability.