

Scotland Excel

To: Chief Executive Officers Management Group

On: 29 June 2021

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

Income Stream Review

1. Purpose

- 1.1 This paper provides the group with an update on the progress made on generating additional funding through a series of income generating projects.

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

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

This report provides information on the good progress made on these income stream areas.

3. Planned Income Stream Updates

3.1 Consultancy Services

Scotland Excel has delivered a range of successful projects and currently has a wide range of projects underway across councils, associate members, arms-length organisations and other public bodies.

The June 2018 Joint Committee approved a surplus target of £70k for Consultancy Services in 2019/20. This initial target has increased on more than one occasion since, and is now over £200k. This is a measure of success of this income stream.

Consultancy Services has expanded to encompass a number of new commercial services. Projects range from short-term to longer term programmes covering two years.

There is a growth in demand for Hosted Procurement services where Scotland Excel undertake a full procurement exercise on behalf of the customer. In addition to this, a more focused procurement agency service is being offered and developed further. A small team of dedicated resource is funded from these specific services and activity is tailored to meet the local and specific needs of the customer.

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 11 active accredited programmes running; three in procurement, four in leadership & management, three in project management and one in business analysis & innovation. The project management and business analysis & innovation programmes are addressing national skills shortages. A range of non-accredited one day workshops have been delivered and more are currently under development.

Building upon the success of the Stay Connected one-hour online workshops, video content has been created supporting self-directed online learning, currently nine videos are available on The Academy. Further online provision will be scoped to support a growing online learning provision

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. In addition, staff illness has had an

impact on programme delivery. This has resulted in a review of the strategic direction and contingency planning for The Academy.

Chief Executives can support Scotland Excel by considering Scotland Excel when addressing their staff organisational development needs.

3.3 Associate Membership

Associate Membership growth continues to be challenging. Eleven new associate members have been added since the December 2020 Joint Committee. These applications were from a wide range of organisations including housing associations, universities and government non departmental public bodies.

The Associate team continue to work on a number of potential areas for membership. A project is underway to target a top tier of third sector organisations to provide benefit to these important organisations as well as growing associate membership. A strategic partnership is also being considered with a third party member body.

Scotland Excel hosted a webinar to promote the new build construction framework to housing associations and every attendee will be contacted to discuss associate membership.

The team are currently developing a new procurement assessment offering to provide additional member benefit and to attract new members.

Retention and growth of associate membership remains a challenging area for income generation.

3.4 New Build Housing

The new build housing framework comprises five lots for different project sizes and includes provisions which encourage sustainable and energy efficient housing. Features of this include advertising of sub-contracting opportunities, delivery of community benefits and use of supported businesses and social enterprises.

Following delays of 9-12 months attributed to Covid-19, activity under this framework has increased significantly as the construction industry and our members have renewed their activity on new build housing projects. To date, 12 projects delivering over 500 homes to the value of £92m have been awarded under the framework which cover a wide range of affordable homes; these include fully accessible homes, sheltered housing units, flats, bungalows and houses including Passivhaus and Net Zero Homes. In addition, 15 projects are currently at tender stage, representing around c.£136 million in contract value and 750 homes. A further 16 projects are due

to be tendered by the end of the calendar year which will deliver over a thousand affordable homes valuing c.£160m.

Scotland Excel has been primarily focused on supporting members using the framework. This has included providing tailored online guidance sessions so that individual members maximise the benefits from the framework, providing ad-hoc support and guidance, and ensuring members can access and utilise the comprehensive online tools and template documents available to effectively manage procurement through this framework. In addition, meetings have been held with the framework contractors to discuss the Scotland Excel pipeline, their capacity for tendering and the effects of COVID and Brexit on their business and supply chain.

Chief Executives can support Scotland Excel by encouraging utilisation of the framework within their own organisations where appropriate and encouraging others to also do so.

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.

The pandemic had both a positive and negative impact on rebates across the Scotland Excel portfolio. Rebates derived from spend in areas such as groceries were negatively impacted whereas rebates associated with janitorial contracts was higher than anticipated.

Scotland Excel continues to develop its rebates strategy and has developed a robust internal process to develop and manage this important income stream.

4. **Future Strategy**

4.1 Scotland Excel continues to develop its Income Stream strategy, processes, and capabilities. As a growing and important aspect to the sustainability of the organisation, this is an important mechanism to mitigating larger requisition increases whilst also providing key member services.

A monthly internal review is undertaken, referred to as the Income Review Board, where income stream leads report to the Executive team on their performance against target. This meeting provides assurance that all steps are being taken for the current and future years targets.

Scotland Excel Income stream processes were recently reviewed by internal audit and a positive report received.

5. Recommendations

5.1 Chief Executives are invited to note the contents of this report and continue to support Scotland Excel in its endeavours to achieve financial sustainability by:

- Encouraging their organisations to make use of the New Build Housing framework.
- Encouraging use of existing services such as The Academy and consultancy services.
- Promoting Associate membership.
- Promoting additional services on offer from Scotland Excel.