

Notice of Meeting and Agenda Scotland Excel Chief Executive Officers Management Group

Date	Time	Venue
Wednesday, 18 August 2021	10:00	Remotely by MS Teams ,

KENNETH GRAHAM
Clerk

Membership

Angela Scott (Aberdeen City Council): Annemarie O'Donnell (City of Glasgow Council): Greg Colgan (Dundee City Council): Eddie Fraser (East Ayrshire Council): Cleland Sneddon (South Lanarkshire Council):

Sandra Black (Renfrewshire Council) - Chair

Further Information

If you require further information in relation to this meeting please call 0141 618 7111.

Items of business

Apologies

Apologies from members.

Conflicts of Interest

Members are asked to declare any conflicts of interest in any item(s) on the agenda.

- | | | |
|----------|--|----------------|
| 1 | Minute | 3 - 6 |
| | Minute of meeting of this group held on 29 June 2021. | |
| 2 | Chief Executive's Update Report | 7 - 26 |
| | Report by Chief Executive of Scotland Excel. | |
| 3 | Presentation: Proxima | 27 - 96 |
| | Information paper attached. | |
| 4 | Presentation: Scottish Enterprise | |
| 5 | Presentation: Intern Programme | |
| 6 | Date of Next Meeting | |
| | Note that the next meeting of this group will be held at 10.00 am on 10 November 2021. | |



Minute of Meeting Scotland Excel Chief Executive Officers Management Group

Date	Time	Venue
Tuesday, 29 June 2021	14:00	Remotely by MS Teams,

Present

Angela Scott (Aberdeen City Council); Annemarie O'Donnell (City of Glasgow Council); Greg Colgan (Dundee City Council), Eddie Fraser (East Ayrshire Council), Sandra Black, Chief Executive (Renfrewshire Council); and Cleland Sneddon, Chief Executive (South Lanarkshire Council).

Chair

Sandra Black, Chair, presided.

In Attendance

J Welsh, Director, H Carr Head of Strategic Procurement, S Brannagan, Head of Customer and Business Services (all Scotland Excel); and M Conaghan, Legal and Democratic Services Manager, E Gray and, A McNaughton, both Senior Committee Services Officer and K O'Neill, Assistant Democratic Services Officer (all Renfrewshire Council).

Conflicts of Interest

There were no conflicts of interest intimated prior to the commencement of the meeting.

1 **Minute**

There was submitted the Minute of the meeting of the Chief Executive Officers Management Group (CEOMG) held on 24 March 2021.

DECIDED: That the Minute be approved.

2 **Chief Executive's Update Report**

There was submitted a report by the Chief Executive of Scotland Excel providing an update on key developments within Scotland Excel since the meeting of the Group held on 24 March 2021.

The report provided information in relation to contingency planning; work in collaboration with the Digital Office; care services; the independent review of adult social care; the Scotland Excel Academy; new build housing; contracts approved since November 2020; projects with other local authorities and associate members; the Scotland Excel Hosted Procurement Team; the tender support being provided to Zero Waste Scotland and the Scottish Local Government Pension Scheme; participation in workstreams associated with the Procurement and Climate Change Forum; new associate members; the Scotland Excel Annual Conference; and the partnership with the Scottish Government to further develop community wealth building practices in local government.

DECIDED: That the report be noted.

3 **Chief Executive's Presentation**

J Welsh, Director of Scotland Excel, gave a presentation on key developments within Scotland Excel and the recent challenges which had been faced.

The presentation provided information in relation to workforce development; the blended working model being used and the future requirements for office space; improvements to income streams following the easing of Covid-19 restrictions; increases in procurement costs for construction and food sectors; social care procurement; and electric vehicle charging infrastructure.

DECIDED:

(a) That the report be noted; and

(b) That the recommendation that Councils use Scotland Excel's New House Building Framework be noted.

4 **Presentation: Care Update**

H Carr, Head of Strategic Procurement, gave a presentation in relation to social care.

The presentation provided information in relation to progress around the payment of the £500 award to social care staff; the Competition and Markets Authority's study on the lack of availability and increasing costs in children's social care provision; implications of the Feeley Review into adult social care; and the payment of the real living wage within the care sector.

DECIDED:

(a) That the presentation be noted; and

(b) That Scotland Excel would continue to engage with councils and key partners to consider future direction and draft a response to the adult social care consultation.

5 Income Stream Review

There was submitted a report by the Chief Executive of Scotland Excel providing an update on generating additional funding through a series of income generating projects.

The report provided information in relation to planned income streams, including consultancy services, the Scotland Excel academy, associate membership, the New Build Housing Framework and rebates; the continued development of the income stream strategy; the functions of the Income Review Board; and the results of a recent internal audit.

DECIDED:

(a) That the report be noted; and

(b) That Scotland Excel would be supported in its endeavours to achieve financial sustainability by (i) encouraging their organisations to make use of the New Build Housing Framework; (ii) encouraging the use of existing services such as The Academy and consultancy services; (iii) promoting associate membership; and promoting additional services on offer from Scotland Excel.

6 Presentation: Sector Skills Analysis

S Brannagan, Head of Customer and Business Services, gave a presentation on a sector skills analysis which had been carried out.

The presentation provided information in relation to capacity and capability within the procurement sector; the development of procurement professionals through the Procurement Development Framework; capacity of outside organisations and the use of an agency model; and options and directions for the future.

DECIDED:

(a) That the presentation be noted; and

(b) That a report be submitted to the next meeting to provide further detail on the options for improving procurement capacity within Local Government going forward.

7 Date of Next Meeting

DECIDED: That it be noted that the next meeting of the group would be held at 10.00 am on 18 August 2021.

Scotland Excel

To: Chief Executive Officers Management Group

On: 18 August 2021

Chief Executive's Update Report

1. Introduction

The purpose of this report is to provide the group with an update on key developments within Scotland Excel since the last meeting of the Chief Executive Officers Management Group on 29 June 2021.

2. Summary

Since the group last met there have been a number of developments:

2.1 Digital Update

Analysis of the data that has been collected through STAMP (Scotland's Technical Asset Management Platform) is ongoing. The output of this will be used to develop a pipeline of potential collaborative contract opportunities going forward. It is planned that a new UIG (User Intelligence Group) will meet by the end of September to review, prioritise and agree outline timescales to take this work forward. An early output of this is a current exercise looking at the potential to build a consolidated demand plan for Office 365 licences.

Initial UIG's have been held to begin to establish the scope and requirements for the Robotics Process Automation / Intelligent Automation (RPA/IA) project. Discussions to date would suggest that there is an appetite to support a collaborative opportunity. The procurement strategy is under development, although early challenges are likely to be around reaching agreement on final specification. Subject to satisfactory conclusion of issues identified so far, it is anticipated that a framework will be available from April/May 2022.

As previously discussed, work has been ongoing to establish a Dynamic Purchasing System (DPS) for Digital Telecare products. Recommendations for initial entrants to the DPS will be presented to the August Executive Sub Committee meeting. Following this, councils will be supported through the initial mini-competition exercises to ensure effective mobilisation.

2.3 Care Services

2.3.1 Children's Services and The Promise

Scotland Excel is liaising with colleagues in COSLA, Scottish Government and The Promise to consider the impact of the Promise and related policy on national contracts and Scotland Excel's work.

While significant changes are envisaged in relation to the secure care and children's residential sectors these is not anticipated to be agreed in the short term. It is likely that existing arrangements will be extended while longer term plans are agreed.

The social care team has committed to revisit previous work around commissioning options for secure care and provide an updated paper on this reflecting the latest occupancy statistics.

A mapping exercise on The Promise and residential sector requirements is underway with the aim of reflecting more straightforward requirements in any extension period agreed with providers. This amended contract would then continue to run while the more significant and transformational requirements are discussed and agreed.

The social care team is working with CCPS, directors of finance, SWS and provider representatives on the COSLA led working group on commissioning & procurement for family-based support. The group is scheduled to meet again in August to consider next steps.

2.3.2 Fostering

The new generation foster care services framework went live in July. Mobilisation activity will focus on pre-existing placements and working with local authority colleagues to support these to be transferred to the new framework. There is no automatic transfer of pre-existing placements therefore the new framework will only apply to placements made from July onwards unless placement transfer is agreed.

2.3.3 Independent Review of Adult Social Care

The Scottish Government's consultation on the national care service is due for publication on the 9 August; Scotland Excel will be carrying out a detailed review of this consultation and will produce a response. Consultation has not yet taken place with stakeholders out with Scottish Government in relation to the proposed national care service with the exception of the newly formed Social Covenant Steering Group. The steering group, chaired by Kevin Stewart, is comprised of individuals with day-to-day experience of social care and is tasked with developing a set of values and beliefs which will underpin the national care service.

Scotland Excel has made a number of attempts to engage with colleagues within the Scottish Government Adult Social Care Directorate regarding the future of national commissioning within adult social care; these have been unsuccessful. Feedback from the Director of Procurement & Property at the Scottish Government suggests

that a number of workstreams have been agreed to take this work forward and a team is being recruited for that purpose. We would hope that Scotland Excel has an opportunity to provide professional insight based on the long standing role we have played in delivery of this service.

2.3.4 National Care Home Contract

In order to support the significant development work required on the national care home contract, Scotland Excel has recruited for a category manager to lead in this area. A stakeholder mapping exercise is underway as is the development of a plan for the redevelopment work including proposed governance arrangements.

The development work will look at the recommendations from the Feeley report, learning from the pandemic as well as a number of other changes in best practice in the care home sector. The proposals will encompass working with a broader range of stakeholders including representatives of care home residents and trade unions.

2.3.5 Care & Support

Mobilisation activity is underway with new providers joining the care & support framework in April.

Discussions around a further re-opening exercise have been taking place to enable more providers to sign up to the national arrangement. A number of providers have been unable to participate to date, due to them not being able to meet the minimum Care Inspectorate grade requirements. Care Inspectorate are prioritising inspections for providers not inspected last year so the timing of any re-opening is being considered in relation to Care Inspectorate plans to ensure maximum participation.

2.3.6 £500 Project

The first phase of the project, involving payments being made to staff of registered providers, has largely been concluded. A recent survey confirmed that 97% of providers who have received the payment had passed this onto eligible staff, with a small number of providers still working to make payments (some issues relate to paying former staff as anticipated).

Payment adjustments are underway for providers requiring a further payment, which will be made to them via their nominated council, and for those requiring to return an overpayment, which will be returned to Scottish Government directly. A small number of providers which did not apply to the original process have also been provided with a payment as part of this exercise.

The personal assistants (PA) pathway was launched at the end of June and will remain open until the 25th August. Eligible PAs must apply directly either by completing the form on the online portal or by calling the helpline run by Self Directed Support (SDS) Scotland. Latest estimates suggest around 6,000 PAs are likely to be eligible. Validated applicants are being paid by Independent Living Fund (ILF) Scotland via a weekly pay run. As of 3 August circa. 2,400 payments have been made.

2.4 The Scotland Excel Academy

The Academy continues to support councils and public / third-sector organisations across our accredited and non-accredited programmes and workshops with 901 registered learners accessing content on our Moodle platform and 101 learners engaged in accredited programmes across 11 cohorts - comprising three in procurement, four in leadership & management, three in project management and one in business analysis & innovation, decision making and innovation.

A further 10 accredited programmes are planned to launch in fiscal year 2021/22 - comprising two in procurement, three in leadership & management, three in project management and two in business analysis & innovation, decision making and innovation.

Responding to our customers' needs, whilst building upon the success of the one-hour Stay Connected workshops, the Academy will launch a series of four-hour online Evolve workshops commencing September 2021.

The Academy is delivering a procurement development programme for East Lothian Council, developing a training programme to counter Serious Organised Crime in procurement for the Scottish Government and is developing a delegated procurement programme for Dumfries and Galloway council. We will also launch our first development programme for the NHS in August 2021, teaching a blended procurement and leadership programme for NHS Lothian and NHS Tayside.

Looking to the future, a strategic review will be undertaken considering the Proxima research report commissioned by the Scottish Government to ensure the Academy continues to evolve to meet our customer needs and our national needs.

2.5 Housing Update

Scotland Excel continues to work closely with housing associations across Scotland, promoting the benefits of membership, particularly the construction frameworks including new build housing. Housing associations (both members & non-members) have been keen to discover how the Scotland Excel consultancy, energy efficiency and new build frameworks can meet their future deliverables.

2.6 New Build Update

New Build Housing

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 £95m have been awarded which cover a wide range of affordable homes; these include fully accessible homes, sheltered housing units, flats, bungalows, houses and a care facility. In addition, there are 25 further projects due to be tendered by the end of the calendar year which will deliver over 1600 homes valuing c.£270m.

The framework includes a requirement for contractors to consider and maximise the use of local subcontractors. So far around £20m subcontracts have been awarded with all of these going to small or medium sized enterprises, and 60% (£12m) awarded to local subcontractors who are located within the council area of the development.

Our dedicated new build team have been working closely with our member to assist the build of sustainable homes as we move towards a net zero society. Homes are currently being built to Passivhaus, Net Zero and Gold standards. The framework is also being used to deliver other environmentally sustainable measures such as solar panels and heat pumps.

Scotland Excel has been primarily focused on support for members using the framework, particularly with the well documented supply constraints the construction industry is currently experiencing. 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. It is imperative that members provide as much notice as possible to contractors on upcoming developments; keeping Scotland Excel updated of any forecast changes.

Members can support Scotland Excel and the framework suppliers by encouraging utilisation of the framework within their own organisations and where appropriate and encouraging others to use it as a delivery mechanism.

2.7 Construction Materials Update

It has been widely reported that the construction materials supply chain has been subject to unprecedented disruption through a combination of the Coronavirus Pandemic and Brexit, with the recent delays to global supplies caused by the Suez Canal blockage also contributing. The Construction Leadership Council (CLC) continues to report shortages of construction materials and forecasts this disruption to continue for the foreseeable future.

Ongoing engagement with suppliers confirms that materials shortages, longer lead times and steep price increases will continue to impact the supply chain. This represents a significant risk to Scotland's construction-led recovery and the planning of a backlog of maintenance and repair programmes now permissible with the easing of restrictions.

Scotland Excel issued a report in June 2021 setting out recommended mitigating actions to be considered in response to the ongoing volatility. It also provided more information on the price variance process undertaken by Scotland Excel when assessing increase requests submitted by suppliers. An updated position will be issued to members during August 2021.

Scotland Excel manages four goods-based frameworks in the Refurbishment and Maintenance category, building and timber, plumbing, electrical and trades materials. To date, fluctuations in key raw materials of copper and timber have been the most influential for framework prices and are responsible for a c. 9.7-9.9% increase in schedule rates effective from April 2021.

Further to the impact of the Coronavirus Pandemic, the UK's exit from the EU has also impacted supply chain price inflation by way of extending lead times for materials due to non-tariff barriers. Brexit has also been a huge factor in timber supply shortage given that 90% of softwood used for construction comes from Europe. Recent reports highlight the situation to be worsening with industry bodies stating that there is unlikely to be an improvement in timber supplies this year with almost no timber coming into the UK that is not already pre-sold.

Whilst manufacturers are working hard to overturn this decrease in supply by increasing production to seven days a week and establishing new supply chains it appears the increasing costs and issues with supply are only set to continue. Over several generations of our construction materials frameworks, Scotland Excel has developed and maintains close working relationships with key suppliers from its portfolio. Informed by this ongoing engagement, set out below are a range of mitigating actions recommended in response to the ongoing market conditions.

- Demand Planning – engagement with local branches/local account managers to confirm planned maintenance and repair programmes over the coming months to plan stock levels and stockholding.
- Buying patterns and stockholding – review buying patterns to consider what additional stock can be stored for products likely to be impacted.
- Local Supply Chains – our frameworks suppliers range from local micro suppliers and large national merchants with local branch networks facilitating consideration of alternative sources of supply.
- Core Spend and Non-Core discounts – as core spend is subject to the price variance procedure and negotiation, unlike non-core lines, increasing core spend will mitigate increases experienced.
- Alternative materials/finishes – suppliers have encouraged members to be flexible where possible in the colour/finish of key lines which may be better value or have higher stock levels.
- Bespoke Benchmarking – Following the collection and upload of quarter four management information, Scotland Excel has run bespoke benchmarking for members, to inform purchasing options and best value available through the framework.

Scotland Excel will offer support, including data and market intelligence to support our customers as they implement measures. Members are asked to prioritise attendance at upcoming UIGs for the relevant frameworks to share experiences and forward planning which can in turn be used to inform ongoing strategic procurement activities.

Scotland Excel is also closely monitoring our indexation models, to inform negotiations with our supply base and monitor contract performance. This will facilitate dialogue with suppliers about price decreases when conditions stabilise.

Appendix 1 is a copy of a report which was provided to councils giving a detailed view of construction price increases.

2.8 Update on the Contract Plan and Contracts approved since June 2021

There are 72 current frameworks in the Scotland Excel contract portfolio, with thirty of these frameworks to be renewed before 31 December 2022. It is also planned that a further four new frameworks will be added to the contract portfolio by 31 December 2022.

A total of 15 of the frameworks on the current portfolio have extension options that are likely to be exercised in 2021/2022 with three of these extensions already approved.

The overall efficiencies across the whole portfolio year to date is 3.1% compared to the 2.5 % forecast range. This efficiencies figure will continue to be monitored throughout 2021/2022.

Four frameworks, as detailed in the previous CEOMG (Education Materials: Education and Office Furniture: Fostering and Continuing Care Services: Organic Waste) report) were approved at the June Executive Sub Committee. The next Executive Sub Committee Meeting is due to be held Friday 20 August.

2.9 Projects update

2.9.1 East Lothian Council

The East Lothian Improvement Programme is progressing steadily and is reviewed regularly by the council's, Procurement Improvement Panel. To date £1.2m of savings have been delivered with other substantial benefits in areas such as community benefits, local wealth building, sustainability; and an integrated purchase to pay review.

As the programme matures further, a key focus of activity will remain on digital transformation and on their end-to-end systems review.

In relation to the activities of the procurement team, further work is focusing on the greater skills development within the team.

2.9.2 East Renfrewshire Council

The East Renfrewshire Programme has now entered a third year building on the positive improvements already implemented and a clear strategic direction. Delivery of "Procurement Bitesize" training across the organisation is proving very popular and focussed work has been undertaken in ICT and Housing Services to recommend areas for improvement and savings. Work is currently underway to

develop a corporate approach to Contract and Supplier Management for the Council and User Acceptance Testing is currently underway for the delivery of a new online contracts registers which will support the wider organisation.

2.9.3 Tayside

In June 2021 Scotland Excel concluded a two-year programme of work with three Councils in Tayside. The councils involved in the programme were Angus, Dundee City and Perth and Kinross. The final contribution to the programme was attendance at the local Board meeting on 25 June to hand over a summary of all the approved actions arising from the programme.

The summary of recommendations has been developed into an Action Plan for delivery over the next 18 months to the end of 2022. This work has been designed to run concurrently with another group of activities arising from the programme. The Tests of Change projects approved by the Tayside Chief Executives have started and will look at the most effective and innovative ways of taking fleet management, facilities management, and roads maintenance into the future. These tests of change will reshape the specifications for future procurement work, taking account of economic recovery, net zero and shortening supply chain to support greater local resilience.

Scotland Excel and the teams working on the Tests of Change are continuing to engage, share information and support delivery where appropriate.

2.9.4 Stirling Council

Scotland Excel has been providing Stirling Council with a Head of Procurement since December 2020. During this time, a development plan has been put in place which focuses on management of the corporate procurement team and review of the function, the creation of a community wealth building strategy, and a review and implementation of a procurement savings strategy across the organisation.

Focus has been placed on community wealth building with Stirling Council now working with Scotland Excel on a dedicated project in this area. The project will look to understand current practice and build the strategy, policy, and action plan which will link to the Council's wider Economic Development Strategy.

2.9.5 Dumfries & Galloway Council

A programme of work within Dumfries and Galloway Council is in progress to support the organisations strategic procurement aims. The aim of the programme is to improve control and visibility of procurement spend by restricting delegations to services for a period to give time for a full improvement programme to be delivered. Scotland Excel is liaising with the Programme Lead on a number of key areas such as Training to develop procurement skills within the wider organisation, and Community Wealth Building including use of the Scottish Government Grow Local tool and review and analysis of Quick Quotes.

2.9.6 Early Learning & Childcare (ELC) provision for 1140 hours – setting the sustainable rate

Scotland Excel continues to support a number of councils to engage with their local early learning and childcare (ELC) providers as part of the national policy to expand childcare provision. Work is progressing with East Lothian Council to help them determine a sustainable hourly rate.

2.9.7 Hosted Procurement

There continues to be a growth in demand for Hosted Procurement services where Scotland Excel undertakes a full procurement exercise on behalf of the customer. Tendering exercises are progressing well with Dumfries & Galloway Council and Scotland Excel is providing short term procurement resource to University of Strathclyde under an agency model. The current tendering activity for Glasgow Life (an Arm's Length Organisation (ALEO) of Glasgow City Council) is complete and Scotland Excel is engaging with the Procurement Manager to support future delivery of procurement exercises.

2.9.8 City Property Glasgow (Investments) LLP

City Property Glasgow (Investments) LLP continues to engage with Scotland Excel as their 'Procurement Partner' with a number of tenders being prepared covering the waste streams from the Blochairn Food Market in the City.

The publishing of a tender for a General Waste recycling partner has been delayed until early August 2021 with focus being on the Terms & Conditions of the contract. Scoping work is underway for a Wood Waste tender via the Scotland Excel Recyclable and Residual Waste Framework. A mini-competition is being prepared for Estate Management Services using the forthcoming Crown Commercial Services (CCS) framework to support the sale of land in the Charing Cross area of Glasgow, formerly the site of Nye Bevan House which is currently owned by City Property Glasgow (Investments) LLP. The CCS framework goes live on 21st August 2021 and tendering activity will progress thereafter.

2.9.9 Zero Waste Scotland

Scotland Excel is providing Tender Support to Zero Waste Scotland for the provision of suitably qualified service providers to conduct waste composition analysis. The framework, Waste Composition Analysis Services, was approved at the Scotland Excel Executive Sub Committee meeting in May 2021. The framework is now live and mobilisation meetings took place with service providers in June 2021.

2.9.10 Scottish Local Government Pension Scheme

As previously reported, the Scheme Advisory Board (SAB) of the Scottish Local Government Pension Scheme met for the first time on 4th June. Project Purpose and Principles were agreed with Sub-Group, with these now to be agreed by SAB. Project Risk Register is in place with oversight by Project Sponsor and monitoring by Sub-Group.

Work has commenced to establish links with local authority CEOs, and Financial Directors, Authority Fund Managers etc. This resulted in initial meetings held with 7 of the 11 funds and relevant contacts for Pension Committee and Pension Board Chairs are now also being collated.

Other baseline work is setting out to establish communication channels/contacts across wider stakeholder/interest groups and with potential sources of research/information/evidence across the UK and internationally, including investigating UK/International case studies and research on pension structure trends, pooling and merger arrangements. This extends to contacting Investment Pool companies in England and other research to understand different models of delivery.

Proposal on undertaking current evidence baseline/gap analysis work submitted and discussed by Sub-Group on 22nd July. Further discussions on membership of the short-life focus group proposed for this work. This could lead to additional resources being necessary with a resultant impact on existing budgets and procurement process. The detail of this is currently being considered.

3.0 Climate Change

The [cross-sector Climate and Procurement Forum](#) has been established to provide leadership and direction and to mobilise the public sector's £12.6 billion procurement spend to support our climate change and circular economy obligations. (Programme for Government 2019-20 and 2020-21)_Over the past year, collectively this group has achieved the following outcomes :-

- Issued a Ministerial call to action letter to Chief Officers across the Public Sector, to maximise the positive impact procurement can have on addressing the Climate Emergency (March 2021);
- Developed Climate Literacy for Procurers eLearning, a unique, demand-led product that helps to encourage and assist public bodies in taking account of climate and circular economy in their procurement activity. Scotland Excel has made this mandatory training across the organisation.

3.1 General update

New Associate Members

There have been two new associate members since the last CEOMG:

Sportscotland

Loch Lomond & The Trossachs National Park

Community Wealth Building

Scotland Excel is working in partnership with Scottish Government to further develop Community Wealth Building (CWB) practices in local government. The programme is working with four councils; Stirling, Clackmannanshire, Dumfries and Galloway and Renfrewshire to emphasise the importance of the Scottish Model of procurement in supporting community wealth building aims.

Current activity includes arranging workshops with Elected Members to raise awareness of the topic of CWB and the power of public procurement as a key tool in delivering CWB, quick quote analysis, reviewing use of Scottish Government Grow Local tool and use of PCS, and internal and external partner engagement.

A key aim of the Programme is to generate intelligence, explore and develop good practice and advice that can be shared amongst the community.



Construction Materials Market Update June 2021

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1. Introduction

It has been widely reported that the construction materials supply chain has been subject to unprecedented disruption through a combination of the Coronavirus (COVID-19) Pandemic and Brexit, with the recent delays to global supplies caused by the Suez Canal blockage also contributing.

The Construction Leadership Council (CLC) continues to report shortages of construction materials and forecasts this disruption to continue for the foreseeable future¹. Ongoing engagement with suppliers confirms that materials shortages, longer lead times² and steep price increases will continue to impact the supply chain. This represents a significant risk to Scotland's construction-led recovery and the planning of a backlog of maintenance and repair programmes now permissible with the easing of restrictions.

This report will set out a market update and recommend mitigating actions to be considered in response to the ongoing volatility. It will also outline the price variance process undertaken by Scotland Excel when assessing increase requests submitted by suppliers.

2. Market Update

The Coronavirus (COVID-19) Pandemic can be considered the most significant peacetime disruption of global supply chains in modern times, the impacts of which have been further exacerbated by Brexit.

This has resulted in unprecedented disruption for the construction materials sector with a surge in demand and constraints on supply leading to price increases, shortages and longer lead times. Scotland Excel manages four goods-based frameworks in the Refurbishment and Maintenance category, building and timber, plumbing, electrical and trades materials. To date, fluctuations in key raw materials of copper and timber have been the most influential for framework prices and are responsible for a c. 9.7-9.9% increase in schedule rates effective from April 2021. Further detail on these specific product groupings are set out below and in-depth analysis in the price variance reports produced per framework.

2.1 Copper

Copper continues to have a large impact on both Plumbing and Electrical materials frameworks. Figure 1 demonstrates the steep increases from April 2020 until April 2021. In April 2020 copper was \$4772 a tonne rising to \$9949 by the end of April 2021.

¹ <https://www.hvnplus.co.uk/news/clc-warns-of-further-construction-supply-chain-disruption-in-2021-07-04-2021/>

² <https://www.scottishconstructionnow.com/article/exclusive-scottish-construction-hit-by-unprecedented-perfect-storm-of-soaring-costs-material-shortages-and-lack-of-labour>

LME COPPER HISTORICAL PRICE GRAPH

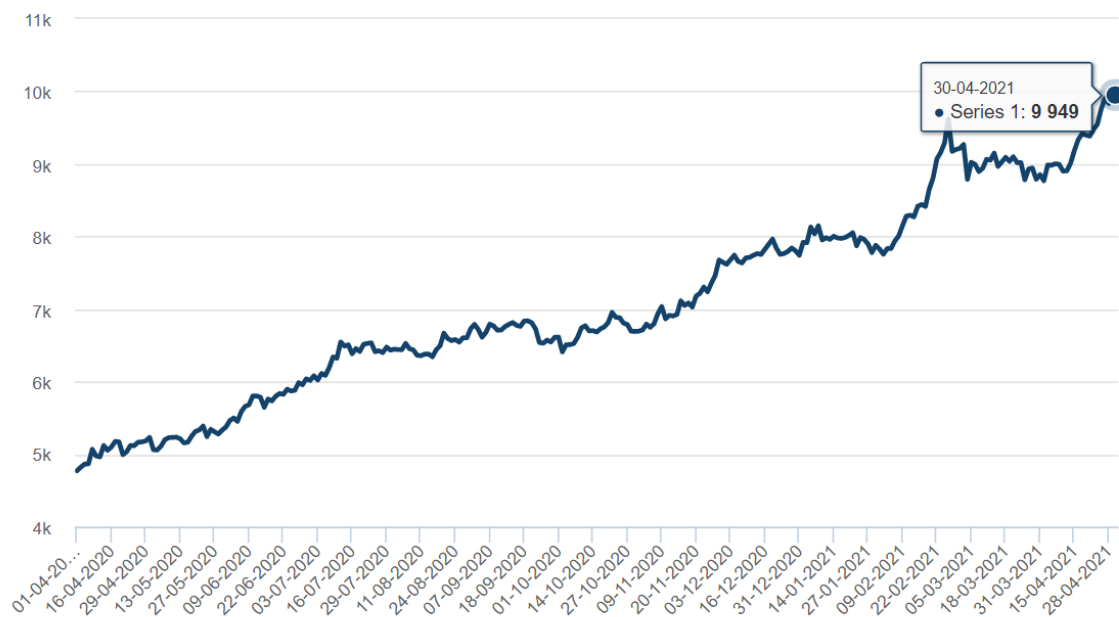


Figure 1 - LME Copper Historical Price Graph - 01/04/2020-30/04/2021

Following the Coronavirus (COVID-19) Pandemic lockdown, copper mining was brought to a halt creating a deficit in availability. There were 222,000 tonnes of copper on the stock markets in April 2020, in February 2021 there was just 74,000 tonnes available creating a sellers' market with huge upwards price pressure. Whilst companies are attempting to reduce this deficit, the environmental impacts of mining activities are making it difficult for the market to respond quickly to deliver new supply³.

Reports suggest the copper supply deficit is only set to continue as the widely used metal struggles to keep up with strong and growing demand from the power and construction sectors, compounded by the proliferation of electric vehicles.

A recent survey conducted by Focus Economics highlights a consensus forecast was that the average price in quarter four would be \$8340 dropping to an \$8130 average in quarter four 2022. Despite this, it should be noted that Goldman Sachs see prices averaging \$10,620 in quarter four 2021 rising to \$12,250 at the end of 2022⁴. This highlights the clear disparities and uncertainty around this raw material currently.

To date, there have been no supply issues with copper materials through the Scotland Excel frameworks, however, it has resulted in significant price increases across several key products, accounting for circa 78% of the total cost impact. The plumbing and heating materials framework has also been impacted to a lesser extent for copper tube and related fittings within lot 1.

³ <https://www.bloomberg.com/news/articles/2021-03-19/the-world-will-need-10-million-tons-more-copper-to-meet-demand>

⁴ <https://www.mining.com/copper-price-flies-high-but-further-out-forecasts-are-grim/>

2.2 Timber

During the initial lockdown in March 2020, UK timber mills closed which led to severe shortages, which the industry is yet to recover from. Demand was outstripping production with some UK products not being available until October 2020.

The imported market was similar, as a result of lockdown, imports of timber were halted for large periods of time with importers delaying as they didn't know how long the lockdown would last. The producers themselves generally found a home for their timber either in their own domestic markets (which remained buoyant) or exported the huge volumes of core material to predominantly the USA at prices far in excess of what the producers are achieving in the UK.

Figure 2 highlights the Softwood Sawlog Price index which provides an insight into the steep increases suppliers are currently experiencing on timber. From March 2020 until March 2021 shows a 15.4% increase, however from September 2020 through until March 2021 the index increased 36.6% almost surpassing previous highs recorded in March 2019. Similarly, from April 2020 until March 2021 indices such as Imported Sawn or Planed Wood (11%), Imported Plywood (6.5%) and Particle Board (18.66%) all experienced large increases.

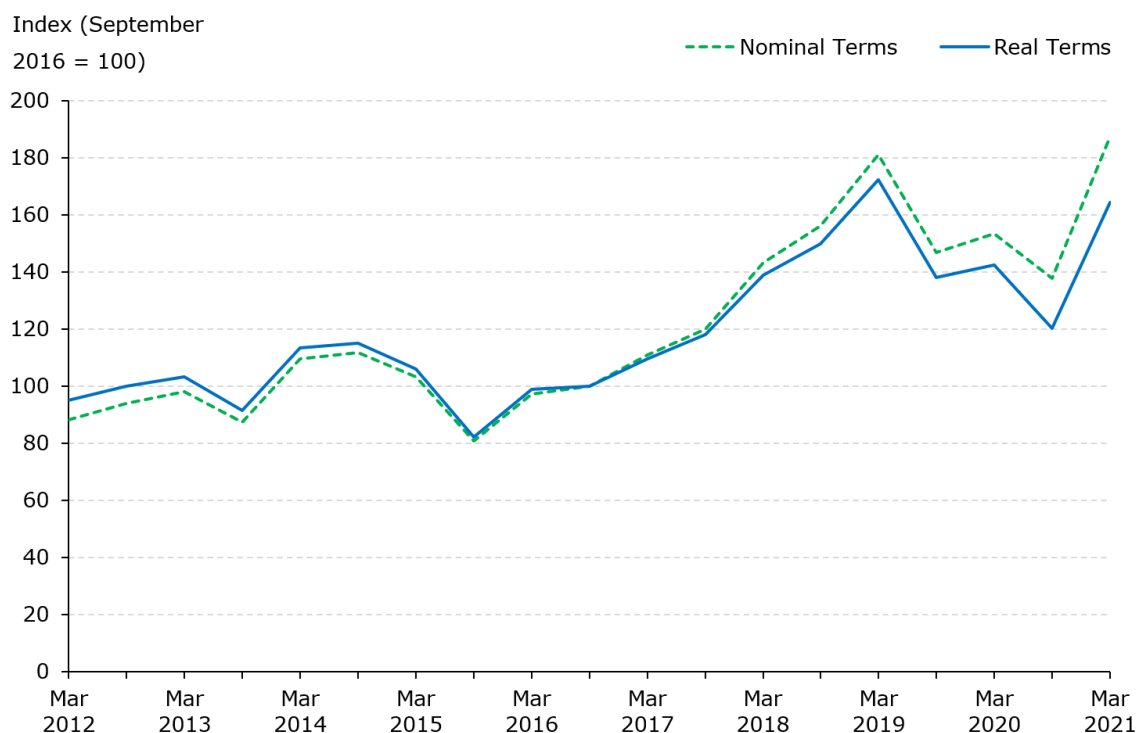


Figure 2 - Softwood Sawlog Price Index

Suppliers have provided several reasons for these steep increases, some of which can also be quantified in figure 3;

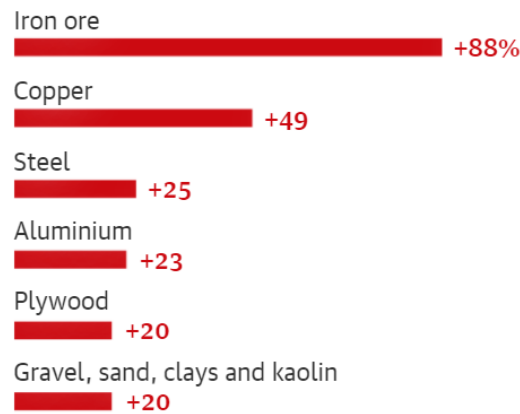
- Increases in demand – this has come from both domestic renovations and house builders accelerating works post lockdown.
- Freight rates – significant increases in container costs with many reports stating these have double or quadrupled since October 2020.

- Port Delays – shipping companies refusing to ship to the UK due to possibility of port delays.
- Reductions in manufacturing – timber mills were closed for three months due to the initial lockdown period; demand continue to soar ultimately leading to supply issues.

Brexit, coronavirus, and Suez have combined to hit the construction industry in 2021

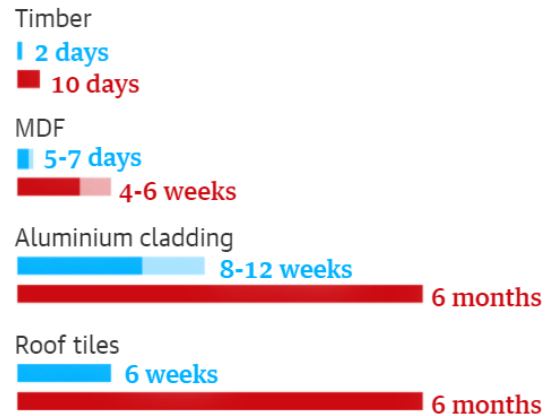
Material costs

Price changes over past 12 months



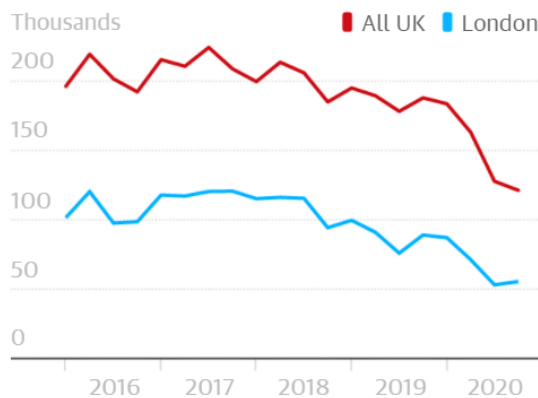
Delivery times

2020 April 2021



Worker migration

EU construction employment



Shipping costs

The Freightos Baltic index helps shippers monitor the volatile market



Figure 3 - Construction Materials Overview⁵

Further to the impact of the Coronavirus (COVID-19) Pandemic, the UK's exit from the EU has also impacted supply chain price inflation by way of extending lead times for materials due to non-tariff barriers. Brexit has also been a huge factor in the supply shortage given that 90% of softwood used for construction come from Europe⁶.

⁵ <https://www.theguardian.com/business/2021/may/15/building-crisis-looms-as-dwindling-supplies-bring-sites-grinding-to-a-halt>

⁶ https://www.constructionnews.co.uk/supply-chain/construction-materials-shortage-5-key-items-in-short-supply-17-05-2021/?eea=dVVEeG9ob29UV2dUdFEExVkQ5ZjdncG9YeVJyNWFiUXU2Wk9DTFVJQ3JpWXR3UDVkcRC9tQnJ3TFVXRmllYjJqdW==&n_hash=2207&mkt_tok=NDA3LUIYQio1MjkAAAF9GYskvHnhoNGnGfjWxQCW8hDGUM2RUIVNikxEscnxljCOU-npi2E9MBs8WGJxgaPHTpk8qM9OcfMBR5EbtZgCeizPvky-dFkYHjLP3SM6l3STVA

Recent reports highlight the situation to be worsening with industry bodies stating that there is unlikely to be an improvement in timber supplies this year with almost no timber coming into the UK that is not already pre-sold⁷. Whilst manufacturers are working hard to overturn this decrease in supply by increasing production to seven days a week and establishing new supply chains it appears the increasing costs and issues with supply are only set to continue.

Scotland Excel are experiencing an unprecedented level of price increase requests across the building and timber framework. The most recent window saw 17 suppliers submit increases, more than twice the number received in any other window including previous generations of the framework. Suppliers are currently experiencing weekly increases on timber from importers and as such have contacted Scotland Excel requesting exceptional monthly windows for submitting increases as opposed to the six months fixed pricing for timber set out in the terms. During contract management meetings, in addition to exceptional price increases, framework suppliers have issued warnings that currently key products are on limited allocation and over the coming months there may be no product available for key items.

3. Engagement and Mitigating Actions

Over several generations of our construction materials frameworks, Scotland Excel has developed and maintains close working relationships with key suppliers from its portfolio. Informed by this ongoing engagement, set out below are a range of mitigating actions for consideration in response to the ongoing market conditions.

- **Demand Planning** – engagement with local branches/local account managers to confirm planned maintenance and repair programmes over the coming months to plan stock levels and stockholding. Scotland Excel will consult with members on any required regional/national demand planning where appropriate.
- **Buying patterns and stockholding** – review buying patterns to consider what additional stock can be stored for products likely to be impacted. Scotland Excel can provide line level data or conduct targeted analysis to assist in this process.
- **Local Supply Chains** – our frameworks suppliers range from local micro suppliers and large national merchants with local branch networks facilitating consideration of alternative sources of supply. All contact details and ability to service are confirmed in master schedules and Scotland Excel can support any introductions to suppliers not previously utilised.
- **Core Spend and Non-Core discounts** – as core spend is subject to the price variance procedure and negotiation, unlike non-core lines, increasing core spend will mitigate increases experienced. Both Plumbing and Electrical contain multi-brand lots to maximise potential for core call off. If purchasing non-core, please ensure those non-core discounts offered are being utilised.
- **Alternative materials/finishes** – suppliers have encouraged members to be flexible where possible in the colour/finish of key lines which may be better value or have higher stock levels.
- **Bespoke Benchmarking** – Following the collection and upload of quarter four management information, Scotland Excel can rerun bespoke benchmarking for members, to inform purchasing options and best value available through the framework

⁷ <https://www.constructionenquirer.com/2021/04/29/timber-and-steel-shortages-to-worsen/>

- **Indexation** - Scotland Excel is closely monitoring our indexation models, to inform negotiations with our supply base and monitor contract performance. This will also facilitate dialogue with suppliers about price decreases when conditions stabilise.

Framework risk registers are currently being updated, Building and Timber materials has been reclassified on the segmentation tool owing to the current risk set out above. Engagement with UIGs is commencing from 2nd June to share experiences of access to materials, ongoing planned and reactive maintenance requirements, supplier engagement, emerging risks and spend data.

Scotland Excel encourages attendance at these sessions to collaborate on the construction materials shortages and consider appropriate strategic activity to mitigate impact on our members.

4. Price Variance Process

Over the course of the last year the Scotland Excel Refurbishment and Maintenance team have worked extensively to manage a higher volume of price variances requests and negotiate sustainable rates whilst providing supplier relief where appropriate.

In accordance with the terms and conditions for construction materials frameworks, at the conclusion of confirmed fixed pricing periods, price variance windows periods are incorporated to maintain sustainable rates for both councils and suppliers.

Any price variance submission from suppliers must be substantiated and must be accompanied by independently verifiable evidence. Evidence submitted by suppliers must be to the complete satisfaction of Scotland Excel and failure to comply or participate to agreed timescales or to negotiate fairly can result in a price variance submission being rejected.

Once the increase is submitted, the data is input into the master price variance tool which provides a breakdown of the cost impact per product, lot, and supplier. It is important to note, a cost impact can only be produced across core items if members are purchasing core products, further emphasising the importance of purchasing core products as they can be regulated through the price variance procedure.

This tool will also provide a revised position for the indexation model which is utilised to track a relevant basket of indices, specific to each framework. This allows Scotland Excel to monitor how the contract is performing in comparison to the market and ensure members will continue to receive value through the framework.

Once the cost impact and revised indexation position is known, Scotland Excel conducts further market research based on the information provided in manufacturers letters. Negotiations will then take place to seek cost avoidance to minimise the cost impact on members.

All of this information forms a price variance report which is submitted for internal review and approval and details upcoming contract management activities to consider ahead of the next price

variance window as appropriate. Scotland Excel will demonstrate the price variance tool/reports with members in more detail at the upcoming UIGs.

5. Conclusion

This market update has set out the materials most impacted to date by the Coronavirus (COVID-19) Pandemic and Brexit and shares insights from key suppliers on anticipated shortages, longer lead times and steep price increases for construction materials throughout 2021.

A range of mitigating actions have been outlined and Scotland Excel will continue to engage with suppliers and members to offer any additional support during these unprecedented times. Members are asked to attend upcoming UIGs for the relevant frameworks to share experiences and forward planning and to inform ongoing strategic procurement activities.

Scottish Government Procurement & Property Directorate (SPPD)

Key Stakeholder Survey & Independent Assessment with Recommendations to Support Planning for the Future

May 2021

SCOTTISH GOVERNMENT - PROCUREMENT & PROPERTY DIRECTORATE (SPPD)

KEY STAKEHOLDER SURVEY & INDEPENDENT ASSESSMENT WITH RECOMMENDATIONS TO SUPPORT PLANNING FOR THE FUTURE

Introduction to the Report:

This report has been commissioned by Nick Ford in his capacity as Director, Scottish Procurement & Property Directorate (SPPD) and delivered by Proxima in their capacity as an independent Procurement Consultancy, with experience in both the Public and Private Sectors on a global basis. This work is considered as the initial stage in the development of a future Initial Outline Business Case for a programme of work to drive future improvements to Procurement.

The work in producing the report was carried out over a six-week period from mid-March to end of April 2021 and included a survey sent to the key stakeholders of the SPPD mainly across the wider Public Sector. The aim was to obtain an assessment score against nine key result areas, based on the published objectives of the SPPD today. In addition, a series of follow up interviews with a number of key stakeholders were conducted, with the aim to better understand the scores and their views and experiences of working with the SPPD. Both the surveys and the follow up interviews also explored what the challenges and opportunities are for Public Procurement within Scotland over the five years; with the overall aim that all the information obtained, discussed and presented will help the SPPD and other Procurement leaders in planning the future of public procurement within Scotland.

The Level of Interest and Engagement:

The first point to highlight is the positive level of engagement and support Proxima received in carrying out this work, which started with the introductory communication via email from Nick Ford in his capacity as Director of SPPD, to those individuals identified as key stakeholders of Procurement. These stakeholders included the Minister for Trade, Innovation and Public Finance (prior to the pre-election period); members of the SPPD senior leadership team and more importantly, from the wider community of leaders from a wide range of Contracting Authorities. The survey was sent to 109 individual stakeholders with a return response rate of 52 = 48%, which is higher than the 33% we would normally expect from similar initiatives.

The follow up interviews totalled 20 sessions, with 31 stakeholders participating (multiple people on individual sessions) which exceeded the initially targeted 15 interviews.

As a consequence of the high level of engagement, Proxima are confident the information presented in this report accurately reflects the current views of stakeholders and forms a solid foundation for the SPPD and other Procurement leaders to build upon when planning for the future.

Structure of the Report:

The report comprises four sections including:

Section	Content	Pages
1	Executive summary of the findings.	4 – 9
2	Summary of the 'As Is' position today based on surveys and interviews.	10 – 29
3	Opportunities to consider when planning for the future and recommended actions.	30 – 38
4	Summary reports from the 20 interviews with 31 stakeholders.	39 – 70

In addition, the analytical responses from the 52 survey responses are provided within the report and as a separate PowerPoint document.

SECTION 1

Executive Summary of the Findings:

Section 1: Executive Summary of the Findings:

“The foundations are strong and there is a lot to be proud of”:

From the objective and independent viewpoint of Proxima, it is clear that Public Sector Procurement in Scotland is doing many things well, which have been mainly built upon the strong foundations from the McClelland Report in 2006, followed by the Procurement Reform (Scotland) Act of 2014 and the Procurement (Scotland) Regulations of 2016.

The evolution of the NSS and Excel Centres of Expertise (CoEs) from their initial conception to support Health and Local Authorities respectively, to the creation of the APUC CoE to focus and support Further Education, are in our opinion, collectively unique within the UK. The focus the SPPD have had on developing policy, capability (PCIP) and eCommerce products and tools (PECOS and PCS) also remains at the leading edge when compared to other nations.

More recently, the ‘COVID - 19 Task Force’ set up under the leadership of the Minister for Trade, Innovation and Public Finance in 2020, demonstrated the positive results which can be achieved when a wide range of stakeholders including from Procurement, enterprise and suppliers, work together to one common goal. In this instance, they ensured the supply of PPE and Medical Equipment and in the process created jobs in Scotland. The Minister described this as “cohesive collaboration in action” and would like to see any future Procurement strategy embrace this and pursue a “culture of cohesive collaboration” which is understood and applied by all Procurement professionals.

Other key positives to highlight are:

- The volume of spend being channelled to SMEs in Scotland at 63% (as published within the Scottish Government procurement annual report for 2018/19 - March 2021), compared to the ‘26% average across Departments’, (as published within the UK Central Government Direct and Indirect Spend with SMEs report 2018/2019 - January 2020).
- The success of CivTech in opening up opportunities for early-stage SME’s companies within Scotland, enabling them to demonstrate capability to bid for and win contracts and further - the creation of Digital Commercial Services - a joint team between Digital and Procurement Directorates.
- The ‘Procurement’ and ‘Supplier Journeys’ published on the SPPD website.
- The results from the latest ‘Supplier Survey - Scotland’, which concluded that overall Scottish Procurement is performing well, and suppliers feel they are well equipped to bid for and deliver contracts. The report also highlighted the positive lessons that arose from the pandemic response which can be applied in Scottish Procurement in the future.

- The up-to-date Procurement strategies and plans, data and information, all readily and easily available through the SPPD and all other Contracting Authorities websites, a clear indication that providing ‘transparency’ is more advanced in Scotland.
- A higher understanding from professionals that Procurement is now much more than delivering savings, with as much focus needed and being placed on ‘social value’, ‘supplier/ supply chain sustainability’ and ‘carbon reduction’.
- Excellent examples of cross functional collaboration, i.e.
 - Scottish Prison Service (SPS) leading on Occupational Health.
 - The creation of the Glasgow Collaboration Group (led by the University of Strathclyde) and the work they have done in streamlining buying processes for requirements sub £2m.
- Inspiring examples where Procurement functions are involved in delivering strategic initiatives at a local level, demonstrating the power of coherent collaboration, i.e.
 - Glasgow Council’s ambition to have a hydrogen powered, net zero carbon fleet of vehicles (minimising both carbon emissions and the reliance on rare earth minerals).
 - North Lanarkshire’s ambitious Enterprise Project, including the creation of Town/Community Hubs.

These are just some of the reasons Scotland is seen as an exemplar in the eyes of countries beyond the UK, when it comes to Public Sector Procurement, including the EU Commission and the World Bank, hence there is a lot to be proud of across the Procurement Community.

“Not everything in the garden is rosy and there is no room for complacency”:

Whilst acknowledging and confirming the achievements and strengths, the survey and the stakeholder interviews also highlighted challenges and opportunities to improve. These are covered in more detail in Sections Two and Three of the report, but in summary Proxima believe these can be grouped under five key themes, each with emerging key points to be considered by the SPPD and Procurement leaders when planning for the future:

1. Operating and Organisational Model:

- 1.1 Are the existing governance and operating models in place today optimal or is it time for a refresh? Could these be getting in the way of cross functional collaboration at either a category or local delivery level?

- 1.2 As Contracting Authorities have developed and matured, are the Centres of Expertise still providing an optimal level of service and support to their stakeholders (and customers) - and is there unnecessary duplication of effort being applied with multiple buying entities in play?
- 1.3 Are the SPPD fully aware of the best practice and innovative work happening at a local level? From the survey and interviews, it would appear perhaps not in all circumstances.

2. Digital Enablement:

- 2.1 In spite of the good work delivered to date in providing eCommerce products, the survey and interviews indicated there are a number of procurement and data tracking tools being used or being considered today, beyond those supplied by the SPPD.
- 2.2 If this is the case - would a consolidation of tools, perhaps aligned to the '[Logan Report on the Scottish Technology Eco-System 2020](#)', be in order at both the 'Purchase to Pay' level and particularly to better support the delivery of Scottish Government strategic objectives in carbon reduction and social value targets?

3. Supply Management Skills and Supplier Development:

- 3.1 How can Procurement leaders further develop the skills of professionals across the Scottish Procurement Community, with a specific focus on adding supply chain management skills (resilience, mapping, sustainability) and benefit tracking beyond value for money (community benefits, economic growth, carbon reduction) to other core Procurement competencies, applying lessons learned from the COVID-19 experience?
- 3.2 Additionally, how can the SPPD lead and influence the Scottish Procurement Community in working more effectively with partners such as Scottish Enterprise, SDS and Scottish Fin-Tech, to help develop suppliers in response to the recently produced 'Logan Report on the Digital Eco-System' and the '[Hunter Report on Productivity 2021](#)'?
- 3.3 How can the innovative and successful CivTech be expanded into categories beyond Digital, with the same aim to open up opportunities for early-stage Scottish companies?

4. Policy and Regulations:

- 4.1 The interviews highlighted uncertainty amongst a number of stakeholders on whether Scotland will change any Procurement Regulations now the UK has left the EU. The point was made on numerous occasions whether Scotland will be adapting the recommendations made within the UK Government's Green Paper on Procurement or stick/amend with those within the Procurement (Scotland) Regulations of 2016. We would suggest further clarification on this matter is provided by the SPPD.
- 4.2 How can the SPPD take the lead on striking and maintaining the balance between value for money on the one side and social value and carbon reduction on the other, given the increasing importance in these two areas, whilst avoiding the potential pitfalls of protectionism and unethical procurement practices?

5. Change and Communications:

- 5.1 There was a clear and consistent message from the interviews that the SPPD could do more when effectively communicating the results and achievements of the SPPD and wider Procurement within Scotland and not just to rely on SPPNs or updates via the website. A sentiment picked upon was the communications and the process to win hearts and minds was perhaps better in the past and needs to be re-energised.
- 5.2 An example of this could be the recently published SPPD Procurement strategy - April 2021 to March 2023 - which is an excellent document and covers off a wide range of areas for the Scottish Government as an organisation. None of the stakeholders interviewed referenced this strategy, instead focusing us on their own published strategy for the function they lead, which leads us to question - how well known and understood is each individual strategy and would an overall national procurement strategy for Scotland now be beneficial?

It is from the independent assessment of both the survey responses and the interviews with key stakeholders, presented in Section Two of this report, which have enabled Proxima to arrive at these five key themes for consideration by the SPPD and the Public Procurement Group (PPG), with twelve recommended actions to address presented in Section Three. Section Four provides the recorded notes from each of the 20 interview sessions with 32 stakeholders, which given their importance, have been presented within the main report rather than being presented as a separate appendix.

Conclusion:

The stakeholder engagement process in support of this report has been positively received and it is clear there is an appetite for change, by building upon the strong foundations already in place.

The independent view from Proxima is that Scottish Public Sector Procurement, led by the SPPD and the PPG – and including those Procurement leaders delivering excellence within wider Contracting Authorities, working to a set of strategic objectives over a five-year period, as part of a new National Procurement Strategy, can move Procurement within Scotland from ‘good to great’ and from ‘best in class to truly world class’.

This National Procurement Strategy should be designed at the outset to achieve and maintain the ‘culture of cohesive collaboration’ as described by the Minister for Trade, Innovation and Public Finance, through continuing to foster and deliver procurement excellence at the local level and through working proactively with suppliers and the supply chain throughout Scotland.

SECTION 2

Summary of the 'As Is' Position Today Based on Surveys and Interviews

Section 2: Summary of the 'As Is' Position Today Based on Surveys and Interviews:

2.1 The Survey Process and Results:

The survey followed the best practice of 'keeping it simple', and was based around the published responsibilities of the SPPD as derived from the website, specifically (*note extracts from the survey questionnaire shown in italics*):

'The core responsibility of the Scottish Government's Procurement and Property Directorate (SPPD) is facilitating procurement and commercial activities across the Public Sector through support, guidance, policies and legislation. In addition, it helps deliver savings, benefits and efficiencies through national frameworks for procurement and contracting shared commodities such as electricity, ICT and others.'

The survey presented a baseline statement which was applied to eight key areas of SPPD responsibility and then asked the responder to apply a score on how much they agreed with the statement, i.e. 5 - fully agree to 1 - fully disagree; they were also given the option of 0 - unaware of the SPPDs' role in this area:

'In my view and experience, the service and support received either directly or indirectly (whichever applies) by the Scottish Government (SPPD) in these key sub areas to be excellent and the best I've received as stakeholder.'

1. *Procurement and commercial policy and advice*
2. *Construction procurement policy and advice*
3. *Building commercial capabilities beyond core Procurement functions*
4. *eCommerce, and best practice tools/templates*
5. *Developing and supporting Procurement staff*
6. *Reviewing and helping to improve how we manage projects*
7. *Continuously aiming to improve performance of the procurement function and suppliers*
8. *Delivering savings, benefits and efficiencies through procurement and contracting*

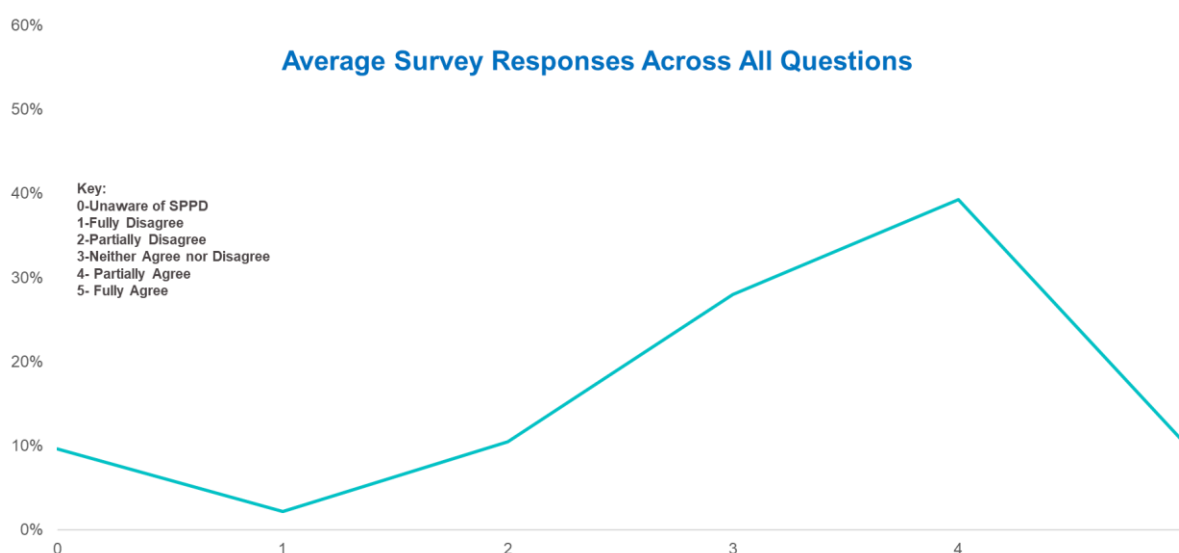
The 9th key area was based on responder's views of the delegated approvals process as follows:

9. *In my view and experience, the delegated authority process in place is well understood and consistently applied by Procurement Professionals in my team or those who deliver support to my team (whichever applies).*

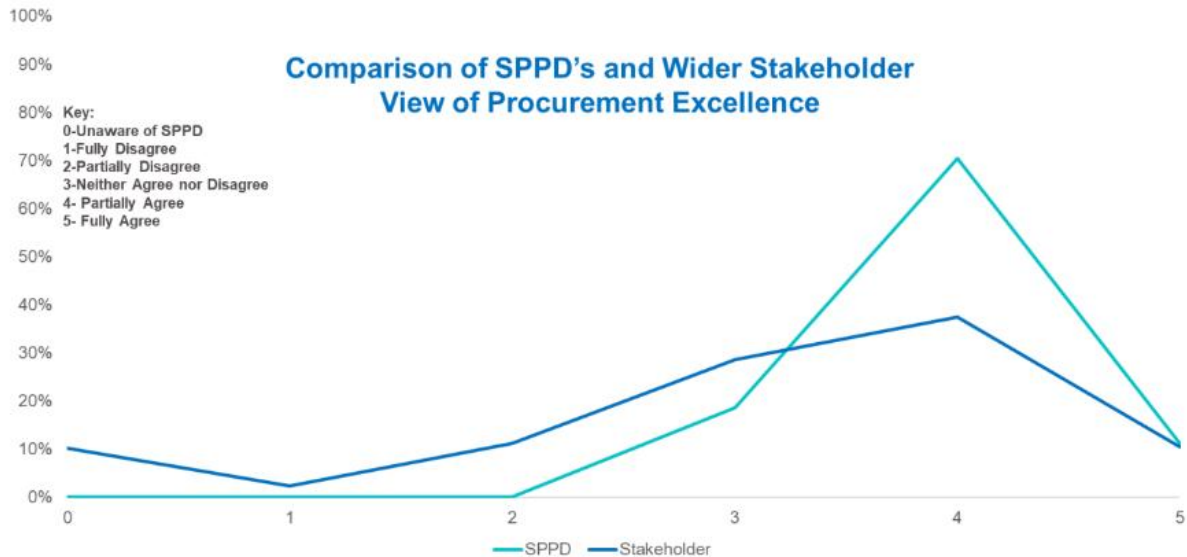
In addition, stakeholders were asked, “What would you like to see to be able to increase this score to 5” for each of these questions. The purpose of these open questions was to gain insight into the opportunities, as perceived across the stakeholder base, that the SPPD can work towards to improve stakeholder satisfaction. The results for these questions were analysed using thematic analysis to identify the key opportunities.

From sending 109 invitations to complete the survey, we received 52 responses (48% against a typical benchmark of 33%). From the 52 responses, 49 were from external stakeholders (those beyond the SPPD), and three were from the SPPD. We have presented the results from the survey in the following pages 12 - 25, which are also available as separate PowerPoint presentation, for ease of sharing and presenting.

The graph below presents the average score across all questions.

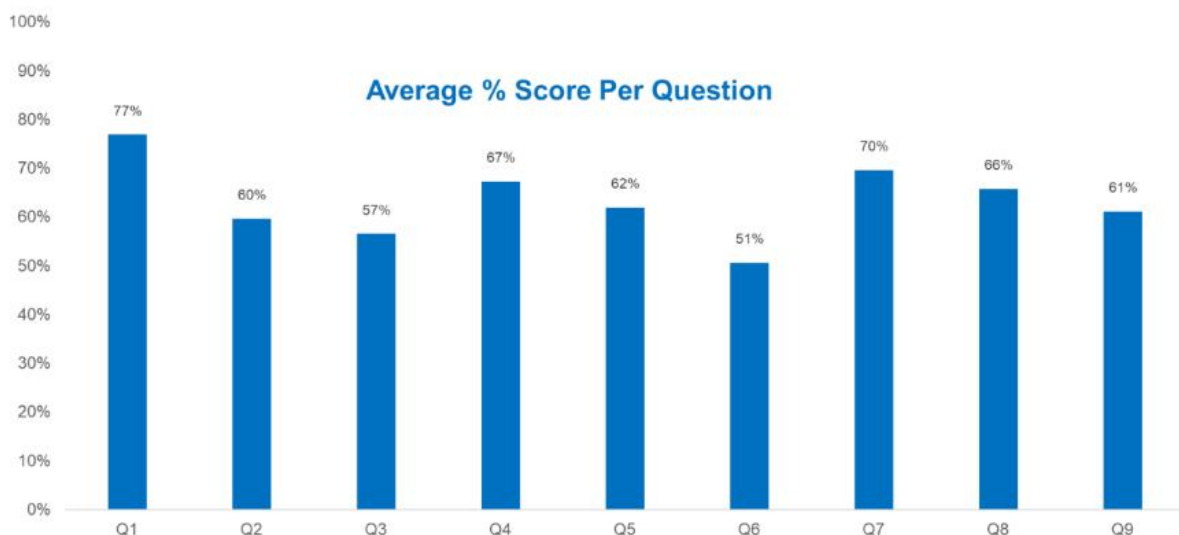


The average score for all questions is 4 – Partially agree with this statement, and overall just under 50% of stakeholders either partially or fully agree the service and support received is excellent and the best they have received as stakeholders. This indicates that overall, stakeholders are partially satisfied with the service and support they receive across all areas of the survey. These results are very strong for a Public Sector organisation, which highlights the positive impact the SPPD have within the Public Sector in Scotland. However as indicated above, there is a difference between the average score from external stakeholders (those beyond the SPPD) and those from SPPD; these results are presented below.



These results indicate there is a different perception of the services offered by the SPPD and any future development of the service must include the views of the wider stakeholder group to ensure these services are right for these stakeholders.

The graph below presents the average score per question.



Questions 1, 4, 7, and 8 are the areas with the strongest response. These questions focused on the service and support offered by the SPPD in: procurement and commercial policy and advice (Q1); eCommerce and best practice tools and templates (Q4); continuously aiming to improve performance of procurement functions and supplier (Q7), and; delivering savings, benefits and efficiencies through procurement and contracting (Q8).

The average per question highlights three areas where stakeholders are less satisfied with the service they receive from the SPPD. These are questions 2, 3 and 6, which focus on the service in relation to construction procurement policy and advice (Q2), building commercial capabilities beyond core Procurement functions (Q3), and reviewing and helping to improve how we manage projects (Q6). In addition to these three areas, the average scores for questions 5 and 9 (relating to developing and supporting Procurement staff, and the delegation of authority) are marginally ahead of question 2.

The following section presents the finding per question, followed by the key themes arising from the open question stakeholders were asked: “What would you like to see to be able to increase this score to 5”. Further analysis of the themes can be found in the supporting PowerPoint document.

Question 1

Total Score:

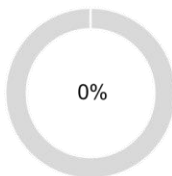
77%

Ranking:

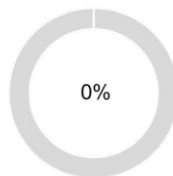
1/9

In my view and experience, I consider the service and support received either directly or indirectly (whichever applies) by the Scottish Government (SPPD) in procurement and commercial policy and advice to be excellent and the best I've received as stakeholder.

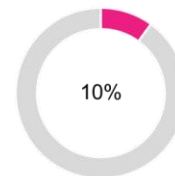
0 - Unaware of the role of the SPPD



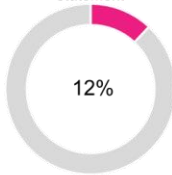
1 - Fully disagree with this statement



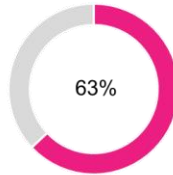
2 - Partially disagree with this statement



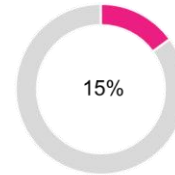
3 - Neither agree nor disagree with this statement



4 - Partially agree with this statement



5 - Fully agree with this statement



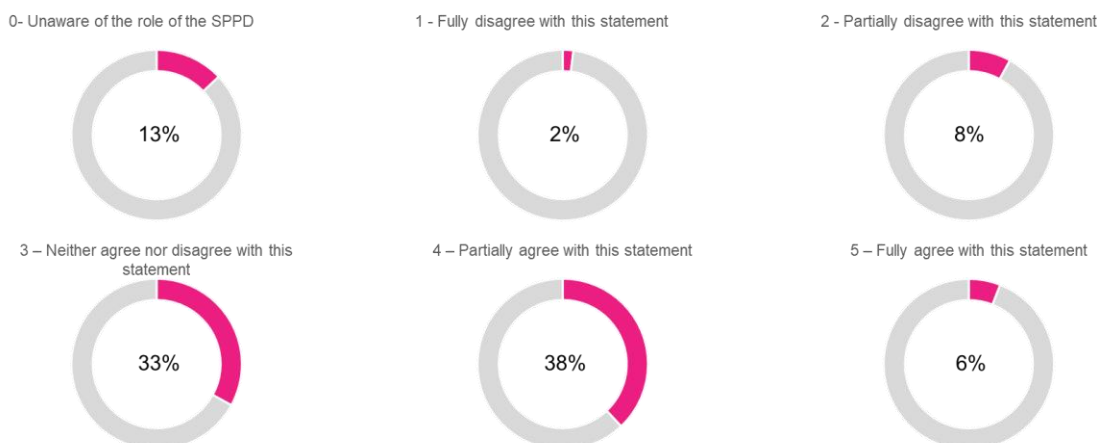
The key themes arising from Question One are:

- Stakeholders agree with, and there is positive buy-in to, the sustainability targets within Scotland. There is a consensus that they would like additional support and guidance implementing sustainable policies within their organisations.
- The advice received from the SPPD is valued within the stakeholder group. However, the advice and approaches are not always 'standardised', and there is evidence of conflicting advice from the SPPD.
- Stakeholders recognise the value of, and compliment, tools such as the Procurement Journey, which provide a strong foundation to the processes and approaches across Scotland. In addition, they have been a cornerstone in building core capability. Beyond these, stakeholders do not believe they have sufficient guidance and support on a practical level from the SPPD or know how to best access resources available.

Question 2

Total Score: **60%** Ranking: **7/9**

In my view and experience, I consider the service and support received either directly or indirectly (whichever applies) by the Scottish Government (SPPD) in construction procurement policy and advice to be excellent and the best I've received as stakeholder.



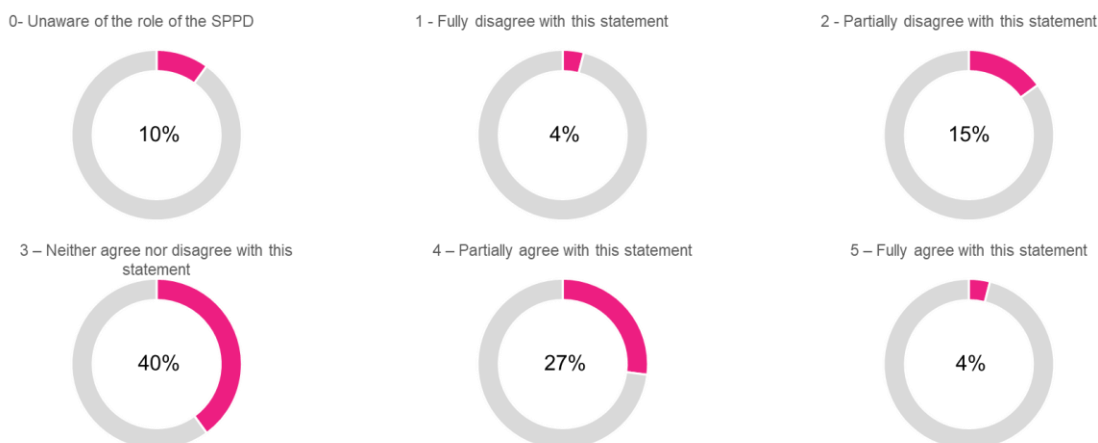
The key themes arising from Question Two are:

- The Procurement Journey is seen as a great practical asset for Scottish Procurement (and beyond), but the quality of this tool highlights the need to update and modernise the Construction Policy Handbook to bring it in line with the 'Procurement Journey'.
- There are great examples in the Scottish Public Sector of collaboration, both at a local and national level. However, stakeholders believe there is a lack of collaboration and knowledge sharing in the construction category, which is contributing to a lack of understanding and consistency within industry regarding the SPPD's construction policy.
- The *Category A* frameworks let by the SPPD are perceived in a positive light by stakeholders. Nonetheless, some stakeholders commented that the slow development of construction frameworks is hampering the progress of construction projects.

Question 3

Total Score: **57%** Ranking: **8/9**

In my view and experience, I consider the service and support received either directly or indirectly (whichever applies) by the Scottish Government (SPPD) in building commercial capabilities beyond core Procurement functions to be excellent and the best I've received as stakeholder.



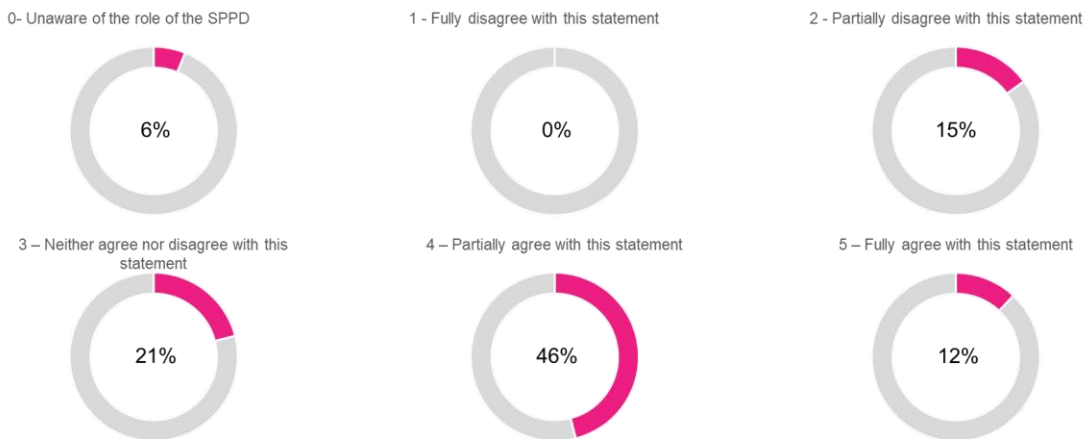
The key themes arising from Question Three are:

- The progress made over the last few years is recognised and seen as a positive step in increasing commercial capability in Scotland. Stakeholders recognised the challenges in staying ahead of the curve when the role is evolving but would like more time to embed changes and increased guidance within their teams from the SPPD.
- Whilst stakeholders recognise the progress that has been made, some of the responses show the need for practical support and training to build capacity and capability in order to action sustainability objectives. Additionally, the responses indicate there is a lack of awareness of the breadth and depth of the support that the SPPD provide in this area.
- There are pockets of 'world class' activity being driven by Procurement in Scotland. A reoccurring theme in the surveys highlighted a lack of collaboration and knowledge transfer which is impacting the professional development of Pan-Scottish Procurement skills.

Question 4

Total Score: **67%** Ranking: **3/9***

In my view and experience, I consider the service and support received either directly or indirectly (whichever applies) by the Scottish Government (SPPD) in eCommerce, and best practice tools/templates to be excellent and the best I've received as stakeholder.



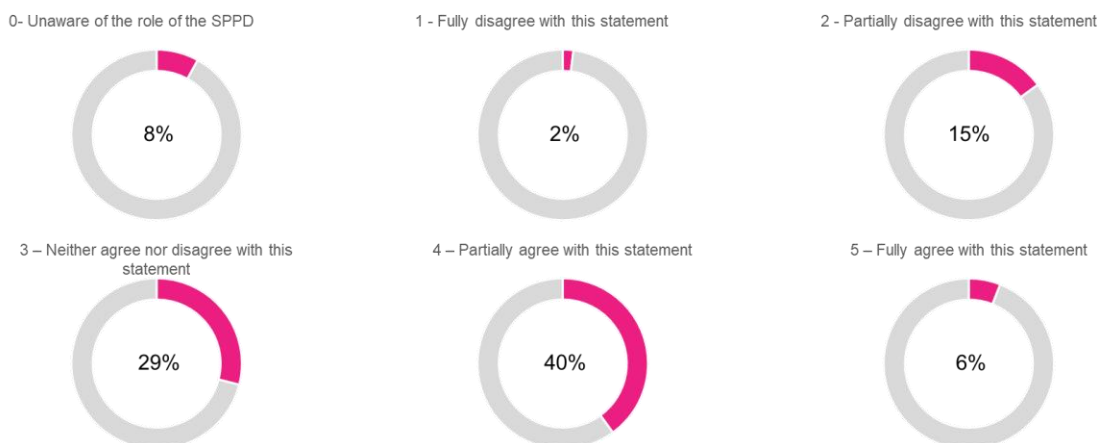
The key themes arising from Question Four are:

- The value of tools such as the Procurement Journey are recognised across stakeholders as a great asset for Scottish Procurement. Stakeholders have highlighted these tools as a key strength. However, they also note that some of the eTools lack 'best in class' functionality and there is significant opportunity for upgrading and automation.
- Tools such as PCS were complimented by stakeholders and there is a recognition of the value these bring to Scottish Procurement. Key areas for development raised by stakeholders are MI, reporting, system integration and 'user-friendly' functionality across the suite of eTools to reduce the administrative burden of reporting and minimise duplication of effort and manual intervention.
- A strong theme that arose, and a key opportunity for the SPPD that would gain favour with stakeholders, is the development of system capabilities to support the measurement and reporting of sustainability objectives such as scope 3 emission monitoring.

Question 5

Total Score: **62%** Ranking: **5/9**

In my view and experience, I consider the service and support received either directly or indirectly (whichever applies) by the Scottish Government (SPPD) in developing and supporting Procurement staff to be excellent and the best I've received as stakeholder.



The key themes arising from Question Five are:

- Stakeholders compliment the competency framework and the role it plays in the development of Procurement capability. However, the responses indicate that the training and tools are under-utilised by lower-level Procurement teams as a result of lack of awareness, support, and cross-sector communication.
- Whilst the competency framework is valued as a tool, there are challenges in retaining and recruiting skilled Procurement staff. Additionally, stakeholders would like to see the development of a skills academy and pan-sector development programmes to support with the upskilling of staff across Scotland.
- The surveys show there is demand from stakeholders across sectors for practical support to implement sustainability objectives and develop these into ways of working.

Question 6

Total Score:

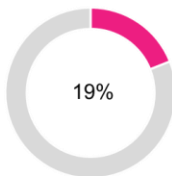
51%

Ranking:

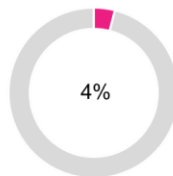
9/9

In my view and experience, I consider the service and support received either directly or indirectly (whichever applies) by the Scottish Government (SPPD) in reviewing and helping to improve how we manage projects to be excellent and the best I've received as stakeholder.

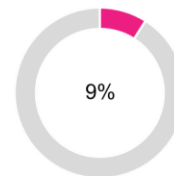
0 - Unaware of the role of the SPPD



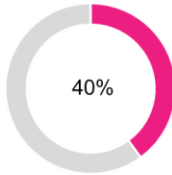
1 - Fully disagree with this statement



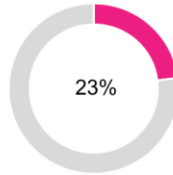
2 - Partially disagree with this statement



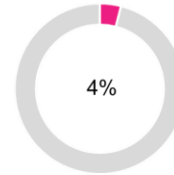
3 - Neither agree nor disagree with this statement



4 - Partially agree with this statement



5 - Fully agree with this statement



It is important to note that 19% of stakeholders are unaware of the role the SPPD have in this area, which is the second-highest out of the nine questions (number one is question 9 with 23%). This has affected the overall ranking of this question.

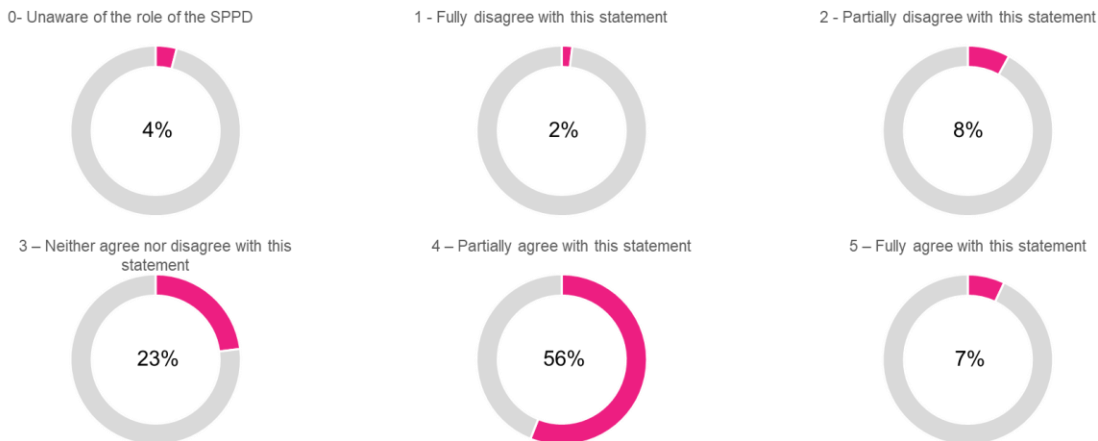
The key themes arising from Question Six are:

- Stakeholders compliment the advice and best practice guidance received from the SPPD. However, the responses suggest there is demand for specialist resources that can be 'parachuted' into organisations to support with local projects and cross-fertilise knowledge.
- The responses compliment PCIP and the role it plays in developing capability across services. The SPPD needs to be aware of emerging evidence of increasing sectorial/organisational silos which present a barrier to collaborative working in Scotland. Additionally, communication at a category level is hindering knowledge sharing.
- Whilst the advice and guidance provided by the SPPD is perceived to be good, there is an under-utilisation of this resource by the wider stakeholders. This could be reflective of a lack of awareness of capability and offering.

Question 7

Total Score: **70%** Ranking: **2/9**

In my view and experience, I consider the service and support received either directly or indirectly (whichever applies) by the Scottish Government (SPPD) in continuously aiming to improve performance of the procurement function and suppliers to be excellent and the best I've received as stakeholder.



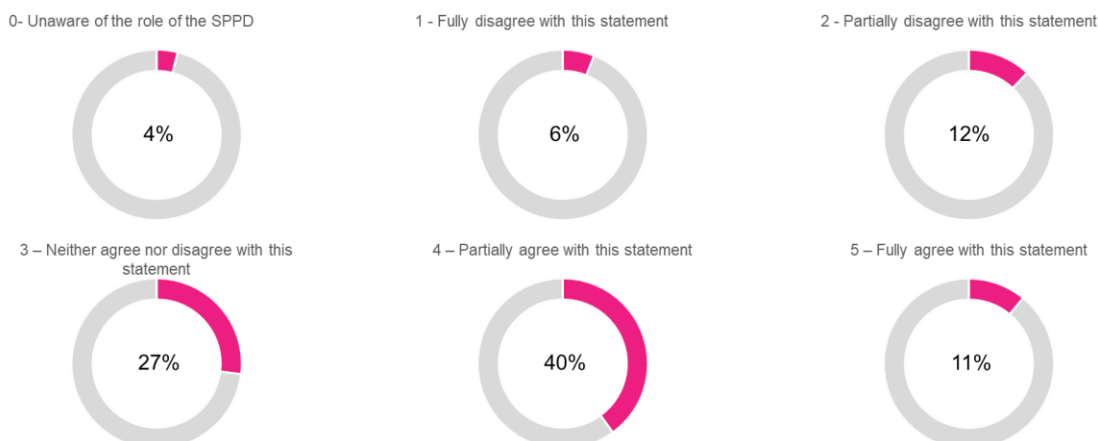
The key themes arising from Question Seven are:

- The direction of Procurement is seen as positive across the stakeholder group, although there are issues in conforming to this due to lack of training, support and resourcing available to upskill staff.
- Stakeholders acknowledged the progress that has been made to-date in elevating the profession within Scotland and the value it can add to the attainment of strategic objectives. PCIP is a highly valued tool but it presents a significant burden on resources to prepare for the assessment. Stakeholders have also identified opportunities in improving PCIP to focus on the gaps/weaknesses in sectors and improving efficiencies by removing duplicate questions/answers.
- The value of PCG and Cluster Groups is recognised within the stakeholder base and the role they play in increasing collaboration across Scotland. However, the lack of clear definition of what Procurement is and how it functions across Public Sector is seen as a barrier to standardisation and collaboration.

Question 8

Total Score: **66%** Ranking: **4/9**

In my view and experience, I consider the service and support received either directly or indirectly (whichever applies) by the Scottish Government (SPPD) in delivering savings, benefits and efficiencies through procurement and contracting to be excellent and the best I've received as stakeholder.



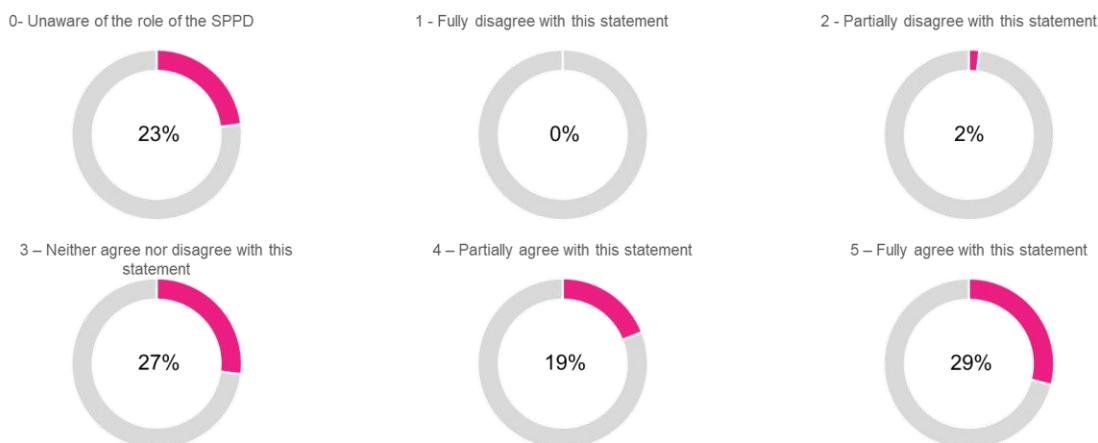
The key themes arising from Question Eight are:

- Stakeholders recognise this as an area where the SPPD have made a positive impact on the Pan-Scottish approach to date. However, they indicate there is a lack of cross-organisational consistency concerning key values and objectives that Procurement should be attaining.
- Quarterly updates on savings achieved through national frameworks are welcomed by stakeholders and are largely seen to drive the right behaviours. Some areas for improvement noted within the responses are the timeliness of the savings report, and the possibility of a refresh of savings methodology, tools and reporting systems to align to Government objectives.
- The survey results show a desire for an increase in long term innovative partnerships that can drive increased economies of scale to counter the cost pressures that have arisen from the Pandemic. Some respondents felt cross-sector 'Category B' agreements have lost focus and would like to see these re-energised.

Question 9

Total Score: **61%** Ranking: **6/9**

In my view and experience, the delegated authority process in place is well understood and consistently applied by Procurement Professionals in my team or those who deliver support to my team (whichever applies).



It is important to note that 23% of stakeholders are unaware of the role the SPPD have in this area, which is the highest out of the nine questions. Of the respondents who were aware of the delegated authority process, only 2% scored it lower than a 3, and 48% scored it higher than a 3. This suggests that most stakeholders who are aware of this process partially or fully agree that the process is well understood.

The key themes arising from Question Nine are:

- Many respondents cited their individual organisational schemes of delegated authority, meaning that this is not applicable to their organisation.
- Overall, the responses indicated a lack of understanding/awareness of the process and there is limited scope for the SPPD to be involved.
- Only one stakeholder mentioned the adoption of good practice.

The survey also asked stakeholders for their views on the short, medium and long-term challenges and opportunities for the Scottish Public Sector Procurement Profession. These results are summarised within the tables 1 and 2 on pages 24 and 25.

Table 1 – Opportunities:

Short Term Opportunities (<18 months)	Medium Term Opportunities (18-24 months)	Long Term Opportunities (>24 months)
Build on positive image and increased visibility through work with Scottish manufactures to produce PPE and vaccine rollout, focussing on local Scottish businesses	Champion Procurement as more than a 'support' function with leadership emphasised and articulated by Government. Shift away from image of 'sourcing managers'	Develop Procurement to be enablers and influencers across businesses, particularly through public perception, with ability to influence at a more strategic level
Increase collaboration through centralised frameworks, sharing best practice, and mapping pipelines to build capacity and capability of local supply chains	Centralise pipeline, break down silos and increase CoE collaboration, with options such as pan-sector secondment opportunities to develop cross-organisational understanding of how the SPPD operates and key drivers	Develop a common approach to resourcing and planning through cross-organisational pipeline mapping- "would provide greater local collaboration or opportunities for cross-sector frameworks"
Utilise government direction towards wellbeing economy to stimulate local markets and supply chains such as a Supported Business Dynamic Purchasing System	Develop more flexible approaches to procurement and simplify processes through decoupling from EU regulations following Brexit	Align overarching business strategies with Government objectives such as measuring carbon impact of using local suppliers vs other suppliers to compliment community benefit objectives with sustainability objectives. Can be supported and developed through reviewing change management, communications, guidance and tools provided for application of SPPNs to ensure standardised ways of working and holistic collaboration
"Scottish Procurement should stop duplicating coverage in areas already covered by Crown Commercial Service frameworks and redeploy resource into areas where there are gaps"	Integrate systems to capture all reporting requirements, complemented with dedicated MI strategy, standardising metadata. The strategy, which is close to being finalised by the SPPD E-Commerce team, should be leveraged to address these opportunities	Minimise manual interventions and resourcing through adoption of AI and automation of contracting and pipeline management. Increases accessibility for SMEs and reduces resourcing burden on Procurement staff
Update and enhance eTools functionality such as improved contracted management and implementation of sustainability monitors, e.g. Scope 3 emissions	Standardise tools and measurements for community benefits, TCOs, and sustainability to support organisations and suppliers to deliver carbon reduction and social value in supply chain. Ensure wider Procurement buy-in to sustainable approaches	Online monitoring and reporting system includes all statutory data requirements, including community benefits, carbon emissions, Fair Work Practices, and organisation/supply chain accreditations/practices
Develop and disseminate online training modules that focus on developing skillsets in implementing sustainability objectives and build knowledge sharing opportunities	Develop effective leadership programme and upskill staff on softer skills, particularly negotiations and wider commercial acumen through Pan-Scotland academies and training programmes	Develop long term training plans that align to long term business objectives, focussing on leadership capacity and appropriate succession planning. Create cross-sector talent pool with national development strategy

Table 2 – Challenges:

Short Term Challenges (<18 months)	Medium Term Challenges (18-24 months)	Long Term Challenges (>24 months)
Financial and organisational stress as a result of Brexit and economic recovery from CV19 impacting resourcing due to speed of change, budgeting restrictions, supply chain uncertainty, and ability of market to respond to Procurement	Legislative changes/developments as a result of Brexit such as potential impacts to availability and cost of goods are still unknown. Need to make sure Scotland build and maintain flexible and simplified processes & policies, with appropriate budget forecasting	Uncertainty over impact of new rules and regulations, loss of funding, changes to council budgets and all other potential political challenges can have an effect on all aspects of Procurement
Develop public body communication as there is a “policy disconnect between what is actually delivered/achieved” and work can be done on forum alignment. Additional focus needed to develop pipeline clarity and ensure Procurement involvement at early stages of projects	Improve multi-functional working and cross-organisational collaboration. Particularly with resourcing issues, fundamental to share knowledge and best practice to approach projects efficiently, utilising the Pan-Scotland Procurement skillset	Balancing long term goals with sufficient resourcing to achieve government objectives. Need to consider impact of budget reductions across organisations at a time when Government needs to dedicate budget and resourcing to upskill Procurement staff
Embedding awareness of climate impacts, sustainability requirements and wider community benefits into contracts through Procurement and supplementing this with monitoring toolset	“Ensuring policy intents have measurable outputs” particularly when blending savings targets with new value-add processes as part of core Procurement offering and making sure contracts are delivering on outputs such as community benefits	“Getting a seat at the top table and coming out of the shadow of Finance... when is Procurement going to be taken seriously as a function in its own right?”
Lack of functionality of real time interface and limited reporting functionalities across eTools. Compounded by difficulty in meeting reporting requirements, particularly in relation to supply chain that are “hindered by lack of integrated systems, including P2P and short notice periods re SPPNs” and Scope 3 emission monitoring	“Ensure continued provision of SPPNs and guidance to ensure that Governmental Procurement Policy is implemented and is proportionate for different sizes of procurement competitions”	“Overcoming short-termism in respect of local and current priorities to deliver on the greater good such as economic recovery and climate not being mutually exclusive”
Support recruitment of staff and upskilling of workforce through awareness of increasing complexity of Procurement and how to address this. Current “skill gap in areas of reform agenda” that need addressing to create cohesive, best in practice, Pan-Scotland Procurement approach	Attract Procurement talent, ensuring succession plans are in place and that capacity and resourcing are available at the appropriate skill set level to deliver Government objectives. Particularly need to work on upskilling existing staff on new responsibilities “not deemed core Procurement responsibilities e.g. Climate Change”	Retirement of skilled workforce contributing to urgent need to recruit and retain next generation of Procurement professionals. Need to be in position of readiness to maintain this talent and establish how Procurement can be a clear career choice, particularly tapping into private sector market and supporting CIPS qualifications

2.2 The Results from the Interviews:

The number of interviews at 20 sessions with 31 stakeholders, together with the quality of the discussions, exceeded initial expectations, which may be a reflection on how important stakeholders view Procurement and/or how keen they are to have a say in developing future plans.

A summary of the interview sessions and the spread of coverage from the process is reflected in the following table:

Origin of Stakeholder	Organisation	Sessions
Ministers	Trade, Innovation & Public Finance	1
Centres of Expertise	Excel and APUC	2
Councils/Authorities	Glasgow, Edinburgh, North Lanarkshire	3
NDPBs	SDS, CMAL	2
Universities	University of Strathclyde & University of St Andrews	2
NHS Scotland	North Lanarkshire Trust	1
Other Directorates	Digital, Digital Commercial Service (DCS), Housing	2
Police Scotland	Same as origin	1
Scottish Prison Service	Same as origin	1
FinTech Scotland	Same as origin	1
SPPD SLT	Procurement & Commercial Policy, E-Commerce, Procurement Services, Collaborative Procurement	4

As with the surveys, the interviews with members of the SPPD SLT reflected a higher view of Procurement and the role the Directorate performs, than when compared with the views of stakeholders, but the justifiable pride in achievement to date was balanced with the general understanding there is no room for complacency.

The interviews with stakeholders beyond the SPPD provided thoughtful and constructive input to the report and we trust the planning for the future process. The interviews also provided an insight into some of the excellent work that is happening at a local or sector basis.

One/two-page summary notes from each of the 20 interview sessions have been provided within Section Four of this report, but by way of a summary, the key themes captured as both 'positive' and 'areas to improve or look into further' from the interviews are provided in the following Tables 3 and 4 respectively on pages 28 and 29.

Note we have highlighted those examples we view as ‘excellent at the local level’ within the ‘positives’ Table 3. For ‘areas to improve or look into further’, we have grouped these into the five key themes we have presented earlier and shown in Table 4, specifically:

1. Operating and Organisational Model
2. Digital Enablement
3. Supply Management Skills and Supplier Development
4. Policy and Regulations
5. Change and Communications.

Table 3:

Positives Themes from the Interviews:
<ul style="list-style-type: none"> • Pride, passion and professionalism within and towards Procurement is clearly in place. • The McClelland Report and the Procurement Reform Act of 2014 are still viewed as being positive catalysts for the growth and development of the Procurement profession within Scotland. • Scotland is leading the way in transparency, understanding of social value and carbon reduction, including 'the circular economy'. • Some excellent examples of local and national cross sectoral collaboration: <ul style="list-style-type: none"> ○ Covid – 19 Task Force: cross functional team including Scottish Enterprise and suppliers, led by the Minister, focused on ensuring supply and creating jobs in Scotland. ○ Glasgow Collaboration Group: where all contracting authorities within the Greater Glasgow & Clyde area are working together to address local matters, good example of the streamlined buying process for sub £2m contracts. ○ Scottish Prison Service (SPS) leading on Occupational Health: where SPS are leveraging their category expertise to lead on a national basis. ○ North Lanarkshire Enterprise Project: ambitious long-term plan, being managed by Assets & Procurement team, currently sourcing a strategic partner to deliver a multi-faceted innovative delivery solution for the local area. ○ The work Excel are doing in managing the critically important category of Social Care • Appreciation of tools and guidance provided by the SPPD, i.e. in eCommerce PCS, PECOS; in skills development; policy notes; statutory reporting. • Scotland is still viewed as leading edge with regards to Procurement delivery by other bodies (EU Commission, World Bank and other countries around the world), who seek to learn and replicate what's been achieved. • There is a widespread view that Procurement within Scotland is already helping, and can further help, economic growth. • Any future change programme will be starting from a position of strength, not deficit.

Table 4:

Areas to improve or look into further, from the interviews:
<p>Operating and Organisational Model:</p> <ul style="list-style-type: none"> Is the category leadership (Cat A&B) and CoE model as optimal today as it was when these were created, now that in scope Contracting Authorities have matured and developed. There's a consistent that SPPD has become more reactive than pro-active over the past few years. There a low level of understanding on what the SPPD can do to support Procurement Projects. The Construction Handbook looks and feels out of date, when compared to other SPPD guides. <p>Digital Enablement</p> <ul style="list-style-type: none"> A requirement for standardisation in data capture tools to record benefits and beyond 'value for money' – including in the wider aspects of social value, supplier/supply chain sustainability and carbon reduction, with a plea to leverage digital to reduce manual reporting. How involved are Procurement in both the 'Shared Services' and the 'Payment Transformation' projects. How future proofed are current eCommerce systems. <p>Supply Management Skills and Supplier Development</p> <ul style="list-style-type: none"> How can the profession look at developing capability and careers of procurement professionals by offering opportunities to work in other sectors, described as the 'career tree' as opposed to the 'career ladder'. Further - a more joined up model could also be used to fill resource gaps where required more effectively. There's a need for more joined up thinking and acting with other organisations in Scotland to develop skills and suppliers. <p>Policy and Regulations</p> <ul style="list-style-type: none"> Clarification on procurement regulations now that UKs left the EU. The SPPN process seems to be done to the Procurement community rather than done with them. Could consultation be improved. <p>Change and Communications</p> <ul style="list-style-type: none"> There's a consistent message around the need for Scottish Procurement to communicate results and achievements better than they are doing.



SECTION 3

Opportunities to Consider when Planning for the Future and Recommended Actions

Section 3: Opportunities to Consider when Planning for the Future & Recommended Actions

As stated earlier in the report, this proactive initiative by the SPPD in gaining an independent view of key stakeholders has been warmly received and that sentiment and goodwill should be leveraged moving forward.

The recently published Scottish Government Procurement Strategy 2021 – 2023 sets out a number of strategic objectives, covering the scope of SPPD only, therefore this report has focused on other areas and themes resulting from the stakeholder engagement process.

The independent assessment of Proxima is as follows:

With the strong foundations already in place, coupled with critically important Ministerial support*, together with new leadership within the SPPD, working with the PPG and other Procurement leaders from Contracting Authorities, (which we've referred to in the following pages as 'Procurement Leadership') provides an excellent opportunity to build upon the existing Procurement Strategies in place, but work collectively to the development of a new five-year National Procurement Strategy for Scotland.

We have presented this as a new very high-level proposition for Procurement within Scotland as a start point for discussion and consideration with the SPPD and Procurement Leadership and it attempts to address the five key themes emanating from the stakeholder engagement process, whilst focusing on the strategic objectives for the Scottish Government already in place.

Proposition for Scottish Procurement to Develop an Extended Strategy and Future Plan:



* The Minister for Business, Trade, Tourism and Enterprise retains responsibility for Procurement in the new Government following the elections of May 2021.

In summary, Proxima propose:

- The development of a new 'National Procurement Strategy for Scotland', building upon the good work currently done at both the local and national levels, underpinned with the move towards a 'culture of collaborative cohesion'.
- The formation of a 'Procurement Leadership – Scotland' team, (leveraging strong Ministerial support in place), comprising SPPD, PPG and other procurement leaders from Contracting Authorities.
- Working to four consistent strategic objectives:
 - * Value for Money
 - * Community Benefits
 - * Carbon Reduction
 - * Economic Recovery
- Pursue a culture of collaborative cohesion across Scotland to drive cross-sector, cross-discipline knowledge and skills sharing; led by 'Procurement Leadership' on a CLAN basis (Centre Led Action Network).
- Tackled by addressing the five key areas of focus as identified through this review.
 1. Operating and Organisational Model
 2. Digital Enablement
 3. Supply Management Skills & Supplier Development
 4. Policy and Regulations
 5. Change and Communications:

We have attempted to address each of these five themes/key areas of focus, with twelve suggested actions for Procurement Leadership to consider ([a – l](#)) and presented within the tables contained in the following pages 33-37, with a one-page summary (plan on a page) presented on page 38.

Key Theme/Areas of Focus from Engagement Process and Suggested Actions for Consideration by the SPPD and Procurement Leadership

1. Operating and Organisational Model	Recommended Actions for SPPD & Procurement Leadership to Consider	Who Should be Involved	How to take Forward
1.1 Are the right governance and operating models in place optimal or is it time for refresh and could these be getting in the way of cross functional collaboration at either a category or local delivery level?	a) To tackle both these points, Procurement Leadership should consider a cross sectoral and functional project team (with independent support) to review what is working today and what could be improved on a cross sectoral basis, with the strategic aim to a propose an improved operational and organisational model, to take Scottish Procurement to the next level of maturity.	Procurement Leadership with independent support.	With a consensus view that change is required, to the existing Operating and Organisational Models, the next phase of work should be the development of an Initial Outline Business Case.
1.2 As Contracting Authorities have developed and matured, are the Centres of Expertise still providing an optimal level of service and support to their stakeholders (and customers) - and is there unnecessary duplication of effort being applied with multiple buying entities in play?			
1.3 Are the SPPD fully aware of the best practice and innovative work happening at a local level, as from the survey and interviews, they can appear to be remote? If you cease to be relevant to your stakeholders, you can quickly become irrelevant.	b) Procurement Leadership to consider how well two-way communication channels are working. There are a number of locally led initiatives that should be known of and shared on a wider basis.	Procurement Leadership, to follow up on those initiatives highlighted in this report, with the aim to improve two- way sharing of best practice.	

2. Digital Enablement	Recommended Actions for SPPD & Procurement Leadership to Consider	Who Should be Involved	How to take Forward
<p>2.1 In spite of the excellent work delivered to date in providing eCommerce products, the survey and interviews indicated that there is a number of procurement and data tracking tools being used or being considered to be used today, beyond those supplied by the SPPD.</p>	<p>c) To tackle this important opportunity, form a Procurement & Supply Digital Taskforce (with independent support) comprising suitably qualified and enthusiastic resources from Procurement Leadership (and we would recommend if possible, resource from the Digital Commercial Service (DCS), to ensure alignment with the Digital Strategy).</p>		
<p>2.2 If this is the case - would a consolidation of tools, perhaps aligned to the 2020 Logan Report Scottish Technology Eco-System, be in order across the end-to-end procurement and supply management processes, including sourcing, contract, purchase to pay, supply chain mapping, supply risk? Note: the E-Commerce within SPPD currently provide a range of tools to cover these processes today. The only mandated tool is PCS.</p> <p>In addition, any new strategy should look to address the consistent requirement from stakeholders for common methodology and tools to help and enable the management and delivery of Scottish Government strategic objectives in Carbon Reduction and Social Value targets?</p>	<p>d) The strategic aims of this Taskforce will be: 1) establish an accurate assessment of the current position in the use of digital tools being used today or being planned; 2) conduct a gap analysis on how this supply will meet existing strategic objectives; 3) develop a plan to address any gaps, aligned with the Digital Directorate approach to look at leveraging the Scottish Eco-System where possible.</p>	<p>Procurement Leadership, DCS and with independent support to form the Task Force, comprising the most vociferous and advanced Contracting Authorities using digital solutions today. Align with the Digital Directorate.</p>	<p>With a consensus view that a new consolidated approach to digital enablement is required, which could be self-funding, the next phase of work should be the development of an Initial Outline Business Case, separate to the IOBC for a new Operating & Organisation Model.</p>

3. Supply Management Skills & Supplier Development	Recommended Actions for SPPD & Procurement Leadership to Consider	Who Should be Involved	How to take Forward
<p>3.1 How can Procurement Leadership lead the Scottish Procurement community in helping to develop the skills and capability of procurement professionals within the Public Sector, with a specific focus on adding supply chain management skills and benefit tracking beyond value for money, to other core procurement competencies, applying lessons learned from the COVID-19 experience?</p>	<p>e) Form a task force from the Procurement Leadership group community to record and review the various skills development initiatives in place across the procurement community today and challenge themselves to assess how well these address the skills requirements of today and tomorrow.</p>	<p>SPPD to take the lead in forming, but not necessary to lead the working group, which could be another member of Procurement Leadership.</p>	<p>Procurement Leadership agree on an aligned approach to action, avoiding duplication.</p>
<p>3.2 Additionally, how can Procurement Leadership lead and influence the Scottish Procurement Community in improving the production of roadmaps of future requirements and working more effectively with partners such as Scottish Enterprise, SDS and Scottish Fin-Tech, to help develop suppliers in response to the recently produced Logan Report on the Digital Eco-System and the Hunter Report on Productivity?</p>	<p>f) Form a cross sectoral task force including SDS, Scottish Enterprise and the Supplier Development Programme to look at a new strategy to focus on 'roadmap of requirements' development and supplier development, based on the skills Scotland will need over the next five-ten years. This should look to address some of the key points from both the Logan and Hunter Reports.</p>	<p>Procurement Leadership, Supplier Development Programme, SDS and Agencies with a link to the supply market.</p>	<p>Procurement Leadership to work with SDS and SE to seek common ground on addressing key points from recent external reports.</p>
<p>3.3 How best could the successful CivTech be expanded into categories beyond Digital?</p>	<p>g) Improve the marketing of the successful CivTech programme and discuss and agree how CivTech could be expanded.</p>	<p>Procurement Leadership, Digital Directorate and DCS.</p>	<p>Continue excellent relationship with DCS.</p>

4. Policy and Regulations:	Recommended Actions for SPPD & Procurement Leadership to Consider	Who Should be Involved	How to take Forward
<p>4.1 There is uncertainty amongst stakeholders on whether Scotland will change any Procurement Regulations now the UK has left the EU. The point was made on numerous occasions whether Scotland will be adapting the recommendations made within the UK Government's Green Paper on Procurement or stick/amend with the those within the Procurement Reform Act of 2014.</p>	<p>h) Whilst the recently published SPPD Procurement Strategy addresses this point, there is still uncertainty. There is an opportunity for the SPPD to address this matter, perhaps whilst sharing this report.</p>	<p>SPPD Strategy & Policy.</p>	<p>SPPD to address when sharing this report.</p>
<p>4.2 How will Procurement Leadership take the lead on striking and maintaining the balance between value for money on the one side and social value and carbon reduction on the other, given the increasing importance in these two areas, whilst avoiding the potential pitfalls of protectionism and unethical procurement practices?</p>	<p>i) Procurement Leadership to consider setting up a cross functional working group to further explore the issues and challenges with the aim of producing a clear policy, guidelines and tools linking into point 2.2 action (d).</p>	<p>Procurement Leadership to take the lead in forming, but not necessary to lead the working group.</p>	<p>SPPD to address when sharing this report.</p>

5. Change and Communications:	Recommended Actions for SPPD & Procurement Leadership to Consider	Who Should be Involved	How to take Forward
5.1 There was clear and consistent messaging from the interviews that the SPPD could do more when effectively communicating the results and achievements of the SPPD and wider Procurement within Scotland and not just to rely on SPPNs or updates the website. A sentiment picked upon was the communications and the process to win hearts and minds was better in the past and needs to be re-energised.	j) SPPD follow up on this engagement exercise with a new process of communication and updates with the stakeholder community and also to explore ways to improve communication of achievements of the wider Procurement Sector Community.	Procurement Leadership.	The session on the 24 th May to communicate the results of this engagement and report will be the start.
	k) SPPD should also consider if a wider Change and Comms function is required to help facilitate the execution of the wider plan being positioned. If so, we would recommend independent support.	Procurement Leadership, with independent support.	Could be the link between key areas 1 and 2 as the IOBCs are developed.
5.2 Equally as important, this review identified a number of examples where the ‘culture of cohesive collaboration’ is already happening, with Procurement resources playing a key role. There is therefore the opportunity and need to improve communications across Procurement within Scotland, rather than it being seen as one way from SPPD to PPG to Contracting Authorities.	l) This point is similar to 1.3, emphasising the link between an effective operating model with an effective 2-way communications as the lubricant that drives and supports this.	Procurement Leadership.	Same as 1.3.

Summary of the Key Areas of Focus, Who Should Be involved and How Best to Progress – ‘Plan on a Page’

A new national Procurement Strategy for Scotland	What <i>(The key areas of focus)</i>	Who <i>(should be involved)</i>	How <i>(best to progress)</i>	Creating a culture of collaborative cohesion as the norm
	1. Operating and Organisational Model	Procurement Leadership Scotland with independent support	With a consensus that change is required, the next stage would be the development of an Initial Outline Business Case (IOBC).	
	2. Digital Enablement	Procurement Leadership Scotland and DCS with independent support and creation of a new digital task force	With a consensus that change is required, the next stage would be the development of an Initial Outline Business Case (IOBC), which could be part of, or separate to point 1.	
	3. Supply Management Skills and Supplier Development	Procurement Leadership Scotland, Skills Development Scotland, Scottish Enterprise and the Scotland Excel Academy	Agree on a joint collaborative approach working with SDS and SE. Start with the production/publication of ‘requirement roadmaps’ over the next 3-5 years.	
	4. Policy and Regulations	Procurement Leadership Scotland and newly formed working group	SPPD to address points of concern raised when sharing this report with wider stakeholder group.	
	5. Change and Communications	Procurement Leadership Scotland (only with independent support if linked to points 1 and 2)	SPPD to address points of concern when sharing this report with wider stakeholder group. This workstream could be the link between points 1 and 2.	

SECTION 4

Summary Reports from the Stakeholder Interviews Appendices 1 – 20

(20 interview sessions took place which included 31 stakeholders)

Breakdown of Sessions and Interviewees

Origin	Sessions	Interviewees
Ministers	1	1
Centres of Expertise	2	2
Councils/Authorities	3	8
NDPBs	2	5
Universities	2	4
NHS Scotland	1	1
Other Directorates	2	3
Police Scotland	1	1
Scottish Prison Service	1	1
FinTech Scotland	1	1
SPPD SLT	4	4
Totals	20	31

Appendix 1	Stakeholder: Mr Ivan McKee MSP
Date: 23/03/21	Title: Minister for Trade, Innovation and Public Finance Note: post-election Mr McKee is now the Minister for Business, Trade, Tourism and Enterprise

Mr McKee's general observations on Procurement in Scotland:

1.1 When he got to know and work with Scottish Procurement he was pleasantly surprised with a number of positive things in place, emanating from the McClelland Report and most recently the Procurement Reform Act 2014, which have resulted in statutory guidance together with a good range of information, guidance and tools accessible and easy to find (in positive contrast perhaps to UK Government Procurement).

1.2 However, he felt Procurement were 'not as good as they might be in promoting their achievements'. They need to focus on the results that have been achieved to date. e.g. the volume of public sector expenditure being channelled through SMEs at 63% for the last reported period and be prepared to be ambitious when planning for the future, i.e. social impact and carbon reduction.

1.3 There are challenges in Scotland - the Public Sector is diverse in nature of requirement and type of organisation, so there needs to be careful consideration on how best to change to be able to develop and operate a continuous coherent culture of collaboration (as exemplified in the COVID 19 task force) to drive and deliver enhanced outcomes aligned with strategic objectives of the Scottish Government.

1.4 Questioned how best to leverage this so that it can stimulate the Scottish Economy (industry is mainly manufacturing and service based).

1.5 To give the maximum benefit to Scotland, buying organisations need to work cohesively to identify synergies in their requirements and work with the supply chain to develop offerings that meet these requirements.

1.6 SMEs need to be ready to bid and compete for Public Sector contracts, not just encouraged to do so.

1.7 Supplier Development is OK at present this but needs to move to a new level to be able to truly and effectively link into solution and requirement planning and ensuring investments in product development are aligned better with strategic objectives of Government.

1.8 Pandemic response was very positive for Scottish Industry, creating >1000 jobs and highlighting what is possible when motivated people from different areas pull together as one coherent team, under clear Ministerial leadership.

1.9 One of the challenges that will be faced when trying to replicate the outcomes will be the sense of urgency created by the pandemic. Lessons learned:

1.9.1 We need to understand what is possible.

1.9.2 Need to enhance transparency.

1.9.3 Collaborative, agile working were key to the pandemic response.

- 1.9.4 Wants to move supply chain development forwards in each sector, at a product level and have the courage to involve industry early in the process.
- 1.9.5 Key to making this happen is to recreate the sense of urgency the pandemic created.
- 1.10 Concerns moving forwards is that there is a danger that any new strategy for Procurement and Supplier development gets sucked into the 'quagmire of civil service speak and is turned into another 50-page report, which may or may not result in any positive action'. This action will require focus from both industry and the civil service to progress and make it a reality.
- 1.11 Mr McKee was interested to understand the Supplier Journey and their challenges when tendering for Public Sector work.
- 1.12 Wants to see changes to the way Procurement approaches and works with the market when it comes to exploring innovative solutions. The market is not only procurement and suppliers but enterprise agencies and other public/private sector bodies. Any new strategy should explore this further.
- 1.13 Current process does not lend itself to new ideas/products/services as they do not meet the minimum criteria during a tender process (cited three years' experience required for some contracts).
- 1.14 Keen to use enterprise agencies to 'pick up some of the ball' and become a champion for supplier development and supply chain development, working with Procurement.
- 1.15 Sees opportunities in standardising data to then be able to review spend, and where sensible, aggregate to gain efficiencies whilst making contracts accessible for SMEs. The challenge to this is standardised data.

Overall view: A positive view of Procurement and feels there are significant opportunities in Procurement bodies across Scotland working more effectively with each other, NDPBs and Agencies, - described as the coherent culture of collaboration - in delivering strategic objectives on efficiencies, value, innovation, social value and carbon reduction.

Appendix 2	Stakeholder: Chris Sanderson (CS)
Date: 24/03/21	Title: General Manager Procurement
Organisation	NHS – Lanarkshire

2.1 SPPD does not come to mind when major projects need managing. There is more of a push and culture to use the NHS NSS Centre of Expertise (CoE) - rationale:

2.1.1 Low awareness of the SPPD offering this as a service.

2.1.2 It is either not marketed effectively, or those marketing messages have not reached CS.

2.1.3 CIPS covers off Project Management, therefore most professionals running a strategic sourcing project will have the skills required to manage a project of this type.

2.1.4 The CoE are the first point of contact for local NHS Procurement Teams for support and advice and they drive engagement, not directly with the SPPD.

2.2 With regards to Supplier Development Supplier Development, national frameworks do not lend themselves to encourage use of hyper-local SME base.

2.3 NHS Trust has local targets for regional SMEs.

2.4 Where suppliers have struggled with the tendering process, CS has pointed them towards Supplier Development and the Supplier Journey. CS made the point he looked to foster closer relations with the Supplier Development Programme (SDP), which would have incurred a cost to SPD which he could not justify, therefore did not pursue the opportunity.

2.5 CS expressed a concern there is a risk that procurement regulations differ from the UK, if Scotland decides to stick with EU regulations.

2.6 Need to make processes less bureaucratic to help the SME agenda.

2.7 Would like to see a Pan-Scotland drive to review Scottish PCRs.

2.8 With regards to duplication, Chris questioned why resources are deployed duplicating frameworks that are let by CCS that reduce buying power (cited stationary as the example) when these resources could be used to plug gaps elsewhere.

2.9 Need closer alignment between auxiliary framework bodies to cover off all categories between them. Cited the need to establish local frameworks in a couple of sub-categories as these were not covered off by national framework.

2.10 With regards to leveraging buying power: framework providers cannot give suppliers any commitments, therefore suppliers do not price items at the most competitive price. This is driven out through via mini competitions.

2.11 Framework providers could do more to increase awareness of what is available, which probably results in variations across Scotland, which in turn is an opportunity for benchmarking / needs analysis / Pan-Scotland planning for non - linear demand.

2.12 With regards to benefits and value tracking, CS made the point that NHS in Scotland do this well and use an off the shelf tool called 'Provalido', which works well. Savings calculated on:

- Baseline: pre-framework costs used to forecast savings generated by new agreement.
- Usage volumes used to estimate savings.
- Reporting against price agreed (and paid with suppliers).

2.12 CS expressed the view the 'Procurement Journey' produced and managed by the SPPD is excellent, "you could take someone who lives on Mars and it would enable them to run a tender".

Overall view: A positive ambassador for Procurement and in particular referenced the strong relationship between the Trust Procurement Team and NSS. However, the relationship with the SPPD is only through using tools and guidance such as Supplier Development and the Procurement Journey. Good observations on the opportunities from greater cross functional collaboration at a category level.

Appendix 3	Stakeholders: Damien Yates (DY); Eugene Gallanagh (EG); Tom Wilson (TW)
Date: 30/03/21	Titles: Chief Executive Officer; Senior Director, Enabling Services; Head of Procurement & Legal Services
Organisation:	Skills Development Scotland - SDS

3.1 TW started the feedback with his views on Procurement and working with the SPPD, which were mixed with examples of good central leadership, i.e. the introduction of PCOS in 2000, together with some examples where Agencies and NDPBs are left to their own devices, i.e. in spend management where SDS have engaged the services of Spikes Cavell.

3.2 TW made the point real time data is much more important than annual reports from suppliers.

3.3 TW also feels that the Cyber Tool should have been embedded within Public Contracts Scotland from the start and questioned the lack of leadership focus from the SPPD in the key area of carbon reduction targets, comparing with what the NHS in England appear to be doing in this area.

3.4 TW also made the point there should be much more ambition when it comes to electronic invoicing, comparing Denmark as an example.

3.5 At this point EG expressed his concerns with a potential lack of ambition from the Shared Services Project being run centrally asking where is the thought leadership when it comes to moving towards new technology and solutions in the area of purchase to pay, leveraging B2C experiences i.e. contactless and paperless transactions (blockchain)?

3.6 At this point DY referenced the 10-year strategy SDS are working and expressed his desire that this report attempts to challenge the status quo and specifically that the SPPD be prepared to take a more strategic role in working with SDS, the Agencies and Industry in planning for the future and the skills that are needed then and now.

3.7 DY made the point the foundations for Procurement in Scotland are strong, emanating from the McClelland report, and any future strategy will be “starting from a position of opportunity – not a position of deficit”.

3.7 In addition to Procurement taking a more strategic role with multiple stakeholders, all three expressed the opinion that improvements could be made in the following areas now:

3.7.1 Need a strategic approach to real time meaningful data and management information.

3.7.2 Carbon is the next big thing, need to use data and MI to track this and inform decision making.

3.7.3 Automation can be embraced in Scottish Public Sector to focus resources on value-add activity.

3.7.4 Future strategy could stimulate growth of Scottish Tech companies and their supply chains.

3.7.5 A common platform could and would help, but it has to be right and has to be best in class.

3.8 There seems to be some discrepancy therefore and room for improvement in messages coming from the SPPD's policy notes. Examples used:

3.8.1 Implementation of Fair Work in Scottish Public Procurement

3.8.2 Taking account of climate and circular economy considerations in Public Procurement.

Whilst both look at implementation, the perception of the titles is very different.

3.9 DY expressed the view that "for anything that is truly unique, you need specialisms, for everything else - do it once, do it together, do it better".

3.10 TW questioned whether the definition of 'Procurement' in Scotland needs revisiting, "when you look at what they are potentially enabling a CPO should stand for Chief Purpose Officer". This would also enable Procurement to take forward the supply chain agenda.

3.11 EG expressed the view that "Procurement is moving away from Value for Money to purpose. Evaluation criteria is shifting in focus and sustainability and social value are becoming just as important as savings".

3.12 EG expressed the view that any centrally driven technology strategies should avoid the "Betamax model" i.e. where projects take long, the technology is obsolete before implemented.

3.12 EG also stated there could be an opportunity for the SPPD and APUC to work more effectively together as colleges "appear to spot buy everything and don't have any shared services".

3.13 JC thanked the executives from SDS and complimented them for their contribution and strategic ambition for SDS and beyond. DY made the point SDS benefit from experienced Chairmanship initially from John McClelland and now Frank Mitchel "Strategic leadership from Boards & chairs shapes the landscape. Private sector chairs bring sharpness and direction". He would recommend other Public Sector bodies look to engage similar experienced Chairs and Non-Executives to their respective Boards.

Overall view: An excellent interview with thoughtful and constructive multi layered input provided by DY, EG and TW. Strong opinions and suggestions were provided on the opportunity for the SPPD to think and act more strategically, working with those Public Sector bodies including SDS who have a vested interest in helping to grow skills and capability in Scotland. The other suggestions in regard to 'shared services' and 'digital growth' may have been out-with the scope of this 'procurement' exercise, but are, nevertheless, important points that we trust will be listened to.

Appendix 4	Stakeholders: Kevin Hobbs KH and Marion Shaw MS
Date: 30/03/21	Titles: Chief Executive Officer CEO and Head of Procurement
Organisation:	Caledonian Maritime Assets Ltd (CMA)

Caledonian Maritime Assets is a small but highly skilled specialist public body, consisting of a team of 38 across three Directorates with a budget of c£40m pe annum. They are responsible for the management of vessels, ports and infrastructure in the mainland and Scottish isles.

Infrastructure accounts for 90% of expenditure, with MRO accounting for approximately £5m per annum. Large project typically ranges from between £10m - £15m.

- 4.1 With regards to the SPPD, MS expressed the view that CMA tend to do their own thing, within the regulations, given the unique nature of what they have to procure and manage, e.g. a CMA specific Framework for Naval Architects.
- 4.2 MS feels the Procurement Journey is a good short, sharp and easy to follow process tool in comparison to the Construction Handbook, which she feels is cumbersome and looks outdated.
- 4.3 MS would like to see genuine support from SPD for skills development of the Procurement function, (possibly in conjunction with SDS?). Perception there is no clear pathway for new joiners in smaller organisations.
- 4.4 MS suggested a 'members only area' within the SPPD website would be good, to share private information within the user community, as opposed the everything being publicly available, as it seems to be today.
- 4.5 MS would appreciate access to real time experience of in implementing and operating Project Bank Accounts, due to finding this somewhat challenging at present.
- 4.6 KH joined the meeting and expressed his concerns with challenges of Project Bank Accounts, particularly when positioning to overseas ship builders (Poland and Turkey were referenced).
- 4.7 In addition KH believes PBAs could restrict the number of suppliers bidding for work as they are perceived as an additional administrative burden and do not want to invest in staff to manage the process "Ship building contracts, be it nationally or internationally, will not work with Project Bank Accounts" People = problems = costs".
- 4.8 KH expressed the strategic challenges CMA are managing with regards to replacing an aging fleet and the potential conflict with Scottish Government policies in buying locally and would welcome discussions with the SPPD exploring how strategic challenges could be best addressed.

Overall view: Although CMA are a small specialist stakeholder, both MS and KH made some excellent points on skills development, Project Bank Accounts and a request for greater understanding from the centre on the specific challenges CMA are dealing with when it comes to Procurement and Supplier Development.

Appendix 5	Stakeholder: Graeme Cook (GC)
Date: 31/03/21	Title: Deputy Director, Head of Procurement Services
Organisation:	Scottish Procurement & Property Directorate (SPPD)

5.1 GC has been with the Scottish Government since 2007 and worked in the Public Sector before that, therefore has seen procurement evolve to where it is today. GC made the statement - "Prior to 2006 we were a disparate band of buyers. Fifteen years on from the McClelland report, and a further seven years from the Procurement Reform Act of 2014, Procurement is seen as professional and an enabler to deliver Government Objectives."

5.2 GC used the example of the PPE Covid Response Team under the leadership of the Trade, Innovation and Public Accounts Minister Mr McKee as being "very positive and enormously successful". "The Reform Act resulted in a single profession which has also created a close web of contacts and networks which the pandemic response was able to leverage to its benefit. Stakeholders were able to easily connect and overcome challenges."

5.3 Another key element to the Covid Response effort was the integration of enterprise bodies and leveraging their knowledge to enable efficient supply. Where Procurement had limited knowledge of products and material manufacturers, Enterprise was able to support them and leverage their market knowledge to overcome barriers to supply.

5.4 Moving forwards, supply chain development will be taking these learnings and action upon them. There is increasing opportunity to closer align Procurement functions across Scotland with Enterprise Agencies to better to leverage their knowledge and achieve objectives, particularly in the key areas of Supplier and Skills Development.

5.5 With regards to opportunities for the SPPD, GC expressed the view "we have data but do not have enough resource to do anything meaningful with it. There is a wealth of information available, but we could be doing more with it. Investing in the right capability and capacity is key to drawing meaningful management information out of the data."

5.6 GC gave a good example to support this point – "Recognising companies who employ a lot of people in Scotland but not recognised as a Scottish company, would increase the reportable impact of Scottish Procurement; e.g. Mitsubishi employ a lot of people in Scotland but do not have a head office in Scotland. Any contracts awarded to them have significant benefit to local economies and contribute to strategic goals. However, this is currently not recognised in reporting."

5.7 GC also felt Scottish Procurement could do more on marketing successes, "Supplier survey used as an example where the achievements across Scotland are outstanding, but people do not have awareness of just how good SSP are." GC felt that SPD could learn from how CivTech market themselves, as this is seen and known as an innovative and successful programme.

Overall view: A proud and passionate Procurement professional who has been part of the journey of transformation for Scottish Procurement over the past 14 years. Excellent example of what can be achieved when multiple bodies work together in a 'coherent collaborative way', which should be leveraged and built upon, with the aim to deliver strategic objectives beyond savings and value for money. Good points on the need for better use of data and management information.

Appendix 6	Stakeholder: Lynn Wisener (LW)
Date: 01/04/21	Title: Deputy Director, Head of E-Commerce
Organisation:	Scottish Procurement & Property Directorate (SPPD)

6.1 LW has been a key part of the Scottish Procurement E-Commerce team since 2002 and has been leading the function since 2012. She has therefore been an integral part of how E-Commerce tools have developed and expanded over this period, (i.e. PCS, PECOS, E-Invoicing).

6.2 LW expressed pride in the fact that £7bn of the total £12bn spend is being processed through SPPD procurement platforms with 80 organisations now using PECOS. Whilst she acknowledges the work and achievements made in expanding the use of E-Commerce tools across the public sector in Scotland, she acknowledges there are issues and opportunities to address.

6.3 Data and Management Information to inform and support Government strategic objectives. LW expressed the view that more targeted resource is required to be able analyse and interpret the vast amounts of data that is in place today. LW acknowledged that resource could be either human resource or AI or ideally a combination of both. LW stated her team were in the process of finalising plans for a national Management Information Platform for Scotland which would sit above the various Commerce platforms in place today.

6.4 LW explained E-Invoicing was rolled out in 2014/15, however this was not perceived as urgent which has hindered adoption. In spite of this, LW stated that 31 public bodies currently use the E-Invoicing solution provided by SPPD today. In addition, E-Invoicing is being done in the 'truest form' with a right first-time approach. Therefore, the roll out takes time as there is no paper involved. When compared to countries like Denmark (100% E-Invoicing) they scan paper invoices onto the system. So, the 100% stat is not comparable to the Scottish approach.

6.5 LW believes there is an opportunity for the SPPD to provide tools to capture and report value from Procurement beyond savings and efficiencies, i.e., risk, social value and carbon reduction, in support of delivering Government strategic objectives.

6.6 LW respects the long-term relationship in place with Elcom, provider of PECOS and feels confident this relationship could be further leveraged to explore developments in the space of E-Commerce, quoting a current positive example working with Data Labs at Strathclyde University, exploring where AI can be used to improve process efficiencies.

6.7 LW is part of the wider Scottish Government Shared Services Programme Board, ensuring that the needs of Procurement are part of considerations. Her aim is to ensure there is an understanding that any future shared services solution cannot be a downgrade from the current systems.

6.8 Other projects underway include 'supply chain mapping and analysis' to better understand the impact public spend is having on Scottish economies and businesses and looking at a 'supplier registration portal' and the ability to map their journey from registration through to tendering for work and the award of contracts.

Overall view: A proud Procurement professional with a passion and deep routed experience in regards to all E-Commerce matters. Whilst appreciating the successful digital journey Scotland has been on, LW acknowledges there are areas of opportunity to further improve and be in a better place to manage compliance towards wider Scottish Government objectives.

Appendix 7	Stakeholders: Maureen Fitzpatrick (MF); Maria-Claire Cushley (MCC); Gary Stewart (GS)
Date: 01/04/21	Titles: Head of Corporate Procurement; Head of Legal Services; Product Development Manager
Organisation:	Glasgow City Council

MF was joined by MCC and GS at the session, representing the view of Glasgow City Council, the largest district council procurement function by size of spend. The first thing that struck us from this interview was the passion for Procurement and Glasgow from MF and team.

7.1 MF started the session by sharing the strategy and six strategic priorities of the Procurement Function in support of the Council's strategic objectives. MF pointed out that she has a closer working relationship with Excel than with the SPPD, but this is due to the role of Excel as the Centre of Expertise for Local Government across Scotland.

7.2 MF stated the ambition for the Glasgow Council Procurement Team is to be a value-add service for everyone, from end users to Executives and elected members. It can be a function that achieves the right outcomes for all and have a real influence on the direction of the city.

7.3 MF expressed the view that there are "challenges to Public Sector Procurement with governance and reporting. The perception of the service has and is changing from a being a blocker to an enabler. This in turn is improving relationships and trust with stakeholders."

7.4 MF stated Glasgow Procurements use some of the E-Commerce tools provided by the SPPD, but not all and that a reducing volume of spend was being channelled through PECOS.

7.5 The team acknowledged products and initiatives from the SPPD such as PCIP, the Procurement Journey, The Supplier Journey as useful and value add.

7.6 MF, MCC and GS then gave us their individual and collective views on opportunities for Scottish Procurement to improve, including:

- 7.6.1 Opportunity to Increase Quick Quotes threshold to afford more local SMEs the opportunity to bid for work and reduce lead times for larger contracts.
- 7.6.2 Opportunity to review the current procurement regulations to make it easier to drive innovation from the market.
- 7.6.3 Would like to see the threshold for Community Benefits lowered for goods and services. This could stimulate further benefit to local communities. There are some cases where this is becoming a pass/fail criterion for evaluations. Opportunity to combine Community Benefits with sustainability and look at the reduction of Scope 3 emissions through local purchasing.
- 7.6.4 Opportunity for closer cross functional collaboration at the category level, highlighting the good work taking place in Glasgow to move towards a carbon neutral fleet.

- 7.6.5 MF referenced that CivTech are working with a supplier who are developing an App that tracks carbon reduction. Could they be used to improve the measurement of carbon reduction from a procurement perspective?
- 7.6.6 The team all agreed there was an opportunity for another look at digital solutions on a Pan - Scotland basis. Their observations were: "PECOS does not cover all areas of spend and this is perceived as an issue resulting in a need for multiple systems".
- "It is a bit clunky; you have to click too many buttons to get to where you want to go". These views lead to questions on - is the functionality right, is it future proof?

7.7 MF positively referenced the word 'innovation' throughout the interview, with a number of examples including:

- 7.7.1 "GCC have been able to shape the automotive supply market with their fleet strategy and its focus on hydrogen fuel. But there is not enough innovation on goods and services."
- 7.7.2 "The challenge is understanding where the problems are and prioritising them on a Pan - Scottish Category Planning basis."
- 7.7.3 "How do you get visibility of who is innovating what?" "There's an opportunity for better communication of innovative solutions being developed and used, to benefit the whole of Scotland."

Overall view: An inspirational session with a team of proud and passionate Procurement professionals. Positive acknowledgement towards Excel and the SPPD on a more limited scale, but an appetite to do more for the wider benefit of Procurement within Scotland. Excellent observations around the opportunities on policy, digital and cohesive collaboration to better understand and deliver benefits from innovation.

Appendix 8	Stakeholder: Angus Warren (AW)
Date: 06/04/21	Title: Chief Executive Officer
Organisation:	APUC (Advanced Procurement for Universities and Colleges) Limited

8.1 AW introduced APUC as the Centre of Expertise for Universities and Colleges Procurement, with an annual spend of c£300m. In 2009 only 7% of spend was managed collaboratively – that figure is now regularly approaching 50%. The other 50% will be on either large-scale capital or construction projects specific to the University or College contracting authority.

8.2 JC asked AW for a specific example of a University large scale procurement, without use of either APUC or SPPD frameworks, with AW referencing MRI scanners used in research.

8.3 AW made the point APUC are in place to bridge the connection between Government and the Universities & Colleges sector with their unique cultures.

8.4 AW made the point the Procurement Reform programme works well when “we collaborate effectively from the start and leave execution to the specialists”.

8.5 AW meets with the Director of SPPD and CEOs of Excel and NSS on a regular basis to discuss strategic matters.

8.6 AW highlighted several of the SPPDs’ tools used by the contacting authorities and APUC including PCS, PECOS and ESTP. However, he feels more could be done particularly in two key areas:

8.6.1 Spend management tool coverage with only 50% of institutions able to use Spikes Cavell – APUC have therefore developed their own tool.

8.6.2 SPPD could adopt a standard for measuring performance against carbon reduction targets, referencing the methodology development work being done and led by DEFRA which 100% of universities and colleges now have reporting functionality for (& circa 50% of Universities in England).

8.7 AW pointed out the funding model differences between Universities and Colleges within Scotland. He also made the point “funding drives efficiency” so they have had to be efficient to survive.

8.8 With regards to strategic opportunities, AW made the following points:

8.8.1 AW feels the time is now right to move beyond sourcing and contracting as the main skills of procurement professionals and move to Lifecycle Managers, where the professional takes a holistic approach to the good or service they are managing. The example given was in computer equipment with the key questions of:

- ‘how can this fit into a circular economy’?
- ‘how can it last three times longer’?

Overall view: An informative and thought-provoking session, with AW providing his insights and experience of the both the journey of Procurement within Scotland to date whilst suggesting ambitious targets to aim for in the future, particularly in carbon reduction and lifecycle management.

Appendix 9	Stakeholder: Mark Thurley (MT)
Date: 06/04/21	Title: Programme Manager, Achieving Excellence in Housing Development
Organisation:	Scottish Government - More Homes Division

9.1 MT introduced himself as currently an independent contractor working within the More Homes Division. He explained he was previously a Director with the City of Edinburgh and before that, York and Sheffield. His role now sees him running a number of projects particularly in social housing, with an aim to deliver value for money.

9.2 MT expressed his view that “sometimes Procurement is seen as a box ticking exercise and reason for not doing things, when really Procurement should be an enabler to getting things done”.

9.3 MT felt the Procurement Reform Act - Scotland was received like a lead balloon although he appreciated the intention was well intended.

9.4 MT worked closely with Scottish Procurement when Scott Bell was in place, whom he found “great”. “Scott wanted his team to be the ones who said yes, but invariably they said no”. MT felt this was often due to late inclusion of Procurement professionals in the contracting process.

9.5 MT referenced the good work of the SPPD in working with Excel to promote the PCIP for local Housing Associations, with around 80 taking part and changing their views positively to the value good procurement can bring. Conversely a further 80 Housing Associations did not take part and, in general, their views of Procurement have probably not changed for the positive.

9.6 MT felt the Construction Leadership Forum, chaired by a Minister is a good thing although communications are not working as well as they could and consequently not winning enough hearts and minds.

9.7 MT acknowledged Scotland is doing well in channelling spend to SMEs but feels the SPPD could be doing more to communicate achievements in this area more effectively. Further MT feels should be working on improving their visibility to the wider stakeholder community.

9.8 MT feels that savings as key measure of Procurement can be a turn off and feels value for money is a better measurement.

Overall view: An interesting interview with some mixed messaging around the SPPD and the value that Procurement can bring. Points on savings and wider value for money well made as was the example of PSIP, having a positive impact on those local Housing Associations who took part.

Appendix 10	Stakeholder: Iain McKie (IM)
Date: 07/04/21	Title: Interim Head of Procurement & Stores
Organisation:	Police Scotland

10.1 IM introduced himself as Head of Procurement for Police Scotland, where he has been in position for two years, as part of a career in Procurement which includes both Public and Private Sector experience.

10.2 IM works with Barry Graham in looking at collaborative opportunities across Emergency Services in Scotland. He also works with the English Forces periodically on procurement matters.

10.3 In his current role at Police Scotland, IM was unclear/unaware of some of the responsibilities of the SPPD, which was reflected in some of his answers given within the survey, and specifically in the regards to the SPPD leading on 'savings and efficiencies'.

10.4 IM feels the SPPD could be doing more to lead and drive on procurement benefit's strategy through clearer Policy notes and expand coverage into:

- Community wealth
- Carbon reduction
- Climate Change

10.5 IM recognises there are inherent challenges and conflict sometimes within procurement activity through pricing and value for money on the one side and government objectives on buying locally and carbon reduction on the other. IM would like to see the SPPD take the lead in manging the balance between the two.

10.6 IM also expressed a desire that the SPPD could give more proactive support in helping functions like his grow and develop their procurement and commercial capability.

10.7 He felt that the SPPD could be taking a lead in developing a cross functional Public Sector Buying function, which contracting authorities could call upon, i.e. on a project or secondment basis.

10.8 IM submitted an idea within the survey response which the SPPD should give consideration:

"SPPD should consider developing an online training module that gives Private Sector people (perhaps made redundant) a chance to learn Public Sector skills/processes - opens up more options for workers and us".

Overall view: An informative interview where IM gave more context to those questions on the survey where he was unaware of the role of the SPPD. Some very interesting thoughts and ideas from IM on skills development and opportunities.

Appendix 11	Stakeholder: Nikki Archer (NA)
Date: 06/04/21	Title: Head of Procurement & Commercial Policy
Organisation:	Scottish Procurement & Property Directorate (SPPD)

11.1 NA completed the survey and provided some detailed views on challenges and opportunities across the short, medium and long term; therefore the interview was used to explore areas beyond the feedback already supplied by NA.

11.2 NA is very proud and passionate with regards to the successful transformational journey the Procurement Profession in Scotland has been on over the past decade and more, which is recognised (perhaps more so beyond the country) as forward thinking and leading edge when compared to other Public Procurement functions around the world, particularly around strategy, policy, the Reform Act, skills development, views of suppliers and cross sector collaboration.

11.3 However, NA made the point “there is no room for complacency as not everything in the garden is rosy”. NA expressed the view “it’s not policy that’s stops us achieving even more – but the application of what’s already in place”.

11.4 To highlight this point, NA reference the recent Green Paper published by the UK Government which sets a series of reforms to the previous EU Procurement Regulations, which are currently being consulted upon. NA views these as mainly playing catch up with the Procurement Reform Act Scotland, with the notable exception of Supplier Remedies. *[Proxima agrees with this view]*.

11.5 By way of opportunities to consider in taking Procurement in Scotland to the next level, NA suggested:

- 11.5.1 A national programme of building capability, but avoiding the sheep dip approach, to meet existing and future requirements.
- 11.5.2 Ensure all the leaders of existing functions are effectively engaged in the development of capability.
- 11.5.3 Focus on developing ‘career trees, with multiple branches’, encouraging and rewarding cross functional experience, as opposed to the more functional career ladder.
- 11.5.4 Embrace, leverage and share benchmark analysis and communicate results within and beyond stakeholder community more effectively. As an example, NA shared the fact Scotland is leading on Sustainable Procurement within the UK, but perhaps not publicising this enough. She bases this on her views as a member of the UK Government BEIS Sustainable Procurement Board.

Overall view: An inspiring interview where NA displayed the passion and pride she is known for in the UK and beyond. Her views on skills development to meet the known and developing requirements of the future are worth exploring further. This one-page summary is condensed from the interview notes.

Appendix 12	Stakeholder: Julie Welsh (JW)
Date: 06/04/21	Title: Chief Executive Officer (CEO)
Organisation:	Excel (Centre of Expertise for Local Government)

12.1 JW introduced herself as CEO of Excel where's she's been for seven years and before that as Head of Procurement at Renfrew Council. JW also explained the interesting reporting line structure where Excel is responsible to elected members of the 32 local Authorities in Scotland, reporting directly to the Executive Committee. JW also explained the funding model for Excel and the need to work effectively with members and associate members.

12.2 JW is proud of the achievements of the Excel team and directed us towards the Annual Procurement Report. We were able to read the website and highlighted the positive way Excel report their delivery of benefits including:

- Value for money
- National and local priorities
- Supporting the local economy
- Generating additional social value

12.3 JW shared that from the £2bn spend per annum managed by Excel, the largest proportion and therefore specialist category is on Social Care at £800m. Other large categories include constructions and buildings.

12.4 JW feels relationships with the Procurement teams across Local Authorities and other Associate Members are in the main positive and highlighted her delight at some of Scotland's main universities joining Excel as Associate Members. She acknowledged there may be some exceptions to this view.

12.4 JW felt the relationship with the SPPD was better than it is now, which could have been down to the Ministerial leadership at that point, when chaired by Mr John Swinney. JW feels there is still value in PRDG (Procurement Reform Delivery Group] but perhaps now is the time for a refocus and re-energising of this group.

12.5 JW feels the fundamental blocks are in place to build a new strategic direction from and would like the Procurement Profession to get back on the front foot as they once were.

12.6 JW summarised her feelings that now is the time for a "re-invigoration, re-positioning and re-prioritisation of Procurement within Scotland."

Overall view: A very informative and enlightening interview, where JW was able to inform us on how Excel works with its significant stakeholder community and the continuous need to deliver value for money and social value benefits to that community. It was clear JW is supportive of the need for change, building on the solid foundations in place.

Appendix 13	Stakeholders: Iain Strachan (IS) and Lynette Robinson (LR)
Date: 07/04/21	Titles: Chief Procurement Officer; Commercial and Procurement Delivery Manager
Organisation:	The City of Edinburgh Council

13.1 IS introduced himself as CPO and Lynette as Commercial and Procurement Delivery Manager with responsibility for c£700m spend per annum across all categories.

13.2 LR acknowledged an awareness of the learning programmes from the SPPD and Excel and that Edinburgh follows the PCI process. Edinburgh also uses the 'common use frameworks' put in place by Excel.

13.3 LR indicated around 80% of spend is through local frameworks with 20% through national. IS pointed out there is a high proportion of capital expenditure within Edinburgh.

13.4 IS made the point that there has been 11 or 12 SPPNs issued in the past year and questioned if all of these are entirely necessary. "are these and the impact on contracting authorities clearly thought out before issuing?"

13.5 With regards to systems IS made the point Edinburgh are one of the few Public Sector bodies in Scotland using Oracle ERP including for Purchase to Pay. LR added that they also use PCS as supplied by the SPPD.

13.6 With regards to working with the SPPD and Excel, IS made the point "we are aware of initiatives such as the SPPD led working group on capability and the learning framework from the SPPD and Excel, but we feel we have to look after our own staff first and focus on local priorities for Edinburgh".

13.7 IS also raised the question on the fees Edinburgh Council pay Excel and the apparent strategy of Excel chasing further revenue income from offering consulting services. Proxima agreed to capture this point, whilst noting this was beyond current scope.

13.8 With regards to challenges and opportunities, both IS and LP noted that expectations from stakeholders around Procurement is rapidly growing and there is an opportunity for the Procurement profession in Scotland to get more joined up in meeting this growing expectation. The example given was the reporting of central and local government targets on carbon reduction and social value, where it would appear most contracting authorities are doing their own thing.

13.9 LR made the point that she has seen more engagement with the SPPD recently at a category level on construction, translation services (with local authorities excluded last time). Both IS and LR made the point they wanted to see a continuation of this inclusion in tackling national strategic objectives moving forward.

Overall view: An informative and interesting interview, where IS and LR made the point on the importance of Procurement at the local level. Some constructively challenging points made with regards to the working relationship with both the SPPD and Excel, which may need follow up.

Appendix 14	Stakeholder: Andy Door (AD)
Date: 08/04/21	Title: Head of Procurement
Organisation:	Scottish Prison Service (SPS)

14.1 AD introduced himself and highlighted the point he has been in position at SPS for nine years. JC complimented AD on the quality of his survey response particularly the comments which were detailed and very constructive. The interview focused on AD's responses to survey questions.

14.2 Regarding support provided by the SPPD on Procurement Projects, AD is not aware of this as a support service apart from the well documented and understood Project Management Principles.

14.3 AD made the point that the delineation of Cat A (national) and Cat B (local) frameworks was a good move at the time resulting from the earlier McClelland Report, however in recent years Cat B frameworks are less than they once were.

14.4 AD made the point that SPS are happy to leverage frameworks which have been put in place by either the SPPD or Excel, giving the example of Waste Management with Excel but SPS are also happy to take the lead on sourcing and managing frameworks where they have most direct experience, giving the example of Occupational Health. He made the point there could be more of this activity, where the contracting authority with most experience takes the lead.

14.5 AD gave a good example where effective collaboration is essential in the management of some other categories, i.e., Food, where the needs of NHS, Local Authorities and SPS differ greatly.

14.6 With regards to challenges, AD made the point one his biggest challenges is transparency of budget, which can impact on capital projects which are inevitable beyond the three year budgetary period. He acknowledged this is just a fact of life of Procurement within the Public Sector.

14.7 AD made the point the Construction Industry in Scotland are crying out for a clear pipeline of work and a more joined up approach by the Government across the whole Public Sector is required and would be beneficial in a number of areas.

14.8 AD then shared his Category Manager for Construction within SPS has recently been selected to become the Head of Construction within the SPPD, so he is hopeful some of these challenges and opportunities specific to construction will be addressed.

14.8 With regards to opportunities, AD feels there is a need for Procurement to take a lead role on wider benefits management as Government looks beyond value for money, including carbon reduction and community benefits, here he asked the question "would you pay more for a contract if there was greater social value outcome"? AD's view is it Procurement Leadership's role to answer.

Overall view: An informative and interesting interview with a very experienced and impressive Procurement professional. Excellent examples of where things are working well, both within SPS procurement and with the SPPD/Excel, but also and more importantly where things could further improve.

Appendix 15	Stakeholder: Stephen Ingledew (SI)
Date: 08/04/21	Title: Executive Chair at FinTech, Interim Director at Scottish Enterprise
Organisation:	Scottish FinTech

15.1 SI was interviewed as part of the stakeholder engagement process in his capacity as Executive Chairman of FinTech Scotland given his strong views on where Procurement can help and support, not only the important FinTech sector, but additionally the wider ambition of the Scottish Government to be a leading digital economy.

15.2 SI directed us towards the Scottish Technology Eco-System Review, produced by Mark Logan which is both an illuminating and ambitious document. With a particular emphasis on this review of Procurement, there are emerging opportunities where an ecosystem of Scottish based suppliers could be targeted and supported to help meet the needs of Government and wider Public Sector contracting authorities with point solutions, which in turn could become global solutions.

15.3 SI sits on the Digital Transformation Board chaired by Colin Cook the Chief Digital Officer within the Scottish Executive. One of the projects currently being considered is a consideration of the existing 49 payment systems used across the Public Sector today. This could be a perfect opportunity for the Government to get more aligned in sourcing a solution/s, and if this were from the Scottish ecosystem then multiple wins could be achieved. In addition, given that payment is most often the back end of the front procurement process (hence procure to pay) it would make sense to ensure joined up thinking from the start. SI confirmed the Director of SPPD does indeed sit on this Board.

15.4 SI was very complimentary towards Colin Cook, Trish Quinn and Mark Ellit for their open mindedness and forward-thinking approach and highlighted the work TQ is doing with regards to CivTech as a great example of what can be achieved in giving opportunities to early-stage digital companies to prove their capability on small scale, which can in turn lead to larger scale opportunities.

15.5 SI suggested CivTech or the proven concept, should be expanded beyond digital companies, which is something for the SPPD to consider. SI believes CivTech works because it allows people to “think big – but act smaller to deliver”.

15.6 SI is aware of the multitude of systems used to support the delivery of Procurement across Scotland today, and believes the Logan Report, together with the open mindedness and ambition of the Digital Directorate and importantly Ministerial support, should create the perfect environment to deliver change. Scope of such change could include and not be limited to:

15.6.1 E-Commerce tools to support sourcing, buying, contracting, and paying.

15.6.2 Supplier & contract management tools to manage performance, sustainability and risk.

15.6.3 Data capture and analysis tools to support the management of strategic objectives:

- Value for money, savings and cost effectiveness
- Social value and community benefits
- Carbon reduction data capture and analysis

Overall view: A very inspiring session with an informed and influential stakeholder, giving a different perspective from most of the other Procurement stakeholders interviewed. Aligned with SDS on the opportunities for Procurement to develop skills and capability for the future.

Appendix 16	Stakeholder: Ian Howie (IH)
Date: 08/04/21	Title: Head of Collaborative Procurement Division
Organisation:	Scottish Procurement & Property Directorate (SPPD)

16.1 IH has been part of the SPPD for a number of years and been part of the leadership team as it has developed. IH is now responsible for the Collaborative Procurement Division since April 2020.

16.2 IH is head of the team with responsibility for sourcing contracting national framework agreements (Cat A) for use by the wider Public Sector across Scotland as well as those frameworks and contracts used specifically for the Scottish Government. Today there are approximately 100 plus frameworks, with 300 suppliers representing £4bn in spend under the oversight of the Collaborative Procurement Team. These frameworks cover the key categories including:

- Utilities
- Facilities Management
- ICT
- Corporate & Professional Services
- Construction

16.3 IH believes his team works well with the three Centres of Expertise (CoEs) Excel, NSS, APUC and he enjoys his role in chairing the Collaborative Leads Group. He gave a good example of where the group are working well taking on a challenging issue such as the category of electric vehicles, where Excel want to do something quickly to meet immediate needs, where Transport Scotland want to take a more strategic approach. The CLG are close to agreeing an approach strategy that satisfies all parties.

16.4 IH works well with most of the large Local Authorities, highlighting the excellent relationships with Glasgow, whilst acknowledging Edinburgh prefer to do their own thing, which align with feedback from both Glasgow and Edinburgh stakeholders.

16.5 With regards to challenges, IH highlighted the different funding mechanisms in place for each of the CoEs which may influence behaviours.

16.6 With regards to opportunities, IH felt there was the need for greater consistency in benefit tracking across all Contracting authorities in Scotland, beyond financial savings and to use resultant information to better inform wider stakeholder communities of the benefits derived from good procurement practice.

Overall view: An informative interview with a very experienced Procurement professional and member of the SPPD SLT. Good examples of where things are working well, both within the SPPD and relationships with other key stakeholders. Another informed view highlighting the need for greater consistency on wider benefit tracking beyond savings.

Appendix 17	Stakeholders: James McKinstry (JM); Graham Proudfoot (GP); Chris Gannon (CG)
Date: 16/04/21	Titles: Head of Asset & Procurement Services; Strategic Commercial Procurement Manager; Interim Procurement Support Manager
Organisation:	North Lanarkshire Council (NLC)

17.1 CG provided the responses to the survey on behalf of NLC and the interview started with CG giving his views on working relationships with both the SPPD and Excel.

17.2 CG has quarterly meetings with Excel which he finds useful. With regards to working with the SPPD, CG feels the relationship is “on the whole positive and he can see and respect the high level of expertise within the SPPD, he feels the level of engagement could be better”, i.e., with SLGPF and specifically “where’s the guidance on legislative matters with regards to regulations post Brexit”? CG made the point “there’s a demand to streamline procurement processes, but can this be done from a legislative point of view”?

17.3 CG stated that NLC are looking to consolidate Procurement Skills Development within their local Procurement Improvement Plan and when he asks for and receives support from the SPPD “the expertise seems good, but he’d appreciate a more proactive level of support”.

17.4 GP added his views that there “was more energy a few years ago with regards to Procurement policy, tools and collaboration. GP felt that “Scotland was leading the way amongst the home and other nations, but in his opinion, some of that energy has been lost”.

17.5 JM added his views that he too meets with the CEO of Excel every quarter and he feels he gets more value from the relationship with Excel than with the SPPD. That said, JM feels “although the relationship with Excel is good”, it’s not great and he would appreciate more strategic support in “helping him and his team deliver community benefits for North Lanarkshire, which are becoming more important than the historical measurement of procurement performance in savings alone”.

17.6 JM made the interesting and enlightening comment “in NLC we don’t talk about how much money we have to save – we talk about how much we have to spend wisely and effectively with a focus on community benefits”.

17.6 All three felt that the SPPD and Excel have done a good job at putting in place tools and building blocks, but there is significant room for consolidation and improvement “data capture and processing is very manual” and “PECOS needs to be further developed and perhaps expand scope to include payment”.

17.7 JM then started to share what NLC are doing with regards to major local initiatives under the leadership of the CEO, specifically an ambitious plan for Digitalisation across NL, Community Town Hubs and the ‘Enterprise Project’ which GP is leading on.

17.8 The 'Community Town Hubs', where customer local services are consolidated under one purpose built multi-functional facility, sound very innovative and JM emphasised the point to achieve these will require an increased level of collaboration across multiple stakeholders in Health, Education, Police, Social Care and Council Services. He is very proud of the role the Procurement and Assets teams are playing in the development of this concept.

17.9 With regards to the multi-faceted strategic 'Enterprise Project', GP spoke with pride on the ambition and scale of this initiative which includes the Community Town Hubs as well as 4G to 5G, High Speed Rail, Active Travel Ways and Carbon Reduction. NLC are currently in the market to appoint a strategic partner from the Private Sector to help deliver and manage this project, using the 'competitive dialogue' procurement procedure, which GP is leading.

17.10 JC asked the question – "has anyone from the SPPD come to you to understand and learn what you're doing in NL"? The answer was "no - but then they are probably not aware of what we're doing or planning".

Overall view: A very positive session which lasted nearly two hours, where the passion and pride from SM, GP and CG in the roles they are playing as the Assets and Procurement team in delivering strategic and tactical projects and work, with the resolute focus in delivering greater good for the NL community they serve was truly inspiring. This was an excellent example of the 'culture of collaborative cohesion to deliver greater good' as positioned by the Minister Mr McKee from an earlier interview. We would recommend the SPPD become more aware of the ambitious agenda being pursued by NLC.

Appendix 18	Stakeholders: Steven Wallace (SW); Fiona Hughes) (FH)
Date: 19/04/21	Titles: Chief Financial Officer (CFO); Head of Procurement
Organisation:	University of Strathclyde (UoS)

18.1 FH joined the session in her capacity as Head of Procurement and SW in his capacity as CFO. FH has been in position for four years and with the support of the Executives at UoS, has been able to develop and grow the Procurement team from 6-16 professionals, reflecting how positively the function is viewed.

18.2 The Procurement team are involved in all areas of third-party supplier spend including construction, information systems, goods, services and now even PPE. In addition, Procurement works with researchers within SU in helping them apply for and ensure the procurement required is considered at the onset of applying for 'grant funding'.

18.3 SW highlighted the fact he joined UoS after a career in the Private Sector with WEIR Group, (one of Scotland's top companies) so he has been able to bring Private Sector thinking to his role.

18.4 FH and SW made the point that Procurement at UoS is more than just delivering savings and there is just as much focus on managing supplier and supply risk, community benefits, sustainability in the supply chain and carbon reduction targets. [Note this was the first interview where supplier risk was mentioned].

18.5 FH gave a recent example of a major UoS project 'NMIS' procured by the team attained a commitment of 164 individual measurements of community benefits that are being reported against.

18.6 FH made the point that although it is good one project has so many community benefits attached to it; the process of capturing community benefits remains a manual process as it does with recording progress towards carbon reduction projects. FH believes there are a number of tracking tools currently being considered or selected across the many contracting authorities within Scotland and this is an area for an organisation like the SPPD to step in and take the lead.

18.7 With regards to working with the SPPD and APUC, FH feels that "perhaps APUC don't fully understand or appreciate what the UoS Procurement function are doing on a day-to-day basis, particularly with regards to the large intensive research activities of the University, which Procurement support" and further – "if and where the SPPD approach APUC for views on the sector, are they best placed to do so"? FH pointed out UoS as well as Glasgow and Edinburgh Universities, have joined Excel as Associate Members in addition to being part of the APUC network.

18.8 FH is proud of the work she is doing in chairing the Glasgow Collaboration Group, which works across the multiple Procurement Functions operating within the Glasgow & Greater Clyde area and feels this a model or 'way of working' that could be replicated. A good example given was administering Quick Quotes for works contracts, where "the Group has developed a new process for this that will allow us to identify 'local' suppliers and/or SMEs when choosing to quick quote up to the £2m threshold".

18.9 With regards to opportunities, FH sees the benefit in more effective collaboration (as above), as well as direction by way of a new digital strategy from the SPPD to automate and standardise the capture of business and community benefits expected of procurement, including:

- Carbon emissions and climate emergency
- Sustainability in the supply chains – including fair work practices, payment of the living wage, modern slavery, etc
- Community Benefits and Social Impact.

Overall view: A very positive session with a professional and focused Head of Procurement and her CFO line manager. Some excellent observations on the multi-faceted relationships in place with the SPPD, Excel and APUC and some good suggestions to address opportunities.

Appendix 19	Stakeholders: Alastair Merrill (AM); Adrian Wood (AW)
Date: 22/04/21	Titles: Vice-Principal (Governance); Director of Procurement
Organisation:	University of St Andrews

19.1 AM joined the session in his role as V-P Governance to provide his perspective of Procurement within Scotland and comparison with other countries. AW joined in his capacity as Director Procurement to give his perspectives on relationships with other Universities, APUC and the SPPD.

19.2 AM made the point Procurement in Scotland has lots to be proud of and is still seen as an exemplar by other countries around the world as well as the EU and World Bank. AM is still contacted by other countries seeking to learn from his experiences as the past Director of Scottish Procurement.

19.3 AM feels that post Brexit, and as a consequence of lessons learned from the Covid-19 pandemic, now is the time for a rethink on how Procurement moves forward over the next decade and welcomes this review by the SPPD.

19.4 Some examples AM suggested the SPPD, and wider Scottish Procurement, explore further are:

19.4.1 A move away from the 'just in time' to 'just in case' views of supply chains, which means more skills development on effective supply chain management to enable effective stock management visibility and focus on resilience throughout the supply chains, as opposed to core procurement.

19.4.2 A well thought out, planned, and executed digital enablement would be a "game changer", with a clear focus on the flow of money and the ability to measure the benefits of effective supply chain management on the circular economy.

19.5 AM acknowledges there is a strong argument for maintaining the sectoral approach to category management in Scotland, a legacy of the successful McClelland Report, but questions if the role of the CoEs should be more towards capability building than the sourcing and management of contracts.

19.6 AM acknowledged there are numerous examples of excellent procurement work happening at the local level, whether this be at individual Universities, Local Council, or other Contracting Authorities. Any future plan should look to better highlight and promote this local work and share more effectively as best practice.

19.7 AM concluded with the point the foundations are strong, but changes and a new narrative are required for Scottish Procurement over the next ten years. In doing so however, the leadership within Scottish Procurement have to be cognizant to what Procurement was like pre-McClelland and ensure there is no slippage back to bad practice including managing the balance between protectionism and best value for money, especially at the local level.

19.8 AW started his feedback by making the point relationships with the other major universities in Scotland are very strong and they work effectively together, highlighting Dundee, Edinburgh, Strathclyde, Glasgow, and Aberdeen.

19.9 AW feels the relationship with APUC has slightly diluted over the past few years but remains strong in certain areas.

19.10 AW questioned whether APUC are now more focused on supporting the smaller further education institutions and is aware of APUC embedding resources to support these where required. AW acknowledged this is a good thing for APUC to be doing.

19.10 AW made the point that it could be the result of Contracting Authorities developing and improving their capability that reduces dependency on the Centres of Excellence.

19.11 With regards to relationships with the SPPD, AW feels this is limited and has been mainly via written correspondence. However, AW made the point he welcomed the recently proactive contact by NF from the SPPD and believes this is positive sign for an improved relationship moving forward.

19.12 AW concluded with the point that he believes there is duplication in effort today and moving forward, Scottish Procurement needs be leaner, more agile and embrace enabling digital technologies when it comes to effective and proactive supply chain management.

Overall view: A thoughtful and informative session that looked back to where Scottish Procurement had come from, forward to where Scottish Procurement could go, outward as to how other view Procurement in Scotland and inward with some of the challenges, opportunities and risks that should be considered when planning for the future.

Appendix 20	Stakeholders: Trish Quinn (TQ); Colin Cook
Date: 28 & 30/04/21	Titles: Head of Product & Commercial, Chief Digital Officer
Organisation:	The Scottish Government - Digital Directorate

20.1 TQ joined the session in her capacity as Head of Product and Commercial, within the Digital Directorate of the Scottish Government. A subsequent further interview was held with Colin Cook (CC) in his capacity as Chief Digital Officer.

20.2 The first point TQ made was introducing and explaining how the Digital Commercial Service (DCS) works, which is in effect a joint team between the Procurement and Digital Directorates. The function was set up to overcome some of the issues and barriers that have existed when it comes to Procurement supporting Digital projects and has resulted in a more effective way of working and greater appreciation of each other's objectives.

20.3 TQ made the point that the relationships between Digital and Procurement are very strong, and this starts at the top at both Ministerial level (the Ministers for Finance & Digital and Trade, Innovation & Public Finance respectively) and between NF from the SPPD and Colin Cooke the Chief Digital Officer.

20.4 This explanation was welcomed and Proxima made the point this would appear to be both innovative and unique within the four home nations, which TQ acknowledged. The observation was then made by TQ that as this was the first time Proxima had been made aware of the DCS throughout this engagement, then perhaps this indicates more needs to be done to market this innovative approach.

20.5 With DCS providing a strong platform, TQ feels there's still more to do in developing the skills of procurement professionals when it comes to engaging with Digital Suppliers, specifically; having the courage to engage proactively pre-procurement, developing market knowledge and being innovative to the application of procurement and contracting procedures, which can sometimes get in the way or even discourage digital suppliers, (particularly early-stage) from bidding for Public Sector contracts.

20.6 TQ gave the example of CivTech as an innovative vehicle to encourage early-stage companies to bring their products to the attention of users and buyers within Scottish Government, with the ability to compete for initial contract opportunities, demonstrate their capability in a live setting and if successful - then wider supply opportunities emerge. JC complimented CivTech based on his practical experience with a Scottish based SME who had participated and benefited from the process.

20.7 TQ highlighted the success of CivTech is acknowledged by politicians and most of the manifestos express the need to extend CivTech moving forward. This will start with a similar vehicle called GovTech. TQ also referenced an innovative approach DCS have taken with 'ScotlandIS' to drive positive change within digital supply chains. TQ acknowledged more needs to be done in promoting these initiatives to a wider stakeholder group.

20.8 TQ referenced a recently published report ‘The Joint Local & National Digital Strategy’ which sets out ambitious plans for the future. Proxima agreed to read and reference further within this report for the SPPD.

20.9 With regards to opportunities to further improve, TQ gave the following suggestions:

20.9.1 The Digital Industry are crying out for road maps of our planned requirements and the ability to do so would increase and improve the credibility of Scottish Government as user and buyer of Digital solutions.

20.9.2 Opportunities to increase the secondment of private sector people into government roles and vice versa can work and should be further developed, specifically in the digital and procurement space.

20.9.3 Procurement needs to look at how they come across to their stakeholders, using the example that the first engagement with Procurement is to fill out a form, which can be off putting to those seeking help and assistance.

20.10 The final point made by TQ was the impending introduction of Digital Spend Controls. Any future plan should acknowledge and leverage this change.

20.11 The subsequent session with CC, reaffirmed the positive points made by TQ, with the additional key points captured as:

20.11.1 The recently published ‘Joint Local & National Digital Strategy’ will be an important reference point for any digital enablement recommendations made within this Procurement focused report.

20.11.2 The Shared Services strategy currently being developed also presents an opportunity to consider linking any procurement digital enablement recommendations to.

20.11.3 CC acknowledged the positive views towards and results from CivTech - and confirmed the views of TQ of this innovative programme being expanded.

20.11.3 CC made the important point to ensure any new strategy for procurement is forward looking and open minded to the ‘art of the possible’ and avoid being drawn back to the past.

Overall view: Two very informative, insightful and enlightening interviews, where TQ described a number of joint Digital and Procurement innovative initiatives currently underway in Scotland, which CC further emphasised. The creation of DCS provides a strong platform to build upon.

Ends