

Scotland Excel Executive Sub Committee

To: Executive Sub Committee

On: 27 March 2015

Report by Director

Associate Member Report

1 Introduction

In January the Executive Sub Committee requested a report reviewing the fee structure for Associate Members of Scotland Excel. This report covers this review and proposes interim fees for Associate Membership to enable further work on funding options to be developed.

2 Background

In addition to the 32 Local Authorities who are members of Scotland Excel there are 60 Associate Members of the organisation. Once approved for membership by committee, associates can access the Scotland Excel frameworks and benefit from discounted places on training courses delivered by Scotland Excel.

The membership fees for these organisations have not been reviewed for a number of years and as Scotland Excel moves toward the delivery of a new business plan a review of the membership arrangements and fees is prudent.

The current Associate Members are shown in Appendix 1 to this report.

3 Current Position

Scotland Excel's current 60 Associate Member organisations are a mix of community, church and charitable organisations together with a number of local authority "arms length organisations".

The fee income of these groups is circa £26,000 in 2014-15 with the average membership fee being £413

Membership fees for new member organisations are based on a number of factors with a set fee of £150 with additional amounts added from a matrix based upon the number of staff and number of locations that the organisation will require suppliers to service. There are however some historical legacy fees, some as low as £60, which relate to organisations who were previously members of ABC (the Authorities Buying Consortium). Most Associate organisations are long standing members with new applications currently averaging 6 per year.

To become an Associate Member the organisation must meet the requirements of the Local Authorities (Goods and Services) Act 2003 in that they are either a public authority or body or if not being a public body has functions of a public nature or engages in activities of that nature.

When applying for membership organisations are asked to identify the contracts which they will be interested in using and in the past organisations have often joined Scotland Excel to access a single specific contract. However as the contract portfolio has grown analysis of spend indicates that there are more contracts that associate members are now accessing. The result is that associates are now gaining significant savings and benefits from their membership and the fees paid do not reflect this.

4 Proposed

Having reviewed the current membership and fee structure three groupings of existing members has been identified.

The first tier is organisations which currently pay fees from £460 to £10,000 and in addition to accessing a range of contracts make regular use of training including dedicated in-house courses arranged specifically for them. As such it is proposed that these organisations should have a membership fee that reflects the level of savings that they are benefiting from. The proposed fee for these organisations would be based on a membership fee plus a percentage of the organisation's annual spend over an agreed figure. As an indication this flexible element of the fee would be in the region of 1 or 2% of spend.

The second tier is the group of members of which are a mix of historic members and newer members admitted under the current fee structure. These members pay fees in the range £60 to £300. It is proposed that this group pay a minimum fee of £500. It is accepted that under this new fee proposal some organisations may choose not to renew their membership however those who do clearly see the benefit of membership and the opportunity to work with these members to develop them exists. Some flexibility in this fee would be exercised and if there were clear community benefits in waiving the fee this would be considered where appropriate.

The bottom tier is council "arms length organisations" (ALEOs) who access the full range of Scotland Excel contracts and training. There is no fee for Council ALEOs however these organisations will still have to make formal application to become associate members and meet the legal requirements of membership.

Another group of organisations have been identified that are not currently associate members and create an opportunity for Scotland Excel going forward. As part of an agreement to support cross sector collaboration, organisations such as Advanced Procurement for Universities and Colleges (APUC), the NHS and the Scottish Government have access to Scotland Excel contracts. As the contract portfolio has developed, these organisations have been making increasing use of Scotland Excel contracts and the spend of these organisations now accounts for £4.9m per annum.

In the ongoing support of cross sector collaboration it is not proposed to introduce a fee to these organisations; however an alternative source of income from these organisations has been identified. Many of the contracts being utilised by these organisations attract rebates from suppliers and it is proposed that going forward Scotland Excel will collect and retain these rebates from suppliers and this could generate potential revenue of £30,000 per annum.

There is a final area of spend on contracts which has been identified from organisations who are not members and are not known to Scotland Excel. These organisations appear to be given Scotland Excel contract prices by suppliers without confirming that they are available to them. As many of these are Housing Associations and given the number and geographical spread of these organisations it is proposed that Scotland Excel continue to explore the opportunity to develop group memberships for them through professional, representative or interest groups for these organisations. This provides Scotland Excel with the opportunity to engage and develop relationships with these groups in an efficient and cost effective way. This could potentially deliver an initial income of £10,000 per annum.

The information on contract expenditure is summarised in Appendix 2 and shows all the organisation groups making use of the range of Scotland Excel contracts.

5 Recommendation

The Executive Sub Committee is requested to consider the contents of this report and approve the fee structure proposed under the groupings of membership identified.

ASSOCIATE MEMBER	JOINED AS MEMBER	TIER
Bield Housing Association	2008	1
Church of Scotland	2008	1
General Teaching Council	2014	1
Hanover Housing	2008	1
River Clyde Homes	2009	1
Scottish Parliament Corporate Body	2015	1
Scottish Wildlife Trust	2008	1
SEEMIS Group	2009	1
Strathclyde Partnership for Transport	2008	1
Transport Scotland	2013	1
Cosgrove Care	2008	2
Govan Workspace	2008	2
Hayfield Support Services	2008	2
Highlands & Islands Transport Partnership	2008	2
Highland Reserve Forces and Cadets	2011	2
Inverclyde Voluntary Council of Social Services	2008	2
Islay & Jura Community Enterprises	2008	2
Jordanhill School	2008	2
Kibble Education Centre	2008	2
Lightburn Elderly Association	2008	2
National Theatre of Scotland	2008	2
North Area Transport Association	2008	2
Renfrewshire Association for Mental Health	2008	2
Regen FX	2013	2
Revive MS Support	2008	2
Rossie Secure Accommodation	2008	2
Scottish Ballet	2008	2
Scottish Library & Information Council	2008	2
Scottish Outdoor Education Centres	2008	2
Seamab School	2008	2
South Kintyre Sports Council	2008	2
South Lanarkshire Careers Network	2008	2
St Roch's Childcare Service	2009	2
The Arches	2008	2
The Boy's Brigade Glasgow Battalion	2008	2
The Dixon Community	2008	2
The Firhill Complex	2008	2
The Jeely Piece Club	2008	2
The Notre Dame Centre	2008	2
The Princess Royal Trust	2008	2
The Royal Zoological Society of Scotland	2008	2
The Spark Initiative	2008	2
Transform Schools North Lanarkshire	2008	2
Tron Theatre	2008	2
Trust Housing Association	2008	2
Turning Point Scotland	2008	2
West Granton Community Trust	2008	2
Dumfries & Galloway Care Trust	2008	3
East Ayrshire Leisure	2013	3
Fife Cultural Trust	2013	3
Glasgow Life	2010	3
High Life Highland	2013	3
Inverclyde Leisure	2008	3
North Ayrshire Leisure	2008	3
North Lanarkshire Leisure	2008	3
Renfrewshire Leisure	2008	3
Safer Glasgow	2015	3
South Lanarkshire Leisure	2008	3
Sport Aberdeen	2009	3

ASSOCIATE MEMBER SPEND

Sector	October to December 2013	January to March 2014	April to June 2014	July to September 2014
APUC	£40,787.76	£40,418.06	£38,996.51	£68,123.23
Charity	£5,683.01	£5,582.54	£5,997.26	£6,786.20
Fire	£1,477.18	£5,799.89	£3,733.80	£1,462.17
Housing Association	£105,587.34	£65,206.63	£127,813.84	£121,500.20
Leisure Facilities	£108,824.53	£92,672.17	£142,012.40	£119,922.81
NHS	£567,392.33	£544,797.51	£466,468.02	£452,105.85
Non Specific Group	£21,837.14	£267,136.85	£68,825.18	£125,968.63
Police	£65,532.88	£67,164.15	£51,842.08	£49,837.62
Scottish Government	£851,595.78	£776,653.26	£516,854.27	£553,923.79
Strathclyde Partnership For Transport	£399,040.62	£187,619.20	£174,504.82	£337,783.79
Unidentified (No information from suppliers)	£564.23	£514.28	£385.89	£533.73
Grand Total	£2,168,322.80	£2,053,564.54	£1,597,434.07	£1,837,948.02