

## Scotland Excel

**To: Executive Sub Committee**

**On: 18 November 2016**

**Report  
by  
Director Scotland Excel**

### **Proposal to develop a partnership model with Crown Commercial Services**

#### **1 Introduction**

The purpose of this report is to provide Members with the opportunity to review the proposal that Scotland Excel enter into a Partnership Agreement with Crown Commercial Services for the provision of cars and light commercial vehicles. Subject to endorsement by the Executive Sub Committee, it is intended that this proposal will be presented for approval of the Joint Committee at the meeting scheduled for 9th December.

#### **2 Summary**

The current Scotland Excel framework agreement for cars and light commercial vehicles expires in May 2017. As part of a strategic category review, the organisation has, for some time, considered various delivery models to meet the demands of councils. Given that the majority of vehicle types procured through this type of framework are in essence standard vehicle models available directly from the UK vehicles market, there is ample evidence to support that Scotland Excel and our stakeholders gain little strategic or economic value by conducting a further independent procurement exercise, rather than collaborating with another public sector body.

A review of viable alternatives has concluded that the current arrangement developed by Crown Commercial Services (CCS), an executive agency sponsored by H.M Government Cabinet Office, represents an opportunity for Scottish local authorities to benefit from the economies of scale offered by a national contract. Additional benefits include that the reduction in the resource requirement within Scotland Excel to develop a replacement contract will support the pursuit of additional contract activity for member councils.

Consultation has taken place via the User Intelligence Group for fleet, from which the proposal received unanimous support.

#### **3 Conclusion**

Executive Committee members are requested to note the content of the attached proposal, and endorse the submission for approval at the Joint Committee.



# Proposal

Partnership with Crown Commercial Service for the procurement of cars and light commercial vehicles.

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**Prepared for:**

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26 October 2016



## **Purpose**

This paper provides a proposal to work collaboratively with Crown Commercial Service as a partner in the adoption of their light vehicle procurement framework to replace the current Scotland Excel 0612 Cars & Light Commercial Vehicles framework for the purchase of cars and light commercial vehicles upon its expiry on 31 May 2017.

## **Background**

Scotland Excel has had several generations of frameworks for light and commercial vehicles over the last number of years and the current framework with an annual forecasted value of £25m has been in place since 2013. It was advertised as a 3 year contract with an option to extend for a further year from June 2016. The option to extend for a year was approved by the Director of Scotland Excel and no further extension is available beyond 31 May 2017.

As the councils have an ongoing requirement to procure light vehicles beyond May 2017, there are 2 basic viable procurement options open to Scotland Excel:

1. Scotland Excel conduct a vehicles procurement exercise independently, or,
2. Scotland Excel work collaboratively with a public sector procurement partner of choice, i.e. Crown Commercial Services.

As the majority of vehicle types procured through this type of framework are in essence standard 'off the shelf' vehicle models available directly from the UK vehicles market, there is ample evidence to support that Scotland Excel and our stakeholders gain little advantage economically, strategically or in terms of increasing council efficiencies by conducting a further Scotland Excel procurement exercise of their own where an effective alternative public sector route to market already is in existence.

This proposal for a partnership approach with Crown Commercial Services was unanimously agreed in principal at a User Intelligence Group meeting held on the 12<sup>th</sup> September.

It is this partnership approach that is being proposed within this report.

## **Strategic context**

Effective and efficient fleet procurement can enable Local Government to meet customer demands, reduce costs and address Public Sector Reform, by providing, better public services, better customer experiences and opportunities for collaboration to encourage a shared best practice.

Crown Commercial Service (CCS) is an executive agency, sponsored by H.M. Government Cabinet Office. It brings together policy, advice and direct buying; providing commercial services to the public sector and saving money for the taxpayer.

By working in partnership with Crown Commercial Service with Scotland Excel directly contract managing the framework, more effective and efficient fleet procurement can be leveraged for Scottish Councils.

## **Benefits assessment**

The proposal to partner with Crown Commercial Service will seek to deliver tangible and measurable benefits including:

- Providing a collaborative opportunity to be a key player within the UK's single largest light vehicles procurement exercise.
- Adoption of such a large value framework buying vehicles directly from manufacturers will maximise savings and maximise market attractiveness.
- Leverage on a significantly larger single UK vehicle procurement demand.
- Potential immediate savings from accessing an existing national collaborative framework, and identification of further savings potential through any additional future collaboration.
- Reduce duplication, reduce public sector costs whilst maximising savings.
- Pooling of talent resources and sharing procurement and fleet expertise on best practice.
- Increased opportunity for shaping the UK fleet market and having greater supplier influence.
- Help facilitate Scotland Excel pursuing additional strategically important areas of council procurement, for example, additional construction contract activity.

This proposed collaborative procurement model with Crown Commercial Services has the potential to return significant efficiency savings to both Scotland Excel and the Scottish local authorities in a wider context. For example, if through the greater purchasing power of a large and demonstrably successful framework a modest saving on vehicles of even 1% is achieved, this would result in an annual monetary saving of £250,000. In addition, Crown Commercial Services currently generate additional income via a supplier levy system, for this contract this represents 0.5% of turnover. Discussions are ongoing regarding the allocation of any sum generated between Crown Commercial Services, Scotland Excel and member councils. Additional savings are likely to result from the reduction in administration effort, due to the avoidance of duplication and process costs.

Through the adoption of an alternative framework, best value for Scotland Excel's stakeholders can be maintained and potentially improved upon and scarce and finite manpower resources within Scotland Excel may be maximised in other more strategically important areas of procurement.

## **Timescales**

High level timescales for delivering this collaborative project are:

- Completion of Memorandum of Understanding between Scotland Excel and Crown Commercial Services – November 2016
- Formally inform the incumbent Scotland Excel framework suppliers of the intention to not tender under our own name
- Formally inform wider supply base (Communicated via Public Contracts Scotland)
- Formalise full transition plan, website development requirements, management information (M.I.) and contract management responsibilities with Councils and Crown Commercial Service
- Complete full end user training on CCS vehicle website functionality, vehicle ordering processes and framework familiarisation
- Full transition to be completed by 31<sup>st</sup> May 2017

## **Risks**

An initial assessment of the project risks has indicated that there may be some limited incumbent supplier disappointment with Scotland Excel not conducting their own procurement

exercise. The current Scotland Excel framework has a limited number of Scottish based vehicle dealerships directly contracted, whereas the CCS framework contracts directly with the vehicle manufacturers themselves whereby local vehicle dealerships are appointed on their behalf to simply PDI (Pre-delivery inspection) and deliver the vehicle to the end customer. This may remove a level of commercial attractiveness to the local supplier as their opportunity to determine their own commercial terms are diminished.

This issue can be mitigated by informing the marketplace at the earliest appropriate opportunity of the decision not to renew the Scotland Excel framework.

The other main risk is in effectively resolving any future contract management issues where issues may be disputed at either being at a local level (at dealership) or at the manufacturer level. It should be recognised that this is not purely reserved when partnering with another organisation to utilise another organisation's procurement framework and this issue can exist currently under Scotland Excel's own agreement. It can be mitigated by the ongoing close liaison between Scotland Excel and Crown Commercial Service's customer account team.

## **Next steps**

Scotland Excel will agree a full project plan with the Fleet User Intelligence Group and Crown Commercial Services by holding a UIG early in 2017, including agreement on estimated future framework expenditure, end user training timescales/requirements and overall framework service level/contract management agreements.

Quarterly reporting will be provided to monitor progress.