

**To: Executive Sub Committee**

**On: 13 May 2016**

**Report  
By  
Director Scotland Excel**

**Associate Members Update Report**

**1 Introduction**

This report provides an update on the work undertaken to support and develop associate membership of Scotland Excel.

**2 Background**

In May 2015 the Executive Sub Committee approved a report which recommended a review of the associate member fee structure with a move towards new fee levels based upon the spend on contracts made by member organisations. Subsequently at its meeting in November 2015, the Joint Committee also tasked Scotland Excel with exploring ways of raising additional income.

In March 2015 there were 60 associate members who paid a total of £26,000 in membership fees. Many of these were organisations who had been members of the previous organisation “The Authorities Buying Consortium” and were paying nominal fees with limited use being made of the expanded contract portfolio.

**3 Existing Associate Members**

The first stage of the associate membership project was to review the existing membership base and mitigate the potential negative impact of the fee structure changes. Communication and subsequent discussions with members resulted in 16 organisations resigning. Of these, a majority were given support to access the “Category A” government contracts for goods and services such as stationery which was highlighted as the main or only contract they were using.

A small number of organisations made infrequent use of contracts for items such as the purchase of vehicles or furniture refreshes every 4 or 5 years. These organisations were advised to contact Scotland Excel again in their planning phases for purchase where membership and access to contracts may be beneficial to them. As a result of the exercise it has been possible to reduce the

financial burden on charitable organisations whilst ensuring that they have access to the services they required and help them plan for their future requirements.

As part of the dialogue with the associate members to introduce the new fee structure, it created the opportunity to ensure that every organisation was fully aware of the range of benefits available to them and the wider contract portfolio that has been created. One of the tangible results of this was to identify savings in excess of £10,000 for one member organisation from a single contract which they previously had not been utilising.

#### **4 Developing Membership**

Scotland Excel undertook a review of potential associate members and has adopted a sector focused approach. The first sector identified is Scottish housing associations.

Changes in procurement legislation and Scotland Excel's extensive contract portfolio has made membership an attractive option for this sector. Further market segmentation has taken place to identify a more manageable and financially beneficial group to target.

The first organisation to be targeted as a potential new member was The Wheatley Group. A number of meetings took place with both Scotland Excel and Wheatley group staff to carry out a detailed analysis of expenditure and potential savings. As a result of this exercise Wheatley group became an associate member in January 2016. The group will pay an annual membership fee of £30,000.

Whilst undertaking a targeted approach in this sector, Scotland Excel is also endeavoring to communicate the benefits of membership to the wider housing association sector. Attendance at housing events and working with Scottish Government on an assessment project has afforded opportunities to identify and secure smaller new members.

While housing associations still remain an area of opportunity and require further development building on the success to date, staff are now also working on other areas of potential membership.

Currently analysis projects are being carried out with other large public sector organisations who could achieve significant savings and benefits from associate membership. The approach of working in partnership to understand current and future spend together with identifying opportunities to access Scotland Excel contracts has demonstrated how organisations can achieve significant returns on the membership fee they pay.

At the end of the last financial year associate membership totals were 46 organisations which had paid fees of £39,000.

## **5 Next Steps**

Scotland Excel continues to work to promote the benefits of associate membership to appropriate groups, to raise awareness of potential savings, share best practice, and to generate income from membership fees.

An associate member strategy will be produced covering the approach Scotland Excel will take in this matter.

Scotland Excel will also consider what other routes it can take to develop additional income whilst recognising the need to maintain its focus on local government, its primary members. Challenges to date on this task have been primarily related to resourcing the project.

## **6 Recommendation**

Committee is requested to note this report.