1. Introduction

In 2006, a review of public sector procurement was undertaken by John F McClelland CBE on behalf of the Scottish Government which highlighted the role of collaboration as means to leverage savings in public expenditure. The report also recommended that the public sector should improve its procurement capability to increase efficiency and bring wider social and economic benefits to Scotland.

Scotland Excel was established on 1 April 2008 as the Centre of Procurement Expertise for the local government sector. We develop and manage collaborative contracts where a strategic requirement is identified across the sector. We also facilitate a range of procurement development initiatives, and take an active role in ensuring that the needs of our sector are understood within the wider landscape of procurement reform.

Scotland Excel is a non-profit organisation funded by all 32 local authorities on Scotland, with a core staff of 54. Our head office is in Paisley, and we have regional teams based in Aberdeen, Edinburgh and Inverness. The host authority for Scotland Excel is Renfrewshire Council.

2. Strategic Aims

All of Scotland Excel’s projects and activities are aligned to one or more of our five strategic aims:

- **STAKEHOLDER ENGAGEMENT**
  To engage with local authority stakeholders across all aspects of our business to ensure that our policies, plans and activities are aligned to the strategic priorities of our sector, and to support their interests through partnerships with other stakeholder groups.

- **BEST VALUE CONTRACTS**
  To maximise the value of procurement to our sector by developing and implementing new collaborative contracts, actively managing supplier relationships, and providing high quality business information and reports which support decision making at a national and local level.

- **PROCUREMENT CAPABILTY**
To deliver a range of best practice projects, initiatives and activities that raise procurement capability across our sector including training and development, advice and consultancy, and knowledge management.

- **CORPORATE SOCIAL RESPONSIBILITY**
  To adopt a proactive approach to corporate social responsibility and sustainable practices by taking a holistic view of the social, economic and environmental implications of procurement choices.

- **ORGANISATIONAL DEVELOPMENT**
  To progress the development of Scotland Excel through the continuous improvement of staff skills, systems and internal processes, ensuring that we measure, monitor and report on our performance across a number of key measures.

3. **Governance**

Scotland Excel is governed by a Joint Committee. The Joint Committee is made up of one Elected Members from each of Scotland's local authorities. The eight largest local authorities have two Elected Members on the Committee. The Joint Committee meets twice each year and is responsible for the strategic direction of the organisation and for approving the annual budget and business plan.

The Executive Sub-Committee (a sub-group of 10 Elected Members from the Joint Committee) meets regularly to approve contract awards and other business decisions. In addition, a Chief Executive Officers' Management Group, consisting of six local authority Chief Executives is responsible for monitoring Scotland Excel's performance against its business plan and objectives.

4. **Contract Portfolio**

Scotland Excel currently manages a portfolio of 44 collaborative contracts worth almost £350m per annum on behalf of local authority members, (Appendix 1). We follow the Scottish Government's Strategic Sourcing methodology, known as the 'Procurement Journey'.

Our contracts cover a wide range of products and services used by local authority departments, schools, libraries and leisure venues. The contracts are also available to c. 80 Associate Members including police and fire boards, charities and voluntary organisations.

Contracts are developed and managed across five category areas:

- social care
- construction and roads
- transport and environment
facilities management
education and corporate

The contract portfolio is developed in close partnership with stakeholders at all levels within local authorities. Key spend areas are identified through detailed analysis of management information, and User Intelligence Groups (UIGs) of local authority procurement and technical specialists inform the contract placement process for each new or renewed contract.

Scotland Excel’s contract and supplier management programme reviews customer feedback and management information on a quarterly basis to ensure that contracts continue to deliver best value to local authorities throughout their lifetime. This activity underpins our drive for continuous improvement and, to date, all second generation contracts have delivered additional savings and benefits for local authorities against a backdrop of increasing market prices.

5. Contract Delivery Plan

Scotland Excel’s contract portfolio has traditionally covered mainly the supply and delivery of goods and products. The future contract delivery schedule highlights the development of new opportunities in the high value, strategic areas of social care, construction and waste resources, (Appendix 2), with the focus increasingly on service related contracts.

The first two contracts in the social care portfolio for prepared meals and secure care were delivered in 2011, the latter contract also covering the requirements of the Scottish Government. A third contract for telecare equipment began in January 2012, and a contract for foster care services is expected to commence in April 2013. This will bring the total annual value of contracts within the social care portfolio to c. £66m.

A further three social care contracts for home care services, adult specialist residential care, and residential children’s care are currently in development for delivery during 2013. The estimated annual value of these contracts is c. £140m, and extensive consultation is taking place with a range of stakeholder groups to ensure that the contracts deliver the right outcomes for service users as well as best value for local authorities.

Within the construction portfolio, Scotland Excel manages a range of contracts which cover materials, tools and maintenance supplies. An engineering consultancy services framework worth an estimated £10m per annum has recently been awarded and a contract for building services is in development for delivery later this year.

Two new frameworks for organic waste and electronic waste are expected to commence in April and May 2013. The services offer alternatives to landfill and support the aims of the Waste (Scotland) Regulations 2012 to drive reuse and recycling.
Scotland Excel will also continue to manage the existing portfolio on an ongoing basis, working closely with suppliers to ensure that maximum value and quality is delivered through the life of each contract.

6. **Procurement Reform**

Scotland Excel develops and manages a range of projects and initiatives which help local authorities to improve their procurement capability and increase the efficiency of their operations.

In January 2009, Scotland Excel implemented *Enhancing Procurement Capabilities*, a rolling programme of learning and development opportunities covering a wide range of procurement topics. Although initially launched for the local government sector, the programme’s reputation has reached the wider public procurement sector, and has attracted more than 3,000 delegates from around 100 organisations.

Scotland Excel also undertakes annual Procurement Capability Assessments (PCAs) with local authorities. These assessments are part of a wider programme covering all public sector organisations, and measure capability in key areas to provide a benchmark for tracking progress. Since PCAs were launched in 2009, the average score within the local government sector has more than doubled.

To facilitate improvement across the sector, PCA results are analysed by Scotland Excel each year and a programme of activity agreed with local authority procurement teams. As well as facilitating a range of collaborative improvement projects with local authorities, Scotland Excel has supported several ‘fast track’ programmes with individual councils to help them develop internal improvement plans that have the commitment of their senior management teams.

Scotland Excel plays a role in the national reform agenda through membership of the Procurement Reform Delivery Group. Members of this group include the heads of the national and sectoral procurement centres of expertise, all of which have in place their own governance and accountability arrangements. The Delivery Group is expected to play a key role in developing collaborative national and sectoral approaches to procurement and in minimising unnecessary duplication.

The Delivery Group takes direction from the Public Procurement Reform Board, and reports to this Board on the implementation of the reform agenda. The Delivery Group is responsible for ensuring that the Reform Programme remains on course to deliver the expected benefits. The Group collectively owns the procurement reform delivery plan, and it leads, drives and facilitates the work to develop collaborative national and sectoral approaches to procurement across the public sector in Scotland.
7. **Scotland Excel as a shared service**

Scotland Excel is often cited as an example of a successful shared service within the local authority sector. The benefits of collaboration are clearly demonstrated by the savings made by local authorities using our framework contracts. For every £1 invested in the operating costs of Scotland Excel, the sector sees a return of £4 in direct cost savings.

Local authorities also benefit from additional efficiency savings when using national contracts compared to the cost of placing their own contracts. In addition, the flexible nature of framework contracts enables local authorities to select suppliers which meet specific local requirements, which in turn offers opportunities for smaller businesses to bid for business through the frameworks.

Collaborative procurement can also be an enabler of wider social, economic and environmental benefits. For example, our telecare contract has prompted suppliers to address long term interoperability issues which have restricted choice for service users, and our building and timber contract has stimulated demand for timber which comes from a legal and sustainable source. In addition, the recently renewed bitumen contract has incorporated a range of community benefits including work experience for young people and the development of community facilities.

Although Scotland Excel can be considered as a shared service, our remit is to facilitate collaboration and develop expertise rather than replace the need for local procurement teams. We view local authorities as our customers, and work in close partnership with them to ensure that the national contracts meet the needs of each organisation. This is a different model to shared back office or administration services which replace internal departments and, therefore, our experience in driving collaboration and efficiency would not necessarily be applicable to all other types of shared services.
Appendix 1: Contract Portfolio, (March 2013)

- Advertising Services
- Asbestos
- Bitumen Products
- Building and Timber Materials
- Catering Sundries
- Classroom Activity Materials*
- Early Learning Materials*
- Education and Office Furniture
- Electrical Materials
- Engineering Consultancy Services
- Exercise Books*
- Frozen Foods
- Groceries and Provisions
- Heavy Vehicles
- Hygiene Products
- Ironmongery
- Library Books
- Light Vehicles
- Meats - Fresh, Prepared & Cooked (inc. Fresh Fish)
- Milk
- Musical Instruments and Accessories*
- Paint
- Personal and Protective Equipment
- Plumbing Materials
- Prepared Meals
- Presentation and Audio Visual
- Road Maintenance Materials
- Sacks and Liners
- Salt for Winter Maintenance
- Science Equipment and Materials*
- Secure Care
- Security
- Signage
- Sport Equipment*
- Street Lighting
- Telecare Equipment
- Text Books
- Trade Tools/Sundries
- Tyres
- Vehicle Parts
- Vehicles & Plant Hire
- Washroom Solutions
- Waste Containers
- Waste Disposal Equipment

* Frameworks being combined to form an Educational Materials framework from 1 April 2013
Appendix 2: Contract Delivery Schedule

<table>
<thead>
<tr>
<th>Framework</th>
<th>Timescale</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational Materials</td>
<td>April 2013</td>
<td>Renewal</td>
</tr>
<tr>
<td>Fostering</td>
<td>April 2013</td>
<td>New</td>
</tr>
<tr>
<td>Organic Waste</td>
<td>April 2013</td>
<td>New</td>
</tr>
<tr>
<td>Domestic Furniture and Furnishings</td>
<td>May 2013</td>
<td>New</td>
</tr>
<tr>
<td>Household WEEE and Batteries</td>
<td>May 2013</td>
<td>New</td>
</tr>
<tr>
<td>Light Vehicles</td>
<td>June 2013</td>
<td>Renewal</td>
</tr>
<tr>
<td>Building Services</td>
<td>July 2013</td>
<td>New</td>
</tr>
<tr>
<td>Frozen Foods</td>
<td>July 2013</td>
<td>Renewal</td>
</tr>
<tr>
<td>Secure Care</td>
<td>July 2013</td>
<td>Renewal</td>
</tr>
<tr>
<td>Adult Specialist Care</td>
<td>September 2013</td>
<td>New</td>
</tr>
<tr>
<td>Residential Children’s Care</td>
<td>September 2013</td>
<td>New</td>
</tr>
<tr>
<td>Ironmongery and Tools</td>
<td>October 2013</td>
<td>Renewal</td>
</tr>
<tr>
<td>Recycle/Refuse Containers</td>
<td>November 2013</td>
<td>Renewal</td>
</tr>
<tr>
<td>Tyres</td>
<td>November 2013</td>
<td>Renewal</td>
</tr>
</tbody>
</table>