



Prepared May 2024

Annual Procurement Report

1 April 2023–31 March 2024



Contents

- Introduction 3
- Section 1: Summary of Regulated Procurements Completed 4
- Section 2: Review of Regulated Procurement Compliance 5
- Section 3: Community Benefits and Fair Work First 6
- Section 4: Supported Business Summary 10
- Section 5: Future Regulated Procurements Summary 12
- Section 6: Additional Considerations 13

A number of appendices can be accessed via the hyperlinks contained within this document.

Introduction

Scotland Excel is the Centre of Procurement Expertise for the local government sector, established in 2008 as a non-profit shared service governed by a joint committee made up of elected representatives from Scotland's 32 local authorities.

The 32 local authorities share around 80% of the costs associated with operating Scotland Excel with the balance being generated by working with the sector, offering collaborative procurement support and commercial expertise.

Central to the established operating model is the delivery of effective commercial solutions for members. At the heart of this is the contract portfolio, with a value of c £2bn, which provides support to a wide range of local government services. The portfolio includes solutions for social care services, construction and property management, roads, transport and fleet operations, environmental services, and a wide range of goods required for corporate and educational settings. Also offered, in partnership with SEEMiS and The Digital Office, is a range of Information and Communication Technology services.

Contracts are developed in consultation with local government representatives, from procurement, commissioning and technical backgrounds, to ensure services meet the needs of Scottish communities. The structure of the contractual arrangements is always designed to encourage innovation, facilitate policy delivery, support local economic priorities and enhance social value in communities.

Scotland Excel provides value to customers by ensuring contracts delivered meet the duties laid down in the Procurement Reform (Scotland) Act 2014 ("the Act"). Section 18 of the Act requires public bodies that publish a procurement strategy to prepare an annual procurement report.

This annual procurement report will set out the performance of Scotland Excel against the corporate strategy and summarise the value delivered through procurement activity. The report documents performance against agreed objectives and strategic targets including those associated with Fair Work First and Community Benefit.

Scotland Excel annually publishes an operating plan linked to its five year strategy which sets out the strategic direction for its procurement activity and details the context in which Scotland Excel will work to ensure value for money is achieved. In addition to the overarching Strategy, Scotland Excel also works with its partners to articulate its approach to delivering an effective contract portfolio through the Sustainability Policy, Net Zero Strategy and a suite of Contract Strategies.

These targeted and specific approaches ensure Scotland Excel's portfolio has been developed with consideration to the wider social, economic and environmental priorities in a manner consistent the sustainable procurement duty under the Act.

Scotland Excel publishes the Annual Procurement Report via our website www.scotland-excel.org.uk/



Section 1: Summary of Regulated Procurements Completed

Section 18(2)(a) of the Procurement Reform (Scotland) Act 2014 requires organisations to include, “a summary of the regulated Procurements that have been completed during the year covered by the report”.

A regulated procurement is completed when the award notice is published or where the procurement process otherwise comes to an end. This includes contracts and framework agreements. [Appendix 1a](#) provides a summary of the regulated procurements Scotland Excel has completed between 1 April 2023 and 31 March 2024. The appendix includes the following:

- schedule number (unique reference)
- award date
- title of the arrangement, giving the subject matter of the procurement
- estimated total annual value of the arrangement
- date from which the arrangement starts and is available for use
- end date
- names of each of the suppliers awarded a place

Scotland Excel also operates a small number of dynamic purchasing systems (DPS) and flexible frameworks which are unique in that new suppliers or providers can apply to be added during the advertised period. [Appendix 1b](#) shows those suppliers or providers appointed between 1 April 2023 and 31 March 2024.

During 2023/24 there were no additional suppliers appointed to the following arrangements.

- Digital Telecare Goods (DPS)
- Bikeability Scotland Training Providers (DPS)
- Residential Rehabilitation (Alcohol and Drugs) Services National Flexible Framework Agreement (“Flexible Framework Agreement”)
- National Flexible Framework for Care and Support Services
- Care Homes for Adults with Learning Disabilities Including Autism (Flexible Framework)

...strategic procurement objectives agreed in consultation ensure each arrangement incorporates the holistic set of economic, social and environmental outputs deliverable.

Section 2: Review of Regulated Procurement Compliance

Section 17 of the Act requires all regulated procurements to be carried out in line with the organisational procurement strategy. Section 18(2)(b) and (c) state that an annual procurement report must include “a review of whether those procurements complied with the authority’s procurement strategy” and “the extent to which any regulated procurements did not comply, and a statement detailing how the organisation will ensure that future regulated procurements do comply” respectively.

As a centre of procurement expertise, the Scotland Excel Corporate Strategy 2023-28 sets the values, objectives and principles of planned regulated procurements, providing value to members across key strategic areas as follows:

- Journey towards a net zero Scotland.
- Drive for efficiency to support the financial sustainability of local public service.
- Community wellbeing with equal access to services, economic development and fair work jobs.
- Resilient supply chains that maximise opportunities for Scottish businesses and the third sector.
- Advancement of skills to deliver Scotland’s economic transformation.

These corporate goals are enshrined in a new segmented approach which has been developed throughout 2023-2024 in support of the Public Procurement Strategy for Scotland. By segmenting the portfolio, priority is given to those sustainable objectives most relevant and proportionate for each procurement. This approach seeks to broaden how value is articulated and will be set out further in section 3.

Contract Strategies reflect the Corporate Strategy and are developed in collaboration with a User Intelligence Group (UIG). This ensures that the strategic procurement objectives for each exercise are targeted appropriately

and will fulfil the requirements at the point of use. Scotland Excel’s approach to strategic procurement embeds extensive market and stakeholder consultation to establish the most effective blend of customer need to market capacity.

A review of each Contract Strategy is conducted as part of Scotland Excel’s established governance procedures. Throughout the Procurement Journey individual procurement exercises are reviewed, evaluated and monitored at a Contract Steering Group (CSG) before proceeding to the next stage in the procurement process.

The CSG is responsible for the governance of each appointed milestone of the procurement process from contract initiation through to contract award in line with the established gateways. These gateways are designed to ensure all Regulated Procurements are carried out in a manner compliant with the Act and with the corporate goals. Templates used in each exercise ensure relevant factors are captured and recorded against each arrangement.

A summary of how this process is used operationally is presented at [Appendix 2a](#), including a table that sets out how the process was applied to live frameworks during the financial year 2023/24, [Appendix 2b](#).

Those strategic procurement objectives agreed in consultation ensure each arrangement incorporates the holistic set of economic, social and environmental outputs deliverable. These outputs are monitored and reviewed through ongoing contract and supplier management.

Performance against the corporate strategy and objectives for 2023/24 is shown at [Appendix 3](#). This part of the report summarises the progress made against operating plan commitments and confirms the status of each activity.



Section 3: Community Benefits and Fair Work First Summary

Community Benefits

Section 18(2)(d) of the Act states that it is mandatory for an annual procurement report to include “a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report”.

A sustainable outcomes working group revised the community benefits process in 2022/2023, which increased stakeholder engagement, defined roles and responsibilities and embedded consistent thresholds, guidance and reporting templates.

Community Benefits submissions are made on a six-monthly basis by suppliers with more than £50,000 spend in the previous six months of recorded management information. The six-monthly cycle is aligned with Scotland Excel’s Joint Committee schedule, at which Community Benefits are reported. Community benefits reported for the period 1 April 2023 to 31 March 2024 are set out in Table 1. Community benefits reported per council area are set out in [Appendix 4a](#).

Total number of apprenticeships recruited to deliver contracts	Total number of employees recruited to deliver the contract	Total number of work placement for adults	Total number of volunteering hours	Total number of hours of work experience for school/college/university students	Total monetary value of other community benefits
52	381	216	7,551	8,527	£1,501,238

Table 1: Community Benefits Reported 2023/24

Community Benefit requirements have been incorporated at the point of tender since 2013, with commitments made, monitored and reported over the lifetime of frameworks.

The summary below sets out examples of the range and type of community benefits reported by suppliers, delivered in 2023/24;

- Kibble Education and Care Centre appointed 10 apprentices in Renfrewshire Council to a one-year Career Start, Child & Youth care Worker Apprenticeship. This relates to spend reported against the Children's Residential and Secure Care frameworks.
- Securigroup Limited appointed 14 Security Services apprentices and 50 employees across Glasgow City and Renfrewshire Councils in the delivery of the Security Services and Cash Collection framework.
- Initial Washroom have recruited 21 employees across 16 local authorities to deliver the Washroom Solutions and Sanitary Products framework.
- Suppliers awarded to the Domestic Furniture and Furnishings framework have appointed 38 employees across nine councils to deliver services. In addition, the reuse consortium, Circular Communities Scotland, have maintained 17 local employees across seven council areas in the performance of the contract.
- Under the Children's Residential framework;
 - » Moore House School Ltd appointed 11 employees in Perth and Kinross and 26 employees in West Lothian.
 - » Harmeny Education Trust Limited have delivered 157 adult work placements in the City of Edinburgh council.
 - » Aberdeen Association of Social Service provided over 3000 hours of work experience for student social work placements.
 - » Hillside School (Aberdour) Ltd provided over 1750 hours of work experience in Fife council.
- Under the Care Homes for Adults with Learning Disabilities including Autism framework, Camphill(Blair Drummond) Trust have completed over 6000 volunteering hours in Stirling council.
- In North Ayrshire 56 hours of volunteering were completed by Dem-Master Demolition Ltd. to complete groundworks in preparation for Loudon Montgomery Primary School's sensory garden.
- Peacock Salt delivered over 900 hours of volunteering in South Ayrshire to renovate charitable premises and gardens for Enable Ayr and the South Ayrshire Autistic Society.
- In Highland Council Swansons Fruit Company Ltd provided 100 hours of work experience for a school pupil under the Milk Framework and over 400 hours of work experience was provided at The Furnishing Service's Dingwall depot.
- Under the Energy Efficiency Contractors framework in East Dunbartonshire community events were supported by E.ON Energy Solutions Ltd. This represented an estimated value of £12,000, and included offering advice on low carbon technology and help to access free, or heavily funded, energy efficiency measures.

Community Benefit requirements have been incorporated at the point of tender since 2013, with commitments made, monitored and reported over the lifetime of frameworks. [Appendix 4b](#) quantifies those benefits delivered over the last decade, with effective supply chain collaboration with the public sector delivering tangible outcomes for local communities.

Although the Covid-19 pandemic had an impact on individual measures in 2020/2021 and 2021/2022, recent reporting demonstrates that the volume of volunteering and work placements has increased considerably compared with work experience. While the number of new jobs and apprenticeships have returned to an upward trend the monetary value of community benefits has increased significantly since 2021/22.

At the close of the financial year 975 suppliers were awarded to Scotland Excel framework agreements, of which 872 (89.4%) notified that they pay the Real Living Wage.

Fair Work First

Another important aspect of framework development is the inclusion of Fair Work First, which was updated by SPPN 1/2024 in April 2024. This update provided further guidance on the implementation of criteria in all procurement processes and complements statutory guidance published in May 2022 on Fair Work and Real Living Wage policy. Fair Work First is the Scottish Government’s policy for ensuring high quality fair work across the labour market, the criteria for which are set out as follows;

- Payment of at least the Real Living Wage
- Provide appropriate channels for effective workers’ voice, such as trade union recognition
- Investment in workforce development
- No inappropriate use of zero hours contracts
- Action to tackle the gender pay gap and create a more diverse and inclusive workplace
- Offer flexible and family friendly working practices for all workers from day one of employment and
- Oppose the use of fire and rehire practices.

The principle of Fair Work First has been embedded in all procurement exercises, with the mechanism for inclusion varying to take account of relevance and proportionality. Methodologies to incorporate Fair Work First range from targeted specification development to the introduction of appropriate selection and award

criteria. This is informed by stakeholder engagement, market development and the strategic objectives of the procurement. The established approaches will be refined as appropriate in accordance with recently updated guidance available via the sustainable procurement tools.

Scotland Excel has included formal consideration of the payment of the Real Living Wage in tenders issued since early 2015. Each Contract for Approval report to Scotland Excel’s Executive Sub Committee includes information on the respective position of all bidder’s work practices, including payment of the Real Living Wage. In February 2022 the Executive Sub Committee were invited to note an update on matters relating to the payment of the Real Living Wage. This sought to improve the level of commitment suppliers make to paying the Real Living Wage and to mandate wherever legally possible.

At the close of the financial year 975 suppliers were awarded to Scotland Excel framework agreements, of which 872 (89.4%) notified that they pay the Real Living Wage. For frameworks awarded during 2023/24, 246 (89.1%) of suppliers notified that they pay the Real Living Wage. This is recorded in the following categories, recognising the accreditation of some suppliers and the self-assessment of others.

Paying and Accredited	Paying and Progressing to Accreditation	Paying and Commitment to Accreditation	Paying but No Commitment to Accreditation	Not Paying but Commitment to Pay	Not Paying
257 (26.36%)	49 (5.03%)	91 (9.33%)	475 (48.72%)	35 (3.59%)	68 (6.97%)

Table 2: Payment of Real Living Wage



Public Procurement Strategy for Scotland, Segmentation and Performance Management

In April 2023 the first Public Procurement Strategy for Scotland was published with the central purpose outlined “To use our collective spending power to deliver sustainable and inclusive economic growth”. Aligned with the enablers and outcomes of the Sustainable Procurement Duty the strategy is structured in accordance with the National Performance Framework setting a vision for procurement which is;

- Good for businesses and employees
- Good for society
- Good for places and communities
- Open and connected

In recognition of the power of procurement and the ambitious sustainable outcomes the sector can deliver, a segmentation approach has been developed and launched throughout 2023/2024. Each procurement exercise balances the economic, environmental and social benefits possible through a national collaborative exercise and establishes a segmented priority for the procurement. This priority will be derived from stakeholder consultation, an assessment of the risk and opportunities present and sphere of influence all in accordance with the sustainable procurement tools and principles of the Procurement Reform (Scotland) Act 2014.

Where a first generation or renewal is added to the Contract Delivery Plan, at contract initiation the segmented priority will be considered. Strategic procurement activity to establish the contract strategy will determine the segmented priority and seek endorsement from the established User Intelligence Group. This priority will be articulated by the strategic procurement objectives with mechanisms to embed the approach set out in the sustainability section of the document. A record of how the success of the approaches will be measured will be drafted

in accordance with the Scottish Government’s Procurement Benefit Reporting Guidance. These measures will be embedded through tender, contract award and contract mobilisation stages of the procurement journey.

This will enable the launch of Scotland Excel’s performance management framework in 2024/2025. Strategic procurement and commissioning teams have a range of commercial and social measures well established such that historical data is available for interrogation e.g. savings, community benefits and real living wage. Mechanisms to measure social impact are evolving to take account of Community Wealth Building and Wellbeing. Furthermore, procurement is innovating to attach a value to whole life costing initiatives. These developing measures require baselining in support of the Public Procurement Strategy for Scotland.

The primary driver for a new approach, however, is the scale of the transformation needed to deliver Net Zero 2045, which is currently under-represented in quantitative reporting. In March 2023, Scotland Excel’s Executive Sub-Committee approved Scotland Excel’s Net Zero Strategy 2023-2028. This Net Zero Strategy is used to support Scotland Excel member councils in the delivery of their individual and collective net zero goals linked to Scottish Government ‘climate emergency’ policy and legislation. Within the scope of the action plan is a revised sustainable procurement policy for publication in 2024, which will set out how the measurement of environmental measures will be developed.

The launch of the performance management framework, underpinned by a segmented approach, will transform the measurement and reporting of sustainable procurement outcomes over the term of the Public Procurement Strategy for Scotland.



Section 4: Supported Businesses Summary

Section 18(2)(e) of the Act requires organisations to summarise steps taken to facilitate the involvement of supported businesses in regulated procurement. Scotland Excel recognises that supported businesses provide a crucial contribution to the Scottish economy.

Regulation 21 of The Public Contracts (Scotland) Regulations 2015 defines a supported business as "... an economic operator whose main aim is the social and professional integration of disabled or disadvantaged persons where at least 30% of the employees are disabled or disadvantaged persons". Regulation 21 also permits a contracting authority to reserve the right to participate in the procurement to a supported business.

Involvement of supported businesses is undertaken during strategy development and engagement facilitated through Prior Information Notices (PIN) or established networks e.g. the British Association for Supported Employment (BASE). Furthermore, during contract strategy development category teams consider appropriate interventions to facilitate involvement. For example, sub-lot product groupings to reduce barriers to entry or encourage tier one suppliers to target their

community benefit commitments to the establishment of supply chain relationships with supported businesses. This model was introduced in the Domestic Furniture and Furnishings framework in recognition of the number of supported businesses operating in this market.

An opportunity assessment was undertaken for a reserved framework for Personal Protective Equipment (PPE) and added to the contract delivery plan for 2023/2024. The market did not develop as anticipated post-pandemic and the limited interest in a reserved PPE framework reduced the potential benefits deliverable from a national collaborative arrangement. This development would also have overlapped with the category A Dynamic Purchasing System and consideration was given to the duplicate tendering burden a category B arrangement in 2023-2024 would have placed on the market.

Although no procurements were reserved during 2023/24 a comparison was made of those supported business listed in the buyer guidance of the Scottish Government's 2023 Dynamic Purchasing System (DPS). This includes both those awarded and those not awarded. Findings are that eight supported businesses are awarded a place on a Scotland Excel arrangement that was live in 2023/24 as set out below;

In November 2023, a Supported Business event was hosted with a focus on how local government and supported businesses can collaborate in support of Community Wealth Building.

- Hey Girls Cic, are awarded to the Washroom Solutions and Sanitary Products framework and received c. £1.6m spend in 23/24.
- City Building (Contracts) LLP are awarded on three construction frameworks with spend of c.£34k reported in 23/24.
- Royal British Legion Industries Ltd T/a Scotland's Bravest Manufacturing Company has recently been re-awarded onto the Road Signage Materials framework. With a contract start date 1 April 2024 no spend is yet available, however, on the previous generation of the framework c.£787k was reported over four years.
- Five supported businesses were awarded to the Employability Services DPS, for which no spend data is collected.

Section 9 of The Procurement Reform (Scotland) Act 2014 places a duty on contracting authorities to "...facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process...".

In November 2023, a Supported Business event was hosted with a focus on how local government and supported businesses can collaborate in support

of Community Wealth Building. This event included speakers from BASE, Morison Construction and the Scottish Government's National Collaborative Procurement Division. The keynote was delivered by Mr. Tom Arthur, Minister for Community Wealth and Public Finance, subsequently appointed as Minister for Employment and Investment in May 2024.

Early in 2024-2025 Scotland Excel signed up to the Buy Social Pledge a "values-led initiative for those bodies looking to make a commitment to bring social enterprises into their supply chains". This commits action on the recognition of Fair Work for all, embracing a net zero policy, supporting social enterprises and prompt payment as well as measuring impact. In addition to the supported businesses spend listed above an additional c.£18.2m spend was reporting for social enterprises for financial year 23/24.

Scotland Excel will continue to work across the sector to promote the advancement of working relationships with local supported businesses. This is in recognition of the contribution made by those organisations in supporting local economies and providing essential job opportunities for disabled and disadvantage people within communities.

A man in a blue shirt is shown in profile, looking at a tablet. The tablet displays a data chart with a grid and a line graph. The background is blurred, showing an office environment with other people.

Section 5: Future Regulated Procurements Summary

Section 18(2)(f) of the Act states it is mandatory that an annual procurement report must include “a summary of the regulated procurements the authority expects to commence in the next two financial years.”

Scotland Excel undertakes extensive stakeholder engagement in the development of national collaborative arrangements. Portfolio information is available to encourage competition and achieve best value and can be accessed via the Contracts Register [here](#). Most commonly market engagement is facilitated by the issue of a Prior Information Notice, consistently providing advance notice of future opportunities.

Scotland Excel has 47 regulated procurements due for renewal (or subject to contract extension) over the next two financial years. In addition, Scotland Excel plans to complete regulated procurements for 2 new contract areas in financial year 2023/24. Details of these anticipated contract requirements are shown in [Appendix 5](#).

Section 6: Additional Considerations

Scotland Excel submitted a response to the Procurement Reform (Scotland) Act 2014 (“the Act”) consultation in October 2023, and was invited to give evidence to the Economy and Fair Work Committee in March 2024. The scope of the consultation included views on whether the Act was working, barriers to accessing procurement in Scotland and examples of good practice.

The Scotland Excel submission recognised the significant progress made since the Act was introduced particularly on social outcomes, but that environmental outcomes were under-developed, given the call to action to deliver Net Zero 2045. Strategic procurement resources are currently being shaped to explore emerging markets and consider whether alternative procurement mechanisms are appropriate in response to the climate emergency. One year into the five-year strategy, progress against short-medium term objectives were reported to the Executive Sub Committee in May 2024. This included climate training, the redesign of frameworks, implementation of revised policy and extensive stakeholder engagement in the development of carbon monitoring.

Another central theme was the need for greater visibility on how the principles of Fair Work First are cascaded in the supply chain in support of Community Wealth Building (CWB) initiatives. This conflates with responses for both the Wellbeing and Sustainable Development (Scotland) Bill and the Building Community Wealth in Scotland consultations. While recognising that measures to advance CWB and Wellbeing are positive, these submissions sought clarity on how any additional duties would complement existing procurement legislation.

During 2023/2024 a dedicated savings team has explored commercial opportunities to increase savings obtainable through economies of scale. Projects completed until the end of March 2024 represented an additional £2.9 million savings for members through product swaps, collaboration and targeted negotiation.

Supporting the goals of Scotland’s Digital Agenda a single supplier framework agreement for a Shared Alarm Receiving Centre (ARC) technology solution was delivered in 2023/2024. Development of an arrangement for a Security Operations Centre (SOC) has commenced, to enhance the ability of members to protect their digital infrastructure. This is alongside the renewal of the Technology Enabled Care Goods framework in the delivery of the digital portfolio.

In March 2024 the first-generation Residential Rehabilitation (Alcohol and Drugs) Services National Flexible Framework Agreement was awarded. This arrangement enables purchasers to source residential rehabilitation services for people experiencing problematic use of alcohol and/or drugs, to support their recovery. Further development of services is

underway over the course of 2024/2025, with research into effective commissioning and procurement of family-based support services. This is connected with the social welfare functions of the Scottish Ministers and local authorities.

Scotland Excel also offers an award-winning learning and development programme, and provides assessment, consultancy and improvement services to help councils transform their procurement capability.

At Scotland Excel, there is a commitment to demonstrate innovation and continuous improvement in all aspects of delivery. To further promote innovation in public procurement, further to SPPN 3/2023, Scotland Excel are represented on the Scotland Innovates Triage & Delivery Board, to assess proposals submitted via the new portal. This is alongside internal mechanisms to encourage category teams to signpost supply chain stakeholders to Scotland Innovates as arises.

The organisation has won several awards for its work, as well as holding accreditations which reflect a commitment to best practice in procurement, organisational development and workforce matters.

- **CIPS Procurement Excellence Program—Standard Award:** This award signifies that Scotland Excel has the procurement governance mechanisms in place for effective supply assurance and compliance.
- **Investors in People (IiP) Gold accreditation:** IiP is a UK government initiative, providing a best practice people management standard, and is regarded as an indication that Scotland Excel is a great employer, an outperforming place to work and has a clear commitment to sustainability.
- **Chartered Management Institute Approved Centre:** Scotland Excel is an approved centre for the delivery and assessment of CMI leadership and management qualifications.
- **Living Wage:** Scotland Excel is proud to be a Living Wage employer. Living wage is a voluntary hourly rate set independently and updated annually, calculated according to the basic cost of living in the UK.

At the 2023 Scottish GO Awards the Children’s Residential framework won the collaborative procurement category in recognition of the detailed stakeholder work undertaken to develop the third-generation renewal. This resulted in a framework with an increased range of enhanced offerings and greater flexibility for members to purchase individualised services.

Get in touch

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and how we can help your organisation:

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