



Prepared May 2022

Annual Procurement Report

1 April 2021–31 March 2022



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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. We are 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 our operating model is the delivery of effective commercial solutions for our members. We offer a contract portfolio, with a value of c£2bn, which provides support to a wider range of local government services. Included in the portfolio solutions for social care services, construction and property management, roads, transport and fleet operations, environmental services, and a wider range of goods required for corporate and educational settings. We also provide in partnership with SEEMiS and The Digital Office a range of ICT services.

Contracts are developed in consultation with local government representatives, from procurement, commissioning and technical backgrounds, to ensure our 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 members by ensuring our contracts 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 organisational Strategy and summarise the value delivered through procurement activity. The report documents our performance against our objectives and strategic targets including those associated with Fair Work First and Community Benefit.

Scotland Excel publishes annually a revised 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 partners to articulate its approach to delivering an effective contract portfolio through its Sustainable Procurement Strategy and a suite of Category 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) 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 1: Part 1](#) provides a high-level summary of the regulated procurements Scotland Excel has completed between 1 April 2021 and 31 March 2022. The appendix includes the following:

- date the framework was awarded
- title of the arrangement, giving the subject matter of the procurement
- estimated value of the spend for the full life of the framework
- date from which the contract starts and is available for use
- date on which the contract ends
- names of each of the suppliers awarded a place on the framework

Scotland Excel also operates a small number of dynamic purchasing systems (DPS) which are unique in that new suppliers can apply to be added to these arrangements at any time. [Appendix 1: Part 2](#) shows suppliers appointed to the DPS for the Treatment and Disposal of Recyclable and Residual Waste between 1 April 2021 and 31 March 2022. During 2021/22 there were no additional suppliers appointed to the DPS for Bikeability Scotland Training Providers. Work began on a DPS to support Employability Services which will be awarded in 2022/23.

13 regulated procurement exercises with a combined advertised value of £1.36bn were issued in 2021/22

Procurement exercises follow a journey that embeds Scotland Excel's principles, values and objectives.

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) states 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”.

Scotland Excel’s approach to all procurement exercises is to construct the tender documents in line with a contract strategy. These strategies are developed with the User Intelligence group for the procurement exercise, ensuring it fulfils the requirements at point of use.

Contract Strategies also reflect and adhere to the values and principles set out in the overall Procurement Strategy. A review of each Contract Strategy is carried out as part of Scotland Excel’s established governance procedures. Throughout the Procurement Journey individual procurement exercises are reviewed, evaluated and monitored at Contract Steering Groups before proceeding to the next stage in the procurement process.

Commodity strategies reflect the Scotland Excel Procurement Strategy and ensure that procurement exercises follow a journey that embeds Scotland Excel’s principles, values and objectives. Templates used in each exercise ensure relevant factors are captured and recorded against each framework.

The Contract Steering Group is responsible for governance of each appointed milestone of the procurement process from contract initiation through to contract termination/expiration in line with the Governance Gateways. These Governance Gateways are designed to ensure all Regulated Procurements are carried out in a manner compliant with the Act and with the organisational goals. A summary of how this process is used operationally is presented at [Appendix 2](#), including a table that sets out how the process was applied to live frameworks during the financial year 2021/22.

Our approach to strategic procurement maximises the added value potential in each procurement exercise. We conduct extensive market research and stakeholder consultation to establish the most effective blend of customer need to market capacity.

Key success factors are agreed in consultation with our members. Financial savings targets for each procurement exercise are projected at the strategy stage and suppliers are obliged to provide detailed spend information. Through effective contract management quantitative and qualitative aspects are monitored and reviewed.

Performance against our strategy and objectives for 2020/21 is given at [Appendix 3](#). This part of the report summarises the progress made against operating plan commitments and uses a ‘traffic light’ symbol to provide a guide to the status of each activity.



Section 3: Community Benefits and Fair Work Practices Summary

Section 18(2) 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”.

Community benefit clauses in contracts and frameworks provide a means of achieving sustainability in public contracts. They can include, as examples, targeted recruitment and training, working with community enterprises and engagement with local interest groups. The requirement to include community benefits when awarded to Scotland Excel frameworks is universal. Achieving additional social value across Scotland through public spend with suppliers in the delivery of goods, services or works packages is integral to procurement good practice.

Scotland Excel incorporates community benefits in its procurement activities to drive greater sustainability. In doing so we contribute to the delivery of social, economic and environmental benefits delivered in our local authority areas. Tenderers are required to make a community benefits submission in respect of the spend they will receive through the relevant framework and this is monitored throughout the duration of

the framework agreement. Through our contract management practices we promote and encourage the most impactful benefits available.

Benefits delivered are recorded through a return from each supplier. During 2021/22 further work was undertaken to consider how this process can be improved to ensure the benefits delivered are aligned to the needs of local communities and that the supplier base is able to report in an efficient manner. Presently Community Benefits information is collected from suppliers on a six-monthly basis. Scotland Excel’s process requires suppliers who receive spend greater than £50,000 over the preceding two quarters to produce a detailed breakdown of the community benefits they have provided.

The community benefits delivered are routinely reported to each meeting of Scotland Excel’s Joint Committee in June and December.

The information provided for the period 1st April 2021 to 31 March 2022 has been collated from those reported in December 2021 and new information gathered for the period from 1 October 2021 to 31 March 2022 and is as follows:

Achieving additional social value across Scotland through public spend with suppliers in the delivery of goods, services or works packages is integral to procurement good practice.

Total Monetary Value (£) of Other Community Benefits	Total Number of Hours of Work Experience for School Pupils, College and University Students	Total Number of Apprenticeships Recruited to Deliver Contract	Total Number of Work Placements For Adults	Total Number of Volunteering Hours	Total Number of full time Employees Recruited to Deliver Contract
£400,917	1292	41	39	607	367

Table 1

‘Other Community Benefits’ encompass a range of benefits including donations and sponsorships of local clubs and community organisations. During the Covid 19 pandemic our community benefit return results continue to be positive and demonstrate the effective partnership Scotland Excel has created with framework suppliers which in turn maximises community benefits delivery. We gather many examples of community work undertaken by our suppliers during the previous financial year and early in 2021/22 that were in support of groups affected by lockdowns and additional to the contractual obligations of the framework.

Scotland Excel recognises that Community Benefits have a considerable social, environmental and economic impact within local communities and we continue to

encourage and grow awareness in this regard. Scotland Excel uses a Community Benefit menu. This approach is widespread in public procurement and offers a focused approach to delivering benefit across the Scotland Excel portfolio. Included in [Appendix 4](#) is a table summarising community benefits delivered and recorded against Scotland Excel frameworks since reporting started in 2013/14.

Furthermore, the management process encourages suppliers and providers to deliver Community Benefits within the awarding local authority area. During 2022/23 further work is planned to ensure all opportunities for delivery of community benefits to carried out are taken up by our members.

Scotland Excel recognises that Community Benefits have a considerable social, environmental and economic impact within local communities and we continue to encourage and grow awareness in this regard.

Another important aspect of our framework development is the inclusion of Fair Work practices, in August 2021 the Scottish Government updated guidance and aligned recommendations with Fair Work First policies. This saw an expansion of the guidance from five elements to seven. Fair Work First asks that businesses bidding for a public contract commit to adopting the following:

- appropriate channels for effective 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
- providing fair pay for workers (for example, payment of the real Living Wage)
- offer flexible and family friendly working practices for all workers from day one of employment
- oppose the use of fire and re-hire practices.

Public bodies were asked to apply the new guidance to procurement exercises starting after 31 October 2021. In addition, on 15th October 2021 the Scottish Government published a statement in which they outlined their intention to mandate the payment of the Real Living Wage where legally possible.

Scotland Excel has included formal consideration of the payment of the 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 bidders work practices, including payment of the 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 in which Scotland Excel confirmed intent to seek means of improving the level of commitment suppliers make to paying the Real Living Wage and to mandate wherever legally possible.

Of the 213 suppliers appointed to Scotland Excel framework agreements between 1 April 2021 and 31 March 2022, 84% notified that they pay the Living Wage.

There are 958 unique suppliers appointed to Scotland Excel framework agreements, each have provided data on their Living Wage accreditation status. The breakdown of the status of these suppliers is set out in Table 2 below, recorded in the following categories, recognising the accreditation of some suppliers and the self-assessment of others. Overall 86% of Scotland Excel suppliers are paying the Living Wage with a further 4% committed to paying the Living Wage within 2 years.



Accredited	Progressing towards accreditation	Committed to gaining accreditation over the first 2 years of the framework	Not accredited but paying the Living Wage	Not accredited or paying the Living Wage but committed to doing so within 2 years	Neither accredited nor paying Living Wage
211	56	89	467	38	97

Table 2

Scotland Excel currently has a total 1076 unique suppliers across all supply agreements. Living Wage accreditation status is not asked of suppliers being qualified for a place on a DPS, nor is it gathered when working in partnership with Crown Commercial Services (UK Government collaborative procurement body).

Scotland Excel continues to ensure its policy is set out within the tender process and that relevant aspects of fair work are referenced in each framework. Scotland Excel continues to monitor and encourage the implementation of fair working practices during the active period of frameworks and to work closely with suppliers to enhance performance.

Appendix 4 includes the breakdown of the council areas in which the figures presented in Table 1. above have been achieved.

86% of Scotland Excel suppliers are paying the Living Wage with a further 4% committed to paying the Living Wage within 2 years.

Scotland Excel understands supported businesses can make a key contribution to local impact, are vital to the Scottish economy and that they provide essential job opportunities for disabled and disadvantaged people within our communities.

Section 4: Supported Businesses Summary

Section 18(2) 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.

Supported businesses are defined 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”. Contracts may be reserved for those businesses meeting these criteria.

At Scotland Excel the involvement of supported businesses in regulated procurements is considered at the strategy development stage. As commodity strategies are mandatory for all regulated procurements undertaken by Scotland Excel, the involvement of supported businesses is therefore considered in all regulated procurements.

Within the portfolio of contracts reviewed in 2021/22 no contracts were reserved for supported businesses. However, in line with the sustainable procurement duty and procurement strategy all procurement exercises undertake a sustainability assessment. Due diligence in this way means evaluations are conducted to determine ways in which sustainability, including the use of supported businesses can be maximised.

We explore appropriate ways to include supported businesses in our frameworks as demonstrated by the appointment Scotland’s Bravest Manufacturing Company within our Roads Signage Materials Framework. During 2021 a potential opportunity was explored when tendering for Personal Protective Equipment (PPE). The market for PPE has evolved since the Coronavirus pandemic created the need for items of PPE associated with infection control.

Scotland Excel aimed to offer opportunities to the widest supply base possible to ensure new entrants and smaller, more socially constituted businesses could bid. One mechanism explored was the inclusion of a lot within the framework being reserved to attract any support businesses with PPE products to offer. This approach could not be developed into a legally compliant model.

A separate reserved contract alone for PPE would not have met the needs of the customer base in terms of range or volumes of products so the tender was issued without reservation. However, to ensure we continue to support this developing market Scotland Excel has included a reserved framework for supported businesses offering PPE products in our planned procurements scheduled for 2022/23 (see [Appendix 5](#)).



Scotland Excel offers a domestic furnishing framework which supports new tenancies and welfare support for those with housing needs. In recognition of the prevalence of supported businesses operating in the domestic furniture and furnishings market Scotland Excel has listed a small number of items, which can be sourced from supported businesses. These are labelled “Supported Business” under the category column and include bedroom and living room items. These items are introduced as an opportunity to establish supply chain relations which can be developed over the lifetime of the framework.

We also work with our framework suppliers to drive partnership relationships with supported businesses. Our New Build Residential framework has clauses within it which seek the involvement in the supply chains of the awarded construction companies.

Scotland Excel understands supported businesses can make a key contribution to local impact, are vital to the

Scottish economy and that they provide essential job opportunities for disabled and disadvantaged people within our communities which enable them to become more independent, while also delivering a range of excellent goods and services. Scotland Excel will continue to work with councils and suppliers to promote working relationships with their local supported businesses.

The involvement of supported businesses in regulated procurements is considered at the strategy development stage.



Section 5: Future Regulated Procurements Summary

Section 18(2) 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 provides information on its portfolio to appropriate levels of transparency and proportionality, to encourage competition and to achieve better value for money. Scotland Excel will continue to engage and communicate with our framework users and potential suppliers. Each framework process is started with the issue of a Prior Information Notice consistently providing advance notice of future opportunities.

Scotland Excel has fifty-four 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 four new contract areas in financial year 2021/22. Details of these anticipated contract requirements are shown in [Appendix 5](#).

We are leaders of change in the way commercial activities within the Scottish public sector are undertaken.

Section 6: Additional Considerations

At Scotland Excel, we are leaders of change in the way commercial activities within the Scottish public sector are undertaken. An ongoing driver of our development has been to raise the profile of procurement in our sector.

Our vision is: To provide innovative, transformative solutions for local and national public services across Scotland.

Our Mission is: To make the most of our strategic procurement expertise and our experience of developing collaborative solutions which support better outcomes for Scotland's people and communities through early intervention and the delivery of sustainable public services

The following principles, which were developed by staff from across the organisation, guide our approach to our work.

- **Professional:** We establish goals and objectives to achieve excellence and demonstrate leadership in everything we do.
- **Courageous:** We listen with an open mind and respond honestly and constructively.
- **Respectful:** We achieve the best possible outcomes through our determination, resilience and innovation.
- **Integrity:** We are transparent and fair in all our actions securing trust and building confidence.

Since Scotland Excel was formed in 2008 local authorities have worked with us to realise the potential of procurement and associated disciplines to shape markets, support policy priorities and ensure the delivery of sustainable services, needed in every community.

Our services are designed to help councils meet the twin challenges of reducing budgets and growing

demand. Scotland Excel and councils working jointly can maximise social, economic and environmental benefits in an efficient and collaborative manner. Working together ensures money is saved to protect front line services.

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.

We represent the sector at a national level on matters relating to public procurement and provide procurement support for a range of national sector initiatives.

At Scotland Excel, we are committed to demonstrating innovation and continuous improvement in everything we do. We are delighted to have won several awards for our work. We also hold accreditations which reflect our commitment to best practice in procurement, organisational development and workforce matters.

CIPS Corporate Certification Standard: This award signifies that we have all the procurement governance mechanisms in place for effective supply assurance and compliance.

Investors in People (IIP): 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

Get in touch

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