

## Welcome from Dorothy Cowie, Director of Scotland Excel

It is my pleasure to welcome you to the inaugural edition of the Scotland Excel newsletter, XL News, the first of a quarterly series of newsletters designed to keep you up to date with the developing procurement landscape in Scotland and to provide interesting and informative articles about the activities of Scotland Excel.

In this first issue, you will find a range of useful items including the structure of public sector procurement in Scotland, information on Scotland Excel and an example of the type of savings which can be made using Scotland Excel contracts.

We would like to hear from you on the style, content and format of this newsletter and we would be interested in hearing about what's going on in your organisation. If you have anything of interest to tell us please don't hesitate to get in touch. You can contact us at the following email address:

[contactus@scotland-excel.org.uk](mailto:contactus@scotland-excel.org.uk)

## Our Purpose and Vision

Scotland Excel was launched on 1 April 2008 as the centre of procurement expertise for local authorities in Scotland.

Our purpose is to raise procurement standards and work in collaboration with local authorities and suppliers to secure best value for our customers.

The vision of the organisation is to be recognised, respected and trusted by local authorities and suppliers as the leading procurement organisation in Scotland.

Our staff, culture and working practices are geared to ensure that as an organisation we achieve our purpose and realise our vision.

Our key focus areas to achieving these are:

- Delivering Best Value collaborative contracts
- Increasing procurement capacity and capabilities
- Improving engagement with suppliers
- Promoting and sharing best practice with others

The values we have adopted to underpin our purpose and vision will be detailed in the next issue of XL News.

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## Where We Are Based

Scotland Excel are now based at Anchor Mill, Thread Street, Paisley.

Anchor Mill (pictured) stands in a prominent and picturesque location in the centre of Paisley and is a proud reminder of the town's industrial heritage. It was part of a larger complex known collectively as the 'Anchor Mills'.

The Anchor Mills complex employed many hundreds of local people. Work in the domestic finishing mill finished in the 1980s, and the mill lay empty and neglected for twenty years until a regeneration project saved this landmark building.



During February we moved to premises on the first floor of Anchor Mill from Mirren Chambers, Gauze Street, while working hard preparing for the launch of Scotland Excel. The move was accomplished with no disruption to our excellent services to customers and without any serious breaks in our IT and communications support. Scotland Excel staff operate in a productive open plan environment within the new premises.

## How We Are Structured

The organisational structure of Scotland Excel has been designed to meet the requirements of a modern, effective procurement operation which reflects the expectations of our customers and stakeholders.

The Scotland Excel team, when at full capacity, will be 78 strong, including a number of staff who will work closely with our customers in 3 regional offices. There are three separate but inter-related functions within the organisation covering **strategic procurement, relationship management and professional services**, each reporting through a Head of Service to the Director.

Ian Taylor joins Scotland Excel this month to head up the **Strategic Procurement** team. Ian, who has managed a variety of supply chain activities at a strategic level, will be responsible for the commodity teams within Scotland Excel. Ian will be working with the teams and with key stakeholders from local authorities and the supply base to deliver innovative, best value contracts to meet our customers requirements.

**Relationship Management**, headed up by Owen Paterson, will be responsible for developing, maintaining and enhancing the essential relationships between Scotland Excel and its key stakeholders

at both national and regional level. This will be delivered through the regional staff who will be based in Aberdeen, Edinburgh and Inverness as well as our head office in Paisley.

This area of the business will also be responsible for delivering the marketing and communications of the organisation and its stakeholders and for developing and delivering innovative and effective customer and supplier relationship management approaches.

The **Professional Services** unit, managed by Irene McCulloch, is responsible for the provision of Scotland Excel's internal support in IT, project management, HR and finance, the delivery of learning and development initiatives into the local authority sector and the provision of a capital procurement and management resource for customers.

The shape of the organisation has been defined and several key appointments have already been made with a number due to be announced in the coming weeks. The structure will be kept under review and will be modified to meet the demands of a changing environment.

The new structure is nearing completion and we will include an overview of the completed structure in the next edition. In the meantime, watch the website for further details.

## How We Are Governed

Scotland Excel is governed by a Joint Committee of 35 Councillors representing the 27 Member Councils, who are responsible for the strategic management of the organisation.

An Executive Sub Committee, consisting of 10 Councillors from the Joint Committee, is tasked with approving tendering procedures and contract award decisions on behalf of participating local authorities.

Finally, the monitoring of the operational performance of the organisation lies with the Chief Executive Officer Management Group. Chaired by the Chief Executive of Renfrewshire Council, the group also currently includes the Chief Executives from City of Edinburgh, Highland, North Lanarkshire and West Lothian Councils. The group are supported by a small number of local authority corporate procurement managers acting as advisors who collectively ensure that Scotland Excel delivers on its commitments.

## Programme of Governance Meetings

Throughout the remainder of 2008 Scotland Excel will attend meetings of the following groups on the dates noted below.

•**Joint Committee:**

05/09/08

05/12/08

•**Executive Sub Committee:**

28/11/08

•**Chief Executive Officer's Management Group:**

24/10/08

21/11/08

## The Changing Face of Procurement in Scotland – Background

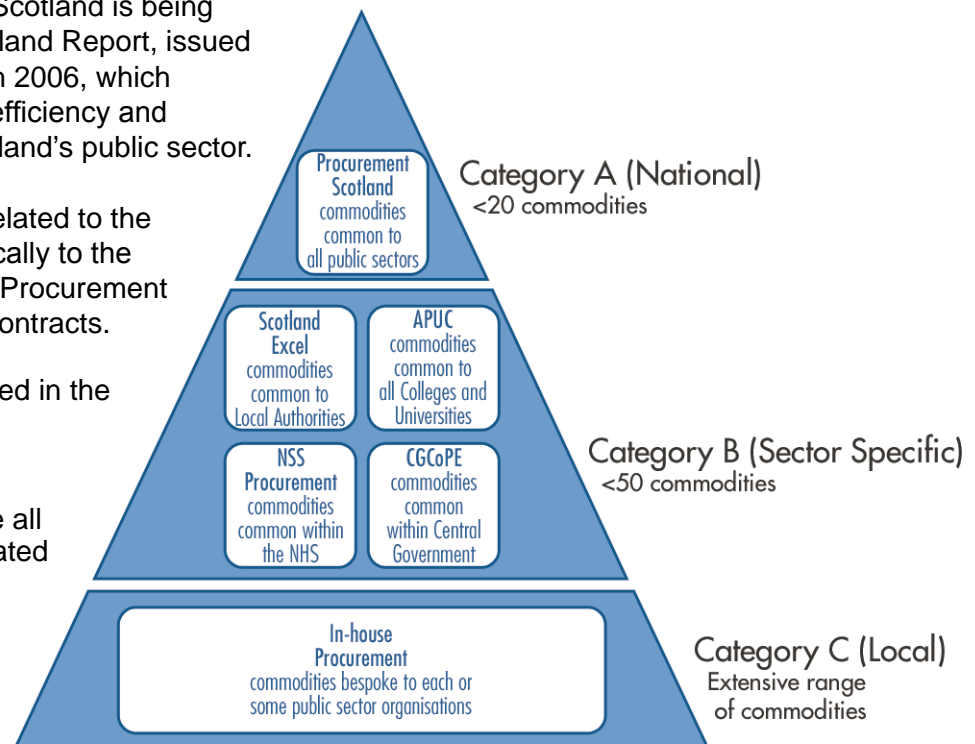
The new procurement landscape in Scotland is being developed in response to the McClelland Report, issued by the Scottish Government in March 2006, which recommended ways to improve the efficiency and effectiveness of procurement in Scotland's public sector.

Two of the main recommendations related to the structure of procurement and specifically to the establishment of sectoral Centres of Procurement Expertise and the categorisation of contracts.

These recommendations are illustrated in the diagram opposite.

Scotland Excel will focus mainly on Category B contracts and will service all participating local authorities and related organisations across Scotland.

The current Scotland Excel contract portfolio covers a wide range of products and services from exercise books to vehicles.



Full details of our current portfolio can be found at <http://www.scotland-excel.org.uk/documents/ProductRange.pdf>

## Centres of Procurement Expertise

The McClelland Report recommendation to establish a centre of expertise for national goods and services, commonly used across the public sector, and centres of expertise to deal specifically with each of the main sectors of local government, high and further education, health and central government

has progressed well. These five centres are now operational and are contributing to the drive to secure savings through collaborative procurement and better procurement practice.

The five Centres are noted below.



**Procurement Scotland:** Will co-ordinate the development and implementation of collaborative procurement strategies for defined Category A common goods and services on behalf of all Scottish public bodies. Located within the Scottish Procurement Directorate, Procurement Scotland aims to deliver benefits to the people of Scotland through improved value for money for taxpayers, improved goods and services for all our citizens, and economic opportunities for our businesses.

**Scotland Excel:** Operating in the local government sector will manage Category B contracts for this sector, assist in the development and management of Category A contracts and support individual Councils, or clusters of Councils, in establishing Category C contracts.



**Advanced Purchasing for Universities and Colleges (APUC):** For the tertiary education sector

**NSS:** National Procurement for the health sector



Central Government  
Centre of Procurement Expertise

**Central Government Centre of Procurement Expertise (CGCoPE):** For Central Government

Each Centre operates autonomously although there is co-operation between Centres to deliver benefit to the public purse through the Procurement Reform Delivery Group which is described in more detail in the following section.

# DELIVERING THE McCLELLAND VISION

The Scottish Government is committed to ensuring the delivery of savings in the public sector through better procurement practice. The establishment of Centres of Procurement Expertise will contribute to achieving this at an operational level. At a strategic level, three groups exist to monitor and safeguard the implementation of the procurement reform programme.

## Public Procurement Reform Board (PPRB)

Following the publication of the McClelland Review in March 2006, the PPRB was set up, initially under the chairmanship of John McClelland but more recently John Swinney, Cabinet Secretary for Finance and Sustainable Growth. Its purpose is to provide strategic direction, support and to monitor progress on the procurement reform agenda.

It is also responsible for resolving risks and issues escalated by the Procurement Reform Delivery Group. Membership consists of senior officials from Government, and the various arms of the public sector in Scotland, including a number of Council Chief Executives.

## Public Procurement Advisory Group (PPAG)

This group is chaired by Jim Mather, Minister for Enterprise, Energy and Tourism. This brings together the key business, trade union and third sector interests to inform and influence the overall direction of the procurement reform programme.

## Procurement Reform Delivery Group (PRDG)

The PRDG is chaired by Ruth Parsons, Director of Public Service Reform in the Scottish Government. Membership includes the Heads of Centres of Procurement Expertise and senior staff from the Scottish Procurement Directorate. The Group meets at 6-weekly intervals and is responsible for ensuring that the Reform Programme remains on

course to deliver benefits, and that obstacles to delivery and benefit realisation are removed or reduced. It leads, drives and facilitates the work to develop collaborative national and sectoral approaches to procurement across the public sector in Scotland.

These three groups work together to ensure that the objective of having a smarter, effective, more productive and efficient public procurement resource across the public sector in Scotland is realised.

## Recently Awarded Framework Contracts & Agreements

Following the meeting of the Scotland Excel Executive Sub Committee on 22 August, the framework contracts/agreements noted below were awarded:

- **Catering Disposables - Period: 1 August 2008 to 31 July 2011**
- **Catering Sundries - Period: 1 October 2008 to 31 July 2011**
- **Groceries & Provisions - Period: 1 August 2008 to 30 April 2011**

For customers, more details can be found in the Members Area of the Scotland Excel website.

## Contract Development & Opportunity Workshops

In addition to the ongoing contract renewal programme, Scotland Excel is also involved in the identification of potential new contract areas.

Following extensive analysis and evaluation of local authorities financial data as well as consultation with local authorities, suppliers and other stakeholders, four initial spend areas have been identified for further investigation:

- Construction
- Social & Community Care
- Vehicles including parts and fuel
- Financial Services

In order to establish where collaborative opportunities within these areas might lie, Scotland Excel embarked on a series of 'Opportunity Workshops', bringing together local authority commodity experts and procurement professionals, from across Scotland. The objectives were to ensure

that best value was achieved where appropriate, duplication of effort reduced and identification of all business needs and best practice shared and developed across the public sector.

The initial workshops held in May 2008 identified a number of opportunities in each of the four areas. These included sharing of knowledge and best practice, tender/sourcing opportunities and standardisation of documentation, processes and procedures.

Since the Opportunity Workshops a great deal of further investigation and consultation has taken place and follow up meetings have been arranged for August and September in Aberdeen, Inverness, Paisley and Edinburgh. The purpose of the meetings will be to further refine the opportunities and develop action plans and sourcing strategies going forward.

For further information...

**Local Authorities** – If you are not currently involved in the consultation for any of the above and feel that you could add to the discussions, please contact your Corporate Procurement Manager who will nominate you as a participant.

**Suppliers** – It is likely that the initial sourcing opportunities will commence by the end of this calendar year with contracts delivered in 2009. In order to find out about contract opportunities for the above as well as other projects, please visit [www.scotland-excel.org.uk/suppliers/buyerprofile.asp](http://www.scotland-excel.org.uk/suppliers/buyerprofile.asp)

### Best Practice Indicators (BPI's) – Benefits Tracking

As a step towards the implementation of John McClelland's vision of increased efficiency and professionalism through structured collaboration and a national effort to adopt best practice, a core set of National Best Practice Indicators have been developed by the Scottish Government in collaboration with a number of key stakeholders from across the public sector.

One of the core deliverable key performance areas is to provide a value-for-money service that delivers financial savings – Best Practice Indicator 'Total Savings Achieved Year on Year'. This will be one of the measurements in the benefits tracking system that has been developed by Scotland Excel.

Developing, building and delivering a sustainable benefits tracking model is a crucial milestone within Scotland Excel to ensure the business

can demonstrate to all members that significant benefits can be achieved when local authorities participate in national collaborative contracts. The main purpose of the benefits tracking model is to highlight potential business benefits to local authorities through price advantages gained from effective collaborative procurement.

The first commodities to be measured by Scotland Excel for the purpose of benefits tracking are groceries, catering disposables & catering sundries. The authorities were asked to provide their current cost for a "shopping basket" of selected items from each of the three contracts which in turn would allow Scotland Excel to baseline against the new contract costs.

Analysis and results were presented to the Executive Sub Committee on the 22nd August.

# £££... The Potential for Savings

Evidence is starting to appear that provides examples of savings which individual councils can make as a result of using Scotland Excel contracts.

Aberdeen City and Aberdeenshire Councils found that when purchasing dining room tables through the Scotland Excel contract, potential savings over their own arrangements averaged around **18%**.

Two councils, Inverclyde and Perth & Kinross have generated savings by using the Scotland Excel Audio Visual & Presentation contract. Inverclyde made a saving of over **£8,000** when running a mini competition for the supply of interactive whiteboards. Perth & Kinross undertook an exercise to benchmark Scotland Excel Audio Visual pricing against the OGC

equivalent and potentially could achieve savings of **3.8%** against the OGC offer.

West Lothian have identified significant savings by using the building materials and electrical materials contracts. For building materials, and using the lowest price offering on the Scotland Excel contract, a saving of **4.2%** could be realised. With electrical materials, and using the same supplier that the Council currently use, a saving of **14.14%** was possible. However this saving increased to a staggering **21.54%** if the lowest price on the Scotland Excel contract was used.

These figures demonstrate the potential savings that can be secured for the public purse when councils work together to deliver value.

## Advertising Portal

One of the recommendations from the McClelland report was that a single public sector "electronic portal" be established to, amongst other things, increase competition and support 'Best Value' and enable the public sector to achieve strong communication links with buyers and suppliers.

Scotland Excel volunteered to become an early adopter of the portal. A Portal Awareness Session was held in July 2008 at which Graeme Beattie of Scotland Excel attended.

The portal gives suppliers access to free valuable contract information across the public sector with easy access to the latest contract opportunities thereby increasing competition and providing transparency.

A formal launch is expected over the coming months.

Contracts with values below, in line with councils standing orders, and exceeding the European Thresholds will feature on the portal.

**For further information contact Scotland Excel or visit [www.publiccontractsscotland.gov.uk](http://www.publiccontractsscotland.gov.uk)**



## Learning and Development

Recently, Scotland Excel embarked on a major exercise of contacting all local authorities in Scotland with a view to identifying specific procurement L&D needs, in the short and longer-term.

A wide range of courses and projects were identified and the level of interest from responses showed that there was a real demand for extensive specialised training in the area of procurement. Initial analysis has indicated specific areas that will be addressed as a first phase with further investigation being required to ensure a comprehensive and accurate solution to the identified training gaps.

Included in the first phase of training are

- **EU Directives**
- **Awareness training, including**
  - **Essentials of Procurement**
  - **Key Role of Heads of Service**
  - **Commissioning and Procurement of Social Care Services**
  - **Elected Members – What you need to know about Procurement**

In addition, a grouping of training courses identified as behavioural training, including change management, user intelligence groups, customer relationship management and leadership and management, will also be included in the first phase, with training commencing early next year.

The planning of other aspects included in the questionnaire will form an extended and longer-term programme of training activities that Scotland Excel will provide to councils.

This is a very exciting partnership and we are looking forward to being able to support this valuable resource to local authorities in Scotland.

## Dates for your Diary

- **Procurex**

Growing Business Through Collaboration (Scotland's Procurement Exhibition):  
29-30 October 2008 - SECC, Glasgow  
[www.procurexscotland.co.uk](http://www.procurexscotland.co.uk)

- **Sustainable Scotland Network 2008 Annual Conference**

Accounting For Sustainable Development:  
13-14 November 2008 - Our Dynamic Earth, Edinburgh  
[www.sustainable-scotland.net/conference2008/](http://www.sustainable-scotland.net/conference2008/)

## How to Contact Scotland Excel:

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