

# SCOTLAND EXCEL



## ABERDEEN CITY COUNCIL ANNUAL VALUE REPORT

December 2020

Five compelling reasons to use our New Build Residential Construction Framework...

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## Introduction

Scotland Excel is the Centre of Procurement Expertise for the local government sector. Established in 2008, we are a leading non-profit shared service funded by Scotland's 32 local authorities.

At Scotland Excel, we are leaders of change. Over the past eleven years, we have helped to raise the profile of procurement in local authorities by championing its potential to shape markets, support policy priorities and, ultimately, ensure the sustainable delivery of the services that every community needs.

Our services are designed to help councils meet the twin challenges of reducing budgets at a time of growing demand. Collaborative procurement increases efficiency and ensures money is saved to protect front line services. And by working together through Scotland Excel, councils can realise a host of social, economic and environmental benefits from their spend.

This report is designed to provide a detailed view on the value derived from membership of Scotland Excel by your council. Value manifests itself in many forms and this report provides a range of measures relevant to your organisation.

The report starts with an infographic summarising several key national value measures across the 32 councils. It then moves on to provide a number of specific financial value indicators for your council. Recognising that value is not purely financial, the report provides updates on areas such as community benefit, local spend and support for local economies. The Scotland Excel Academy provides a range of people development services to your organisation and your participation in this is provided. You will also find a high-level update on a number of other important areas that we hope demonstrate the value Scotland Excel provides to your council.



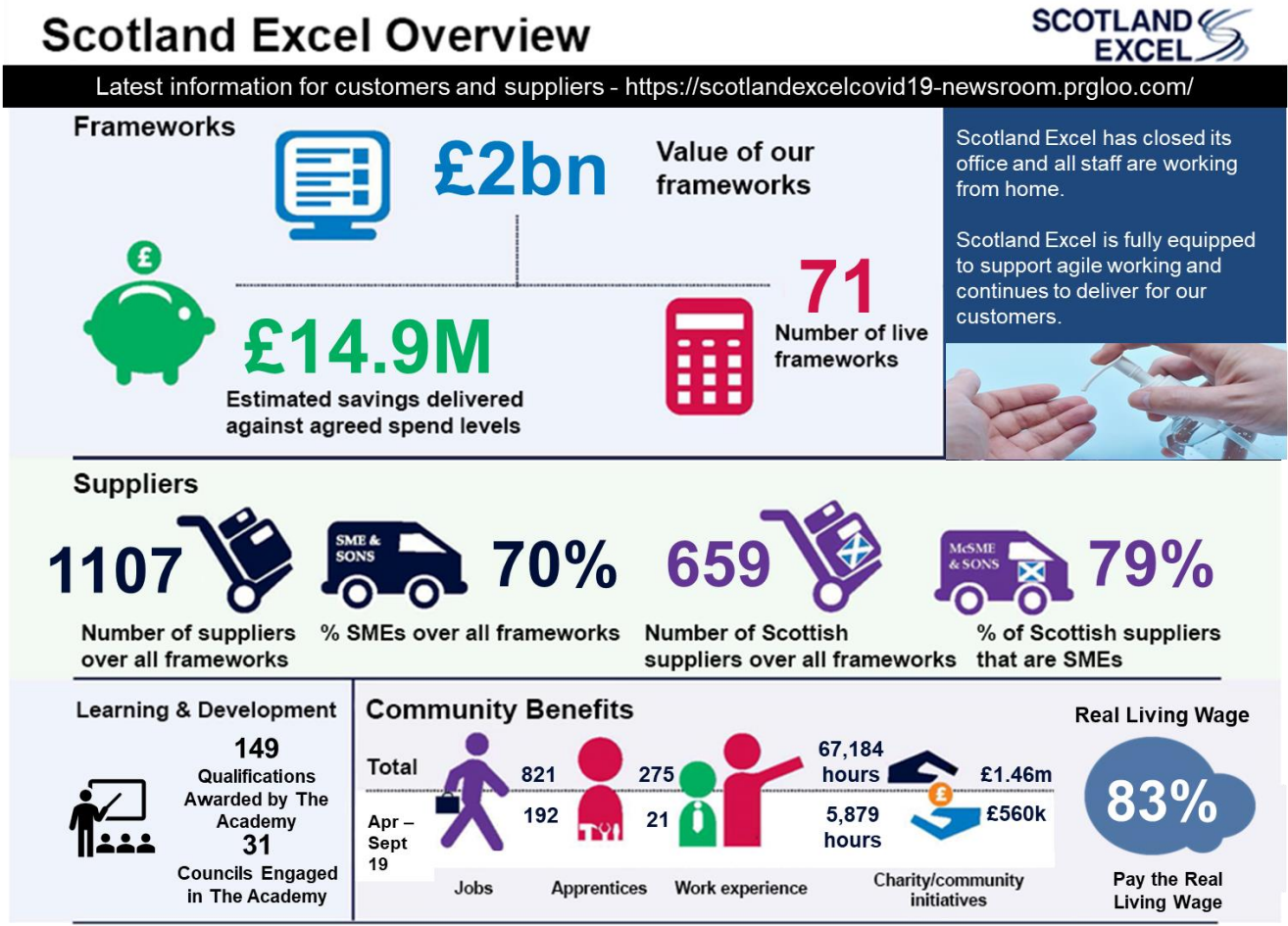
A handwritten signature in black ink that reads "Julie Welsh".

Chief Executive  
Scotland Excel



# 1. Scotland Excel Overview

The following Infographic provides an overview of services provided to all Scottish Local Authorities for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.



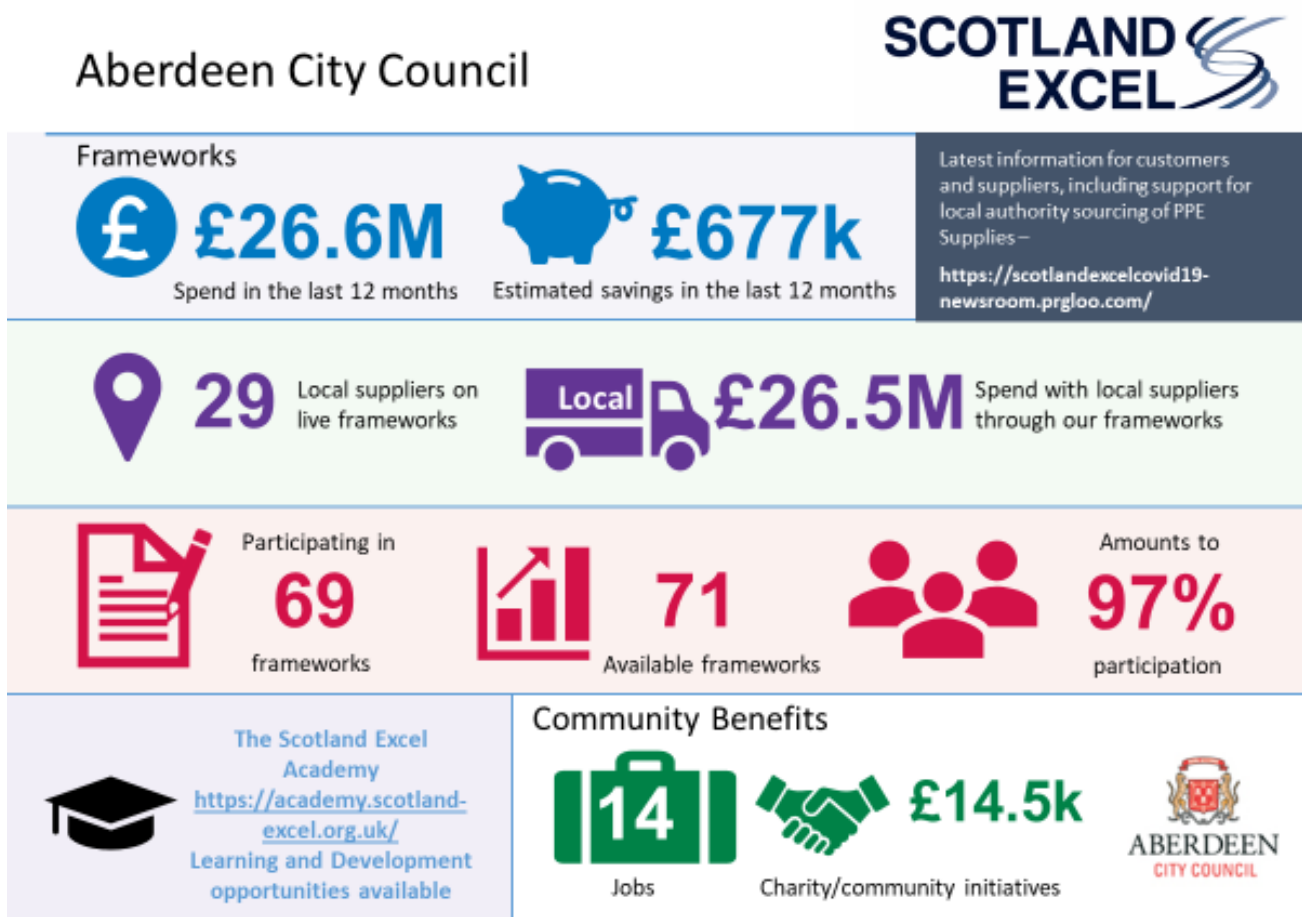
Scotland Excel’s methodology for calculating and recording savings is in line with the Best Practice Indicators (BPI’s) for Public Procurement Guidance and was approved by the Joint Committee.

## 2. Aberdeen City Council at Q4 2019-20

The following infographic provides an overview of services provided to Aberdeen City Council for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

For the purpose of clarity, it's important to note that whilst Aberdeen City Council has committed to participate in 69 out of 71 frameworks (97%), actual spend has only been reported against 48 frameworks (68%) which has impacted on the resulting savings. Further details of this can be found in Section 3.4.

In addition, the savings figures listed below are not intended to represent cashable/bankable customer savings, but an estimate of the benefits that may be accrued through use of the contract. Responsibility for calculating a precise measure of cash savings achieved lies with each individual local authority.



\*Framework information at Q4 2019/20; estimated savings figure does not include social care service frameworks; community benefits for Apr 19 – Sep 19

## 3. Scotland Excel Value Proposition

### 3.1 Savings

As outlined in the Infographic above, Aberdeen City Council had a spend of £26, 632,937 on Scotland Excel frameworks over the last 12 months, with estimated savings of £676,865 based upon spend across 48 frameworks (68%).

The spend information reported above is actual spend on Scotland Excel contracts, based on invoice date. The percentage saving that is applied is the figure that is agreed at the time of contract award.

### 3.2 Rebates

At the time of writing this report, 19/20 rebates are currently being calculated and are due to be shared with councils shortly. The estimated rebates due for 18/19 was £48,702, including rebates for Education Materials, Electrical Materials, Plumbing and Heating Materials.

### 3.3 New Opportunities 2020/21

Scotland Excel updated the Contract Delivery Plan for 2020/21 taking in to account any potential impact of Covid-19. The following table highlights new opportunities for Aberdeen City Council for contracts that went live since April 2020.

Contract	New / Renewal	Start Date	Annual Forecast Spend	% Saving	Annual Forecast Saving
Fruit and Veg	New	1 <sup>st</sup> Apr 20	£175,000	Avg 5% saving. Aberdeen City will join the framework once their own contract expires 26/06/21	TBC
*National Flexible Framework for Care and Support Services	New	1st Apr 20	Aberdeen City not Participating		
*Secure Care Services	Renewal	1st Apr 20	£481,769	N/A	£0
Electrical Materials	Renewal	1 <sup>st</sup> Apr 20	£500,000	1.20%	£5,985
Waste Disposal Equipment	Renewal	1 <sup>st</sup> Apr 20	£208,089	1%	£2,081
Groceries & Provisions	Renewal	1 <sup>st</sup> May 20	£787,335	2.80%	£22,124
Demolition and Deconstruction	Renewal	1st Aug 20	£250,000	SXL Rates on avg 25% below NFDC Rates	TBC
Catering Sundries	Renewal	1st Aug 20	£134,134	Avg 4.88%	£6,546

\*Scotland Excel do not target savings on the social care service frameworks

### 3.4 Participation

At end of Q4 19/20, Aberdeen City Council confirmed participation in 69 out of the 71 frameworks (97%), spend to date has been reported on 48 frameworks (68%). Details of the frameworks the council is not participating in and frameworks with no spend can be found in Appendix A.

The following table highlights the council's participation and utilisation of the frameworks over the last 5 years:

Year (at Q4)	Contract Availability	Contract Participation	Participation %	Contract Utilisation	Utilisation %
2015/16	46	42	91%	39	85%
2016/17	51	47	92%	42	82%
2017/18	59	53	90%	44	75%
2018/19	65	60	92%	48	74%
2019/20	71	69	97%	48	68%

Note: Utilisation includes any framework with council spend over the life of the framework.

The Scotland Excel Account Manager meets every 2 weeks with the CPSS Strategic Procurement Manager to review contract spend and participation and identify areas for improvement to ensure the council maximises the benefits of the frameworks. Detailed below are some of the opportunities that are being progressed:

- Asbestos
- Boiler Maintenance
- Roadstone
- New Build Residential

### 3.5 Cost Avoidance

The Scottish Government estimate that each public procurement exercise costs on average £12,000 to complete. Therefore, through participation in Scotland Excel frameworks, cost avoidance can be achieved.

Cost avoidance\* for the last 5 years for Aberdeen City Council is outlined below. These figures represent the average cost avoided in the financial year through participation in SXL frameworks instead of running individual tendering exercises.

Financial Year	15-16	16-17	17-18	18-19	19-20	Total
<b>Cost Avoidance Per Council</b>	£91,109	£169,075	£228,491	£250,038	£157,574	£896,287

\*Cost Avoidance calculation - the number of new and renewed SXL frameworks that went live in the financial year is multiplied by the average number of councils participating in those frameworks then multiplied by £12,000. This sectoral figure is then allocated evenly across the 32 local authorities.

At Scotland Excel we use our insight and experience to shape policy and meet the challenges of future public service delivery by providing innovative and transformative solutions. The Scottish Government’s average £12,000 to complete a procurement exercise does not accurately reflect the development costs of some of our more strategic frameworks particularly in the areas of Social Care and Construction. These can be extremely complex requiring extensive stakeholder and supplier engagement, in-depth market research, technical input, documentation, contract management etc. resulting in a longer process that requires additional procurement and technical resource.

## 4. Local Suppliers

### 4.1 Local Suppliers on Scotland Excel Frameworks

Extract from CPSS Joint Procurement Strategy 2017 – 2022

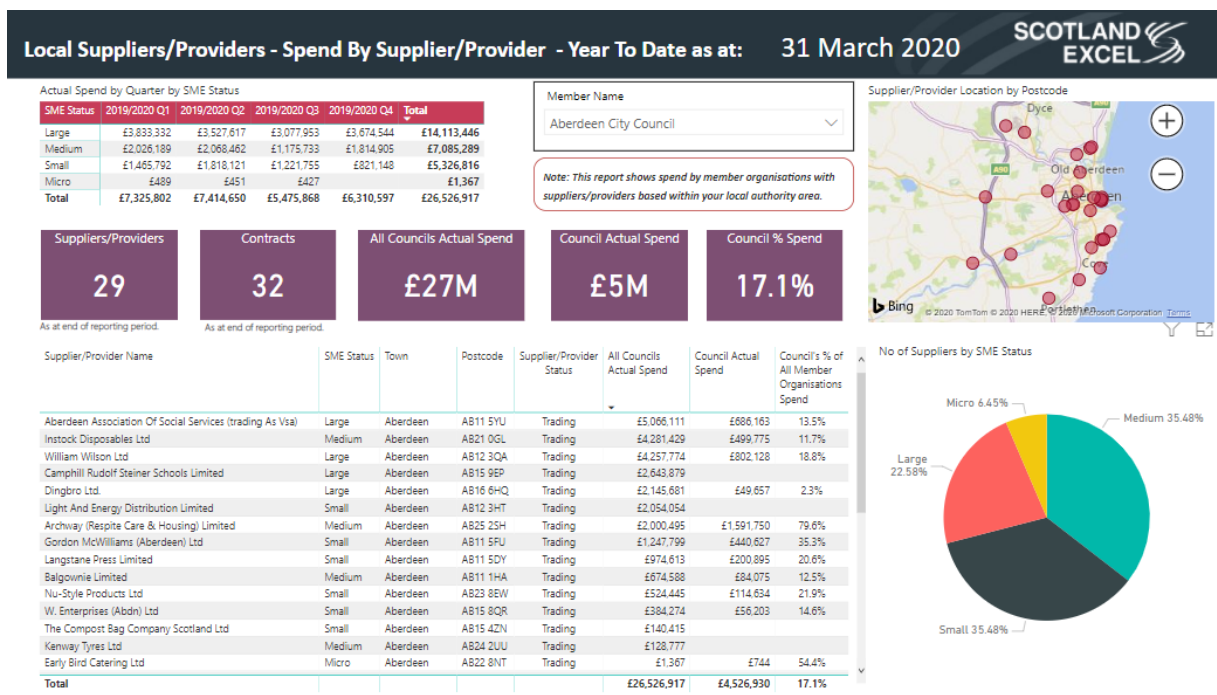
*‘Local businesses and third sector contractors play a valuable role in supporting the work of the local authorities. The strategy aims to remove the barriers often faced by smaller organisations with limited resources for bidding for work tendered by the Councils. ‘*

Scotland Excel recognises the importance of local business. Where possible, all frameworks are structured to remove barriers that might prevent local SMEs from bidding for Scotland Excel frameworks. Suppliers can opt to select which council areas they are able to service providing opportunities for SMEs to grow their business. Councils are encouraged to raise awareness of new framework opportunities and encourage local suppliers to respond.

At the end of Q4 19/20 Aberdeen City Council:

- Had 29 unique local suppliers on 32 Scotland Excel frameworks
- £26.5m spend was reported with the local suppliers in 19/20
- Aberdeen City Council spend with the local suppliers was £4.5m which accounts for 17% of the spend

The table below shows the current suppliers that are based in Aberdeen City Council area and have been successfully awarded on to Scotland Excel frameworks:



Examples of suppliers that are based in Aberdeen on Scotland Excel frameworks:

- Instock Disposables Ltd, a medium sized company, has been successfully awarded on to 3 frameworks – Janitorial, Catering Sundries and Commercial Catering Equipment. £4.2m spend reported in 19-20 of which £500k is attributed to Aberdeen City Council. The remaining spend comes from 24 other local authorities
- William Wilson has been a Scotland Excel supplier for a number of years providing plumbing materials to 16 councils through the framework with a total value of £4.2m
- Langstane Press Ltd is a supplier on the Education and Office Furniture framework and received £974,613 spend from 23 councils in 19/20
- Early Bird Catering, a micro business based in Aberdeen was successfully awarded on to 3 frameworks - Water Coolers, Hot Beverages and Vending

Year (at Q4)	No of Local Suppliers	Total Spend with Local Suppliers	Aberdeen City Spend with Local Suppliers	%Aberdeen City Spend with Local Suppliers
<b>2015/16</b>	17	£16,982,244	£2,363,925	13.9%
<b>2016/17</b>	20	£25,422,979	£4,090,352	16.1%
<b>2017/18</b>	26	£26,327,675	£5,143,111	19.5%



<b>2018/19</b>	30	£29,848,546	£4,624,270	15.5%
<b>2019/20</b>	29	£26,526,917	£4,526,930	17.1%

## 4.2 Supplier Development

*'The CPSS has provided and will continue to provide support to local organisations, building their capacity to respond to formal procurements through local roadshows, Meet the Buyer and other training events'*

Scotland Excel works in partnership with Supplier Development Programme and delivers awareness sessions at regular training events for suppliers. In addition to attending local events Scotland Excel also hold national events to raise awareness of the procurement opportunities within the public sector and encourage local suppliers to respond to tender opportunities. Aberdeen City Council have regularly attended the national events.

Scotland Excel attended the Meet the Buyer North event on 2<sup>nd</sup> September 20. Due to the restrictions of COVID-19, this event was a virtual event.

## 5. Community Benefits

Scotland Excel continually strives to be innovative in its approach to Community Benefits. We recognise 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.

The following Community Benefits have been delivered to Aberdeen City Council through the Scotland Excel frameworks:

Year	Community Benefit Type					
	Number of New Apprentices	Number of New Employees	Number of Work Placements	Hours of Volunteering	Hours of Work Experience	Monetary Value of Other Community Benefits
2016/17	1	7		2030	1676	£12,527
2017/18	0.5	5.3	0.3		177	£3,475
2018/19	0.15	6.5	4.2			£13,301
2019/20 (Apr-Sep)		14.7	0.8	27		£14,541

For example, for the period Apr-Sep 2019/20 this includes:

- £500 donation from Instock to support a pilot Pop Up Club for those with mental health issues / loneliness
- Local branch of Edmundsons Electrical provided £1,500 worth of tools for council apprentices
- 8 new employees at Camphill Rudolf Steiner Schools Ltd and 1 new employee to Gordon McWilliams (Aberdeen) Ltd

## 6. Living Wage and Fair Work Practices

Scotland Excel commenced formal consideration of Fair Work Practices (including the Real Living Wage) within tenders in early 2015. From a review of the data available since 2015 the overall position across Scotland Excel's portfolio is: Of the 926 suppliers appointed since formal consideration, 768 (83%) notified that they pay the Real Living Wage. This is broken down within the first four columns below:

Accredited	Progress towards accreditation	Committed to gaining accreditation over the first 2 years of the framework	Not accredited but paying the Real Living Wage	Not accredited or paying the Real Living Wage but committed to doing so within 2 years	Neither accredited nor paying the Real Living Wage
<b>170</b>	<b>42</b>	<b>87</b>	<b>469</b>	<b>36</b>	<b>122</b>
<b>18.4%</b>	<b>4.5%</b>	<b>9.4%</b>	<b>50.7%</b>	<b>3.9%</b>	<b>13.1%</b>

79% of the suppliers that are based in Aberdeen and are on the Scotland Excel frameworks are either Living Wage accredited, committed to gaining accreditation or pay the Real Living wage.

Scotland Excel continues to monitor and encourage the implementation of fair working practices and to work closely with suppliers to review their progress in this area.

## 7. Support During Covid-19

Since the outbreak of Covid-19 all staff have been working from home. During this period Scotland Excel provided additional support to customers by sharing information, creating a dedicated PPE Team and offering a PPE Sourcing Service. We are aware that not all councils utilised the PPE Sourcing Service but detailed below is a summary of the support provided:

- Established a Covid-19 Newsroom to share information with customers [www.scotland-excel.org.uk/SXL\\_Newsroom](http://www.scotland-excel.org.uk/SXL_Newsroom)
- Take part in the National Covid-19 Contingency Planning Group for care services and working with health and social care partners to identify sources of supply for essential items
- Provide sourcing support for PPE for the sector which will simplify communication with suppliers and care providers, and help to release procurement capacity at local level
- Strengthened the team focusing on PPE, with a larger team committed to this work
- Introduced a new dedicated email address; [ppe@scotlandexcel.org.uk](mailto:ppe@scotlandexcel.org.uk)
- Works with a public sector Covid-19 response group to ensure continuity of food supply to those most in need including vulnerable children, care homes and those identified by the Scottish Government as requiring shielding support
- Has regular contact with builder's merchants to monitor stock levels and confirm new procedures for the delivery/collection of orders for emergency repairs
- Domestic furniture and furnishings suppliers are working to maintain operations, with amended health and safety protocols, to respond to a surge in applications for crisis support through the Scottish Welfare Fund.

## **8. Scotland Excel Academy**

Scotland Excel delivers accredited and non-accredited programmes through a blend of face-face workshops, online and self-directed learning through The Academy. This suite of learning and development includes courses on:

- Procurement
- Management & Leadership
- Coaching & Mentoring
- Project Management
- Business Analysis & Innovation

The work-based-learning programmes are accredited by the Chartered Institute of Procurement and Supply (CIPS), the Chartered Management Institute (CMI) and the Scottish Qualifications Authority (SQA); along with licensed content from the Association of Project Management (APM).

13 members of staff attended the CSM Fundamentals course in April 2019.

In addition, a programme of one hour online 'Stay Connected Sessions' covering a range of subjects has been offered free to councils since May 2020.

Aberdeen City Council has attended 14 Stay Connected sessions to date, with a further 4 places booked in November 2020.

Aberdeen City Council has regularly attended Scotland Excel's Annual Conference. The theme for this year's event, held on 21st and 22nd February 2020, was Inclusive Growth; looking at how to deliver stronger economic growth, whilst focusing on and delivering social outcomes such as reducing inequalities, tackling poverty and increasing access to good quality jobs.

## 9. Future funding of Scotland Excel

In June 2018, the Joint Committee approved a new funding model. Future funding for Scotland Excel core operating services would be funded by council requisitions, Associate fees, rebates and income from Projects. Additional income would be generated by increasing the number of Associate members, rebates and a wide range of chargeable projects minimising the level of requisition. Scotland Excel continues to seek operational efficiencies, to manage its financial position flexibly in order to maintain its aim of minimising the level of requisition required, and to develop value propositions for member authorities to ensure that best value is achieved.

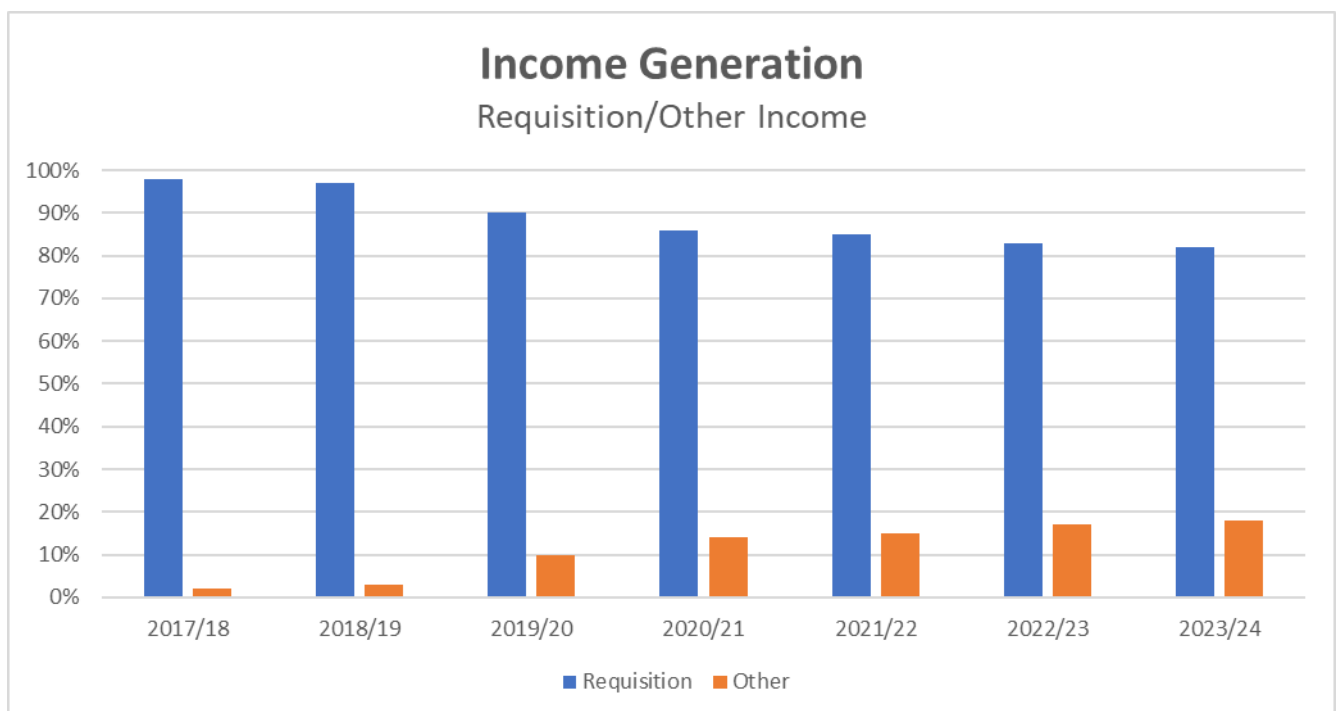
The following funding opportunities were identified and approved by Joint Committee:

1. Consultancy Services
2. Learning and development
3. Associate Membership Expansion
4. New Build Housing
5. Rebates

All five funding opportunities have progressed since they were originally agreed. Covid-19 has however had a significant impact on the original planned growth trajectory. The percentage of other income against requisition income is projected to continue to grow but at a slower rate than planned.

The following diagram demonstrates the progress made with respect to alternative funding models. Non requisition income is forecast to grow from 2% to 18% of operating costs.

Work continues with all income streams with the overall goal of minimising the level of member requisitions.





## 10. Value of Membership

This report provides an overview of the range of services provided by Scotland Excel and the benefits realised by being a member.

In summary, the table below shows the spend and savings figures for Aberdeen City Council for the last 5 years together with the requisition fees and cost avoidance.

Year	Actual Spend	Estimated Savings	Requisition Fee	*Savings ROI	Cost Avoidance	**Total ROI	NOTES
2015/16	£21,968,250	£852,011	£128,501	6.63	£91,109	7.34	
2016/17	£27,363,341	£946,127	£140,607	6.73	£169,075	7.93	
2017/18	£26,335,407	£696,484	£140,607	4.95	£228,491	6.58	
2018/19	£27,724,390	£626,662	£140,311	4.47	£250,038	6.25	Estimated savings figure does not include social care service frameworks
2019/20	£26,632,937	£676,865	£142,125	4.76	£157,574	5.87	Estimated savings figure does not include social care service frameworks

\*Savings ROI (Return on Investment) represents savings vs requisition fees

\*\*Total ROI (Return on Investment) represents savings and cost avoidance vs requisition fees

These savings figures are not intended to represent cashable/bankable customer savings, but an estimate of the benefits that may be accrued through use of the contract. Responsibility for calculating a precise measure of cash savings achieved lies with each individual local authority.

## 11. What Next

Scotland Excel is keen to continue delivering further value to its members. Should you have questions or require further details on the information enclosed within this report, we are happy to provide this. We are particularly keen to hear of any new ways that you feel Scotland Excel could deliver value.

Every council has a dedicated Account Manager who meets with your procurement team on a regular basis to share information and identify opportunities to deliver more for your organisation.

Scotland Excel is also happy to present a summary of this report in person to council members and colleagues at your convenience.

You can contact us or find out more online via the following routes:

Email: [Contactus@Scotland-Excel.org.uk](mailto:Contactus@Scotland-Excel.org.uk)

Web: [www.Scotland-Excel.org.uk](http://www.Scotland-Excel.org.uk)

LinkedIn: <https://www.linkedin.com/company/scotland-excel/>

Twitter: @ScotlandExcel

## Appendix A Framework Participation and Utilisation

Frameworks not participating in	Rationale
Organic Waste	Own arrangement with Suez Recycling until 2025
Waste Disposal Equipment	As above

Frameworks with no spend to date	Comments
Alcoholic Beverages	Benchmarking underway for Beach Ballroom
Asbestos	Currently running a mini-competition on SXL framework
Bikeability	No requirements, parent provision in the City
Boiler Maintenance	Recently awarded using SXL framework
Bottled Gas	Assessment underway to switch to SXL
Cleaning Equipment	Own contract in place at present
Customer Service Platform	Framework expired during Q4. ACC awarded via SXL, currently chasing supplier for missing MI.
Energy Advice	using SCARF collaborative contract with Aberdeenshire
Fire Safety Products	Covered by local contract
First Aid Materials	Using Aero Healthcare on SXL, SXL chasing missing MI
Fresh Bread and Rolls	Not using at present but may in future
Hot Beverages	Plan in place to award a contract using SXL framework
Laundry Equipment	No requirements
Light and Heavy Plant	Combination of frameworks used for this area of spend. Minimal spend at present due to Covid/guidance to procure ULEVs
New Build Residential	Mini-competitions planned
Pest Control Services	May use in future for Chemical Purchases but no Pest Control coverage locally
Repair of Catering Machines	Not using at present, may be an option in future
Recyclable and Residual Waste	Own contract but may use SXL framework for Skips
Roadstone	Recently migrated to SXL framework
Sheriff Officers and Debt Recovery	Own contract in place at present
Vending Machines	Not using at present but may in future