

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Executive

Council : 19 December 2007

Subject : Scotland Excel – The Centre of Procurement Expertise for Local Government in Scotland

1. Subject

- 1.1** The purpose of this report is to ask Members to approve West Dunbartonshire Council's full participation in Scotland Excel with effect from 1 April 2008.

2. Background

- 2.1** The McClelland Review of Public Sector Procurement was published in spring 2006 and was widely welcomed by Ministers, the various stakeholders in Scottish public life and many private sector interests. A key finding across the review was that there is an opportunity to realise financial savings across the entire public sector in excess of £400m in 2008/09 and £600m in 2009/10 through increased collaborative procurement, but that the public sector framework, people and technology was not at that point in place to deliver these savings.
- 2.2** Over the past 18 months, progress has been made in addressing some of the key challenges set out in the McClelland report. In particular, Centres of Procurement Expertise have been developing in each of the four broad sectors in Scotland – Local Government, Central Government, Further Education/ Higher Education and the Health Service. Establishing these Centres of Expertise under the guidance of the Public Procurement Reform Board is considered to be critical to the implementation of the McClelland programme of procurement transformation. The Centres will play a pivotal role in the delivery of efficiencies and the development of leading practices in the people, processes, technologies and suppliers that support the delivery of services to communities and citizens across Scotland.

3. Main Issues

- 3.1** Local Authorities have a long history of joint working and collaboration particularly at a local and regional level. Following the approval of a bid endorsed by CoSLA and SOLACE to the national shared services board, start up funding of £4.5m was awarded to establish Scotland Excel as the Centre of Procurement Expertise for the local authority sector.

- 3.2** Acting as a hub for Scottish Councils, Scotland Excel will support and complement the existing procurement activities of individual councils, and operate in two main areas.
- (a) Leading and co-ordinating the establishment of national procurement contracts and project support activities in relation to those goods and services purchased primarily by local authorities (category 'B' commodities)
 - (b) The promotion of best practice in procurement through a range of activities including training and development, advice and consultancy support, partnership knowledge management and encouraging innovation. More detail on the potential activities and key operating principles of Scotland Excel is attached in appendix 1 to this report
- 3.3** Following the successful wind up of the Authorities Buying Consortium (abc), Scotland Excel will be formally up and running on 1 April 2008. A steering group was established to advise on the development of the new organisation. The lead authority is Renfrewshire Council, which has agreed to act as employer for the personnel involved and to provide all administrative and other support services required by the organisation. Scotland Excel will operate from headquarters premises in Paisley and offices in Edinburgh, Aberdeen and Inverness.
- 3.4** A business case has been made to support the viability of the new consortium and to clearly identify the business benefits which are anticipated to be realised (appendix 2).
- 3.5** Scotland Excel will operate on the basis of a joint committee, with each member authority being entitled to appoint one member as a representative. In addition, each member authority with a population in excess of 200,000 will be entitled to appoint a second representative.
- 3.6** It is expected that the joint committee will have a strategic role, supported by a smaller executive sub committee of 10 members and a Chief Executive officers' management group. The Chief Executive officers' management group will have responsibility for the supervision and performance monitoring of the Director of Scotland Excel and the employee team. Full details of the proposed funding mechanisms, governance arrangements and terms and conditions of membership are attached as appendices 3 – 5 to this report

4. Personnel Issues

- 4.1** There are no personnel issues.

5. Financial Implications

- 5.1** Full provision for the required constituent council contribution of £66,822 has been provided within the draft revenue budget for 2008/2009. Full membership of Scotland Excel will be a critical factor in assisting the Corporate Procurement Unit to achieve the financial target set within the draft budget.

6. Risk Analysis

6.1 There is no requirement for a risk analysis.

7. Conclusion

7.1 Full participation in Scotland Excel will provide West Dunbartonshire Council with a clear opportunity to deliver both significant efficiencies and benefits from collaborative purchasing in line with costs and benefits as detailed in the business case (appendix 2).

8. Recommendation

8.1 Members are asked :

- (a) To agree that West Dunbartonshire Council becomes a full member of Scotland Excel for an initial three-year period and on the basis of the funding model, governance arrangements and terms and conditions outlined in appendices 2-5.**
- (b) To approve the Council's membership to Scotland Excel from 1 April 2008 at an annual cost of £66,822 (2008/2009), £68,605 (2009/2010) and £70,347 (2010/2011).**
- (c) To appoint 1 member to serve of the joint committee once it is formally established.**

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David McMillan
Chief Executive
Date: 12 December 2007

Wards Affected: All

Appendices: Appendix 1 – Activities of Scotland Excel
Appendix 2 – Business Case
Appendix 3 – Funding Proposals
Appendix 4 – Governance arrangements
Appendix 5 – Terms and Conditions

Background Papers : None

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