

Notice of Meeting and Agenda Scotland Excel Executive Sub-committee

Date	Time	Venue
Friday, 15 March 2024	09:30	Remotely by MS teams,

MARK CONAGHAN
Clerk

Membership

Councillor John Shaw (Renfrewshire Council) (Convener) and Councillor Altany Craik (Fife Council) (Vice Convener).

Councillor David Keating (Aberdeenshire Council): Councillor Brenda Durno (Angus Council): Councillor Mandy Watt (City of Edinburgh Council): Councillor Kenny Macleod (Comhairle Nan Eilean Siar): Councillor Carolyne Wilson (Dumfries & Galloway Council): Councillor Ruairi Kelly (Glasgow City Council): Councillor Derek Loudon (Highland Council): Councillor Christina Larsen (North Ayrshire Council): Councillor Michael McPake (North Lanarkshire Council): Councillor Dennis Leask (Shetland Islands Council): Councillor Chris Cullen (South Ayrshire Council): Councillor Walter Brogan (South Lanarkshire Council).

Further Information - online meetings only

This meeting is on-line only but is a meeting which is open to members of the public by prior arrangement. A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at <http://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx>

For further information, please email democratic-services@renfrewshire.gov.uk

Members of the Press and Public - contact details

Members of the press and public wishing to attend the meeting should contact democratic-services@renfrewshire.gov.uk to allow the necessary arrangements to be made.

Items of business

Apologies

Apologies from members.

Declarations of Interest and Transparency Statements

Members are asked to declare an interest or make a transparency statement in any item(s) on the agenda and to provide a brief explanation of the nature of the interest or the transparency statement.

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|----------|--|----------------|
| 1 | Minute | 5 - 10 |
| | Minute of meeting of the Executive Sub-committee held on 16 February 2024. | |
| 2 | Revenue Budget Monitoring Report to 02 February 2024 | 11 - 16 |
| | Joint report by the Treasurer and the Chief Executive of Scotland Excel. | |
| 3 | Annual Audit Plan 2023/24 | 17 - 52 |
| | Report by the Treasurer. | |
| 4 | Operating Plan Update 2023-24 | 53 - 62 |
| | Report by the Chief Executive of Scotland Excel. | |
| 5 | Contract for Approval: | 63 - 88 |
| | a) Residential Rehabilitation (Alcohol and Drugs) Services
b) Supply and Delivery of Road Signage Materials | |
| | Report by the Chief Executive of Scotland Excel | |
| 6 | Project Proposal | 89 - 90 |
| | Report by the Chief Executive of Scotland Excel. | |
| 7 | Date of Next Meeting | |
| | Note that the next meeting of the Executive Sub-committee will be held remotely on MS teams at 9.30 am on 19 April 2024. | |



Minute of Meeting Scotland Excel Executive Sub-committee

Date	Time	Venue
Friday, 16 February 2024	09:30	Remotely by MS teams,

Present

Councillor David Keating (Aberdeenshire Council); Councillor Kenny Macleod (Comhairle Nan Eilean Siar); Councillor Carlyne Wilson (Dumfries & Galloway Council); Councillor Altany Craik (Fife Council); Councillor Derek Loudon (Highland Council); Councillor Christina Larson (North Ayrshire Council); Councillor John Shaw (Renfrewshire Council); Councillor Dennis Leask (Shetland Islands Council); Councillor Chris Cullen (South Ayrshire Council) and Councillor Walter Brogan (South Lanarkshire Council).

Chair

Councillor Shaw, Convener, presided.

In Attendance

J Welsh, Chief Executive, H Carr, Director of Strategic Procurement, S Brannagan, Director of Customer & Business Services, L Campbell, Customer Services Manager, M Mitchell, Chief Procurement Officer, L Muir, Strategic Programme Manager, E Walker, Procurement Co-ordinator, N Hyde, Skills Resources Manager, S Christie, Commercial Programme Manager, K Forrest, Office Manager, P Barnes, Project and Accounts Manager, H Wood, Business Intelligence Officer and J Weaver, Assistant Category Manager (all Scotland Excel); and L Mitchell, Managing Solicitor (Contracts & Conveyancing), A Burns, Corporate Finance Manager, D Blackburn, Principal Accountant and E Currie, Senior Committee Services Officer (all Renfrewshire Council).

Apologies

Councillor Brenda Durno (Angus Council), Councillor Ruairi Kelly (Glasgow City Council) and Councillor Michael McPake (North Lanarkshire Council).

Declarations of Interest and Transparency Statements

There were no declarations of interest or transparency statements intimated prior to the commencement of the meeting.

1 Minute

There was submitted the Minute of the meeting of the Executive Sub-committee held on 26 January 2024.

In relation to item 3(i) - Contract for Approval: Security Services and Cash Collection - members were advised that following approval of the recommendations, further investigations were undertaken with the Regulator in respect of two bidders. The outcome was that one of the bidders, Profile Security Services Limited, was successful and could participate in the framework as the Chief Executive was satisfied with clarifications provided. The Chief Executive found that the other bidder, Confida FM Limited, no longer complied with the advertised selection criteria and as a result the bidder was not eligible for award and was no longer recommended for award to Lot 1.

Members were further advised that this outcome necessitated approval of an updated Appendix 2 for lot 1 to record the new outcome for Confida FM Limited and related minor variances to the commercial score, total score and placing for other bidders within lot 1. It was noted that no other changes to the recommendations for the lot arose and that updated scores and lot placings were highlighted in the revised table which would be circulated to members following the meeting.

DECIDED:

(a) That the Minute be approved; and

(b) That the update in relation to item 3(i) - Contract for Approval: Security Services and Cash Collection – be noted and that the updated Appendix 2 for lot 1 be approved.

Sederunt

Councillor Macleod and Councillor Cullen joined the meeting during consideration of the following item of business.

2 Contract for Approval: Supply and Delivery of Civic Supplies

There was submitted a report by the Chief Executive of Scotland Excel relative to the award of a second-generation renewal framework for the supply and delivery of civic supplies for a period of 48 months, comprising a period of 36 months with the option to extend for up to an additional 12-month period. It was noted that subject to approval and completion of a standstill period, the framework would commence in April 2024.

The report intimated that the framework would allow Councils to procure a range of beverages including kegs of beer, wine, soft drinks and spirits for civic functions and sites that had bar facilities.

The report summarised the outcome of the procurement process and it was noted that the framework agreement would be awarded to a single supplier with an estimated spend of around £1.25 million over the maximum four-year period and as a single requirement with no individual lots. Appendix 1 to the report detailed the participation, spend and savings summary for those participating in the framework.

Tender responses had been received from three suppliers, two of which were non-compliant, and their offers were subsequently withdrawn. Based on the criteria and scoring methodology set out in the tender documents, a full evaluation of the compliant offer had been carried out with the confirmed overall scoring achieved by the supplier detailed in Appendix 2 to the report.

Based on the evaluation undertaken, and in line with the advertised requirement, criteria and weightings set out in the report, it was recommended that the framework be awarded to a single operator, as outlined in Appendix 2 to the report.

The report detailed the approach taken by suppliers in relation to fair work practices and their position on the payment of the Real Living Wage together with the other benefits that would be achieved through the framework. The report intimated that, in accordance with Scotland Excel's established contract segmentation tool, the framework had been classified as class D.

DECIDED: That the award of the framework agreement for the supply and delivery of civic supplies, as detailed in Appendix 2 to the report, be approved.

3 **Update on the Contract Delivery Plan**

There was submitted a report by the Chief Executive of Scotland Excel providing a progress update on the Contract Delivery Plan.

The report intimated that the Contract Delivery Plan detailed new framework developments and renewals, flexible frameworks, framework extensions and frameworks with ongoing contract management only and appendices 1 to 4 to the report provided further details. The report highlighted that, at any given point, there were around 70 frameworks in the Scotland Excel contract portfolio. It was intended that a further five frameworks would be developed and added to the portfolio, 20 frameworks would be renewed, and 12 frameworks had extension options that were available to be exercised, with six of these extensions already approved.

The report noted that the estimated forecast value of the Scotland Excel framework portfolio was approximately £2 billion and that overall, efficiencies created by frameworks awarded so far during 2023/24 were benchmarked at 1.59%. Appendix 5 to the report summarised the savings in accordance with the Scottish Government procurement benefits reporting guidance and Appendix 6 to the report detailed a summary of spend per Council across the portfolio between October 2022 and September 2023.

DECIDED: That the progress made to date be noted.

4 Project Proposals

There was submitted a report by the Chief Executive of Scotland Excel relative to projects being proposed on the use of reserves as a result of surpluses which would be generated by pension fund changes.

The report intimated that when considering the Revenue Estimates for 2024/25 at the meeting of the Joint Committee held on 8 December 2023 it was noted that Strathclyde Pension Fund had advised that, as a result of higher than anticipated returns from investments, the fund was 147% funded against current and anticipated future commitments. At that meeting it was agreed that the anticipated operating surplus be retained, ring-fenced within reserves with any draw down to be approved by the Executive Sub-committee.

The report provided detail on two projects, namely the provision of free commercial training to Councils and the extension of the national savings team. The report highlighted that the funding requirement for the provision of free commercial training to Councils would be £65k for 2024/25 and £65k for 2025/26, a total draw down of £130k from reserves to fund a full-time resource within the Academy team to develop and deliver the service. The funding requirement for the extension of the national savings team would be £150k for 2024/25 and £150k for 2025/26, a total draw down of £300k from reserves over two years to fund two full time resources within the team to deliver cashable financial savings. It was noted that sustainability for these services beyond the two years would be a key target for the teams.

In relation to the three projects detailed in sections 4.5.1, 4.5.2 and 4.5.3 of the report, the Chief Executive advised that further detail in relation to the spend and the financial impact on Councils would be issued to members.

DECIDED:

(a) That the project funding and draw down from agreed reserves for 2024/25 and 2025/26 of £65k per annum for the provision of free commercial training to members and £150k per annum for the provision of the national savings team be approved; and

(b) That it be noted that in relation to the three projects detailed in sections 4.5.1, 4.5.2 and 4.5.3 of the report, the Chief Executive would provide further detail in relation to the spend and the financial impact on Councils to members.

5 Business Intelligence Strategy and Action Plan

There was submitted a report by the Chief Executive of Scotland Excel relative to Scotland Excel's approach to developing business intelligence within the organisation from 2024 to 2026.

The report intimated that the Business Intelligence Strategy and Action Plan had been developed following approval of Scotland Excel's Corporate Strategy 2023/28 and Operating Plan by the Joint Committee on 8 December 2023. The Strategy, which formed Appendix 1 to the report, outlined the organisation's vision of, and approach to, maximising the impact of data analysis and reporting to the organisation and its members. The Action Plan, which formed Appendix 2 to the report, outlined the key focus areas for development of business intelligence within Scotland Excel.

The report advised that business intelligence involved transforming data into insights that could inform decision making and planning and the sharing of these insights could support Scotland Excel and its members to be proactive to the changing demands within local authorities and the public sector.

DECIDED: That the Scotland Excel Business Intelligence Strategy and Action Plan 2024/26 be approved.

6 **Date of Next Meeting**

DECIDED: That it be noted that the next meeting of the Executive Sub-committee would be held remotely on MS teams at 9.30 am on 15 March 2024.

Scotland Excel

To: Executive Sub-Committee

On: 15 March 2024

**Joint Report by:
The Treasurer and the Chief Executive of Scotland Excel**

Revenue Budget Monitoring Report to 02 February 2024

1. Summary

- 1.1 At the end of Period 11, Scotland Excel is projecting a £57k underspend by year-end in its Core activities and an increase of £358k in Project Reserves. Further detail is provided at section 3.

2. Recommendations

- 2.1 It is recommended that Members note the report.

3. Background

Core

- 3.1 At 2 February 2024, the year-to-date net expenditure for Core activities was £0.083m, comprising gross expenditure of £4.302m, less gross income of £4.220m.
- 3.2 The current projection for the end of 2023/24 is a £57k underspend position for Core. Any underspend in the Core operating budget will be added to the General Revenue Reserve at the end of the financial year.
- 3.3 Scotland Excel will continue to control expenditure and focus on further development of its Income Strategy. Rebate income in particular, continues to grow towards anticipated levels, which will support financial sustainability.

Significant variances in relation to this year-end projection are as follows:

Employee Costs – £342k overspend

The approved budget for 2023/24 included an estimated pay award for 2023/24 of 3%. A pay award has now been agreed at approximately 6%, the full cost of which is reflected in the projected figures presented.

Movement from the Period 9 projection relates to continuing vacancies across the organisation for which recruitment is now underway.

Support Costs - £22k underspend

The underspend arises from a competitive tender process for Professional Indemnity Insurance renewal costs for 2023/24.

Income from Projects - £369k over-recovery

The forecast over-recovery in Income from Projects reflects income in relation to the Scotland Excel Supplier Awards event totalling £22k, and additional Rebate Income of £346k generated by Scotland Excel frameworks during 2022/23.

Rebate income generated from expenditure through Scotland Excel frameworks is confirmed and charged during the following year. An over-recovery of £113k for 2022/23 was previously advised during the external audit with the final 2022/23 accounts adjusted accordingly within Project reserves. As previously reported to committee, a further over-recovery of £233k has been identified and reflected within this report.

- 3.4 Income and expenditure will continue to be monitored throughout the financial year and all projections and assumptions will be kept under review. Action will be taken where possible, to mitigate any projected adverse variances through prudent management of the workforce, close monitoring of sundry budgets and further exploration of existing and new income streams for the organisation.
- 3.5 Appendix 1 provides an analysis of the actual spend to date along with projected net expenditure for 2023/24 and includes a summary of movement in the Revenue Reserve, as well as a glossary of terms.

Projects

- 3.6 The year-to-date net expenditure for Projects is £0.011m, comprising gross expenditure of £1.275m, gross income of £1.295m and a Transfer to Core of £0.031m.
- 3.7 At the end of Period 11, the year-end forecast for Projects is a planned increase to Project Reserves of £0.358m. This is an increase of £0.184m compared to the approved budget position and follows an anticipated transfer to Core of £0.595m.

3.8 Significant variances in relation to the full-year projection are as follows:

Employee Costs - the projected spend within Projects includes provision for a higher pay award as detailed in 3.3 above. There has also been a range of staffing movement across several projects including graduate trainees, previously funded via the Small Value Project Team, being successful in gaining permanent and fixed-term posts within the Core organisation. In addition, staff movement between the South Lanarkshire project and the Savings Team has also impacted employee costs within projects. The impact of staffing movement within projects has decreased the projected full year actual by £0.108m from Period 9.

Supplies and Services – the increase in projected spend reflects internal recharges for additional legal costs attributable to projects.

Third Party Payments – the year-to-date balance reflects the impact of accounting entries in relation to anticipated expenditure from 2022/23 for the New Build project (accrued). This figure will be offset once corresponding transactions have been processed in the current financial year. The projected underspend relates to a lower level of New Build Framework activity than anticipated.

Income from Projects – the projected full year figure includes the additional £0.233m over recovery of Rebate income accrued during 2022/23 as detailed in 3.3 above, offset by projected under- and over-recoveries across a range of Projects in 2023/24, including South Lanarkshire, New Build, the Academy, Flexible Procurement and Scottish Government projects.

3.9 Appendix 2 provides an analysis of the actual spend to date along with projected net expenditure for 2023/24 and includes a summary of movement in the Project reserves, as well as a glossary of terms.

REVENUE BUDGET MONITORING STATEMENT 2023/24
1 April to 02 February 2024

Core Operations	Approved Budget	Year to Date Actual	Projected Full Year Actual	Projected Full Year Variance (Adverse) / Favourable	Prior Period Projection P9	Movement in Projection Adverse / (Favourable)
£000s	£000s	£000s	£000s	£000s	£000s	£000s
Employee Costs	4,207	3,686	4,549	(342)	4,565	(16)
Property Costs	217	216	217	0	217	0
Transport Costs	20	6	17	3	20	(3)
Supplies and Services	291	289	301	(10)	293	8
Transfer Payments	22	14	17	5	22	(5)
Support Costs	303	91	281	22	281	0
Gross Expenditure	5,060	4,302	5,382	(322)	5,398	(16)
Council Requisitions	(3,999)	(3,823)	(3,999)	0	(3,999)	0
Associate Income	(230)	(254)	(240)	10	(235)	(5)
Income from Projects	(248)	(143)	(617)	369	(616)	(1)
Rebates	(583)	0	(583)	0	(583)	0
Gross Income	(5,060)	(4,220)	(5,439)	379	(5,433)	(6)
Drawdown from Reserves	0	83	(57)	57	(35)	(22)

Summary of in-year Movement in Reserves	£000s
Opening Revenue Reserve at 1 April 2023	244
Budgeted Draw on Reserves	0
Projected Year-end variance	57
Closing Revenue Reserve at 31 March 2024	301
% of Operating Income	5.5%

Glossary

Employee Costs: Includes direct employee costs such as salary costs, overtime and indirect employee costs such as training, recruitment advertising

Property Costs: Includes expenses directly related to the running of premises and land, eg rates, rents and leases, utilities, contract cleaning

Transport Costs: Includes all costs associated with the provision, hire or use of transport, including travelling allowances, taxi and car hire costs and staff mileage

Supplies and Services: Includes all supplies and service expenses, such as ICT costs, and administrative costs such as stationery, postages, printing and advertising

Transfer Payments: Includes costs of payments for which no good or services are received in return e.g. Apprenticeship Levy

Support Costs: Includes central support charges e.g. Renfrewshire Council SLA and telephony recharges ('Administration Costs' in approved budget)

REVENUE BUDGET MONITORING STATEMENT 2023/24
1 April to 02 February 2024

Projects	Approved Budget	Year to Date Actual	Projected Full Year Actual	Full Year Variance (Adverse) / Favourable	Prior Period Projection	Movement in Projection Adverse / (Favourable)
£000s	£000s	£000s	£000s	£000s	£000s	£000s
Employee Costs	1,534	1,382	1,586	(52)	1,694	(108)
Transport Costs	3	0	0	3	1	(1)
Supplies and Services	54	16	123	(69)	109	14
Transfer Payments	7	5	6	1	8	(2)
Third Party Payments	848	(128)	104	744	205	(101)
Gross Expenditure	2,446	1,275	1,819	627	2,017	(199)
Income from Projects	(2,868)	(1,295)	(2,772)	(96)	(2,807)	35
Gross Income	(2,868)	(1,295)	(2,772)	(96)	(2,807)	35
Net Expenditure Sub-Total	(422)	(20)	(953)	531	(790)	(164)
Transfer to Core	248	31	595	(347)	594	1
Net Expenditure	(174)	11	(358)	184	(196)	(163)

Summary of in-year Movement in Reserves	£000s
Opening Projects Reserves at 1 April 2023	1,496
Projected Contribution to Reserves	174
Projected year-end variance	184
Closing Project Reserves at 31 March 2024	1,854
% of Operating Income	66.9%

Glossary

Employee Costs: Includes direct employee costs such as salary costs, overtime and indirect employee costs such as training, recruitment advertising

Transport Costs: Includes all costs associated with the provision, hire or use of transport, including travelling allowances, taxi and car hire costs and staff mileage

Supplies and Services: Includes all supplies and service expenses, such as ICT costs, and administrative costs such as stationery, postages, printing and advertising

Transfer Payments: Includes costs of payments for which no good or services are received in return e.g. Apprenticeship Levy

Third Party Payments: Includes payments to other agencies and organisations in return for services, e.g. CMI/SQA fees

Scotland Excel**To: Executive Sub-Committee****On: 15 March 2024****Report by:
The Treasurer****Report on the Annual Audit Plan 2023/24****1. Summary**

- 1.1 The Annual Audit Plan 2023/24 for Scotland Excel is submitted for Members' information, prepared by the appointed external auditor, Azets. It outlines their planned activities during the audit of the 2023/24 annual accounts.

2. Recommendations

- 2.1 It is recommended that the Executive Sub-Committee:
- a) Notes the Annual Audit Plan 2023/24 by Azets, as attached; and
 - b) Approves the proposed audit fee of £9,790.

3. Background

- 3.1 Based on its analysis of the risks facing Scotland Excel, Azets has submitted an Audit Plan that outlines its approach to the audit of the 2023/24 annual accounts. This will assess whether the accounts provide a true and fair view of the organisation's financial position, and also whether they have been prepared in accordance with proper accounting practice, i.e. the Code of Practice on Local Authority Accounting in the UK 2023/24.
- 3.2 The Audit Plan outlines the responsibilities of Scotland Excel and of Azets; its assessment of key challenges and risks, and the approach and timetable for completion of the audit.
- 3.3 On pages 16-18 the Audit Plan outlines the work that will be undertaken in relation to financial sustainability and notes that for the three-year period 2024/25 to 2026/27 the proposed figures would result in an operating surplus totalling £0.992m for the three-year period, increasing the uncommitted reserves to £1.147m at the end of 2026/27 (or 18.8% of the operating income). The Joint Committee agreed in December for Scotland Excel to propose projects to utilise some of those reserves, while maintaining a minimum 5% reserves balance. Two such projects have already been proposed and approved by the Exec Sub-Committee.

- 3.4 The statutory deadline for the approval of the audited accounts for 2023/24 is 30 September 2024 and the annual audit report is planned to be reported to the Executive Sub-Committee on 20 September 2024.
- 3.5 On pages 21-22 of the Audit Plan, the proposed audit fee is detailed. This is indicated at £9,790 for the current financial year (£10,510 for 2022/23).
- 3.6 From Azets, Senior Manager, Adrian Kolodziej will be in attendance at the meeting to present the Audit Plan, attached here as an appendix.

Scotland Excel

External Audit Annual Plan

Year ended 31 March 2024

March 2024



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Introduction

Purpose

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Scotland Excel for the year ended 31 March 2024 for those charged with governance.

Our audit work will cover:

- the financial statements within the 2023/24 annual accounts
- the wider scope of public audit
- any other work requested by Audit Scotland.

Adding value through the audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to Scotland Excel through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help Scotland Excel promote improved standards of governance, better management and decision making and more effective use of resources.

Feedback

If there are any elements of this audit plan to which you do not agree or you would like to discuss, please let us know as soon as possible.

Any comments you may have on the service we provide, the quality of our work, and our reports would be greatly appreciated at any time. Comments can be reported directly to any member of your audit team.

This plan has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.

Openness and transparency

This report will be published on Audit Scotland's website <http://www.audit-scotland.gov.uk/>

Audit scope and general approach

Responsibilities of the auditor and Scotland Excel

The [Code of Audit Practice](#) outlines the responsibilities of external auditors appointed by the Accounts Commission for Scotland and it is a condition of our appointment that we follow it.

Auditor responsibilities are derived from statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, the Code of Audit Practice and guidance from Audit Scotland.

Scotland Excel has primary responsibility for ensuring the proper financial stewardship of its public funds. This includes preparing a set of annual accounts that are in accordance with proper accounting practices. Scotland Excel is also responsible for complying with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

[Appendix 2](#) provides further details of our respective responsibilities.

Risk-based audit approach

We follow a risk-based approach to the audit that reflects our overall assessment of the relevant risks that apply to Scotland Excel. This ensures that our audit focuses on the areas of highest risk. Our audit planning is based on:

Discussions with senior officers	Our understanding of the sector, its key priorities and risks	Attending & observing the Joint Committee
Guidance from Audit Scotland	Discussions with Audit Scotland and public sector auditors	Discussions with internal audit and review of plans and reports
Review of Scotland Excel's corporate strategies and plans	Review of Scotland Excel's corporate risk register	Consideration of the work of other inspection bodies

Planning is a continuous process and our audit plans are updated during the course of our audit to take account of developments as they arise.

Communication with those charged with governance

Auditing standards require us to make certain communications throughout the audit to those charged with governance. These communications will be made through Scotland Excel.

Partnership working

We coordinate our work with Audit Scotland, internal audit, other external auditors and relevant scrutiny bodies, recognising the increasing integration of service delivery and partnership working within the public sector.

Audit Scotland

Although we are independent of Audit Scotland and are responsible for forming our own views and opinions, we do work closely with Audit Scotland throughout the audit. This helps identify common priorities and risks, treat issues consistently across the sector, and improve audit quality and efficiency. We share information about identified risks, good practices and barriers to improvement so that lessons to be learnt and knowledge of what works can be disseminated to all relevant bodies.

Audit Scotland undertakes national performance audits on issues affecting the public sector. We may review Scotland Excel's arrangements for taking action on any issues reported in the national performance reports which have a local impact. We also consider the extent to which Scotland Excel use the national performance reports as a means to help improve performance at the local level.

During the year we may also be required to provide information to Audit Scotland to support the national performance audits.

Internal Audit

As part of our audit, we consider the scope and nature of internal audit work and look to minimise duplication of effort, to ensure the total audit resource to Scotland Excel is used as efficiently and effectively as possible.

Service organisations

Renfrewshire Council ("the Council") is the lead administrative authority for Scotland Excel, providing Treasurer and committee Clerk roles, as well as other service support, such as payroll, ICT, legal and HR. Where those services (and associated systems) have a material impact on the annual accounts we will work with the Council to understand the controls in place over the systems used in delivering these services.

Delivering the audit

Hybrid audit approach

We adopt a hybrid approach to our audit which combines on-site visits with remote working; learning from the better practices developed during the pandemic.

All of our people have the equipment, technology and systems to allow them to work remotely or on-site, including secure access to all necessary data and information.

All of our staff are fully contactable by email, phone call and video-conferencing.

Meetings can be held over Microsoft Teams or by telephone.

We employ greater use of technology to examine evidence, but only where we have assessed both the sufficiency and appropriateness of the audit evidence produced.

Secure sharing of information

We use a cloud-based file sharing service that enables users to easily and securely exchange documents and provides a single repository for audit evidence.

Regular contact

During the 'fieldwork' phases of our audit, we will arrange regular catch-ups with key personnel to discuss the progress of the audit. The frequency of these meetings will be discussed and agreed with management.

Signing annual accounts

Audit Scotland recommends the electronic signing of annual accounts and uses a system called DocuSign.

Electronic signatures simplify the process of signing the accounts and can be signed using any device from any location. There is no longer a need for duplicate copies to be signed, thus reducing the risk of missing a signature and all signatories have immediate access to a high-quality PDF version of the accounts.

Approach to audit of the financial statements

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an independent auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- perform risk assessment procedures including updating our understanding of Scotland Excel, including its environment, the financial reporting framework and its system of internal control;
- review the design and implementation of key internal controls;

- identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

Materiality

“Reasonable assurance” is a high level of assurance, but is not a guarantee that an audit will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. We include an explanation in the auditor’s report of the extent to which the audit was capable of detecting irregularities, including fraud, and respective responsibilities for prevention and detection of fraud.

We apply the concept of materiality in planning and performing the audit, and in evaluating the effect of misstatements within the financial statements identified during the audit.

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both. The basis for our assessment of materiality for the year is set out in [Appendix 1](#).

Any identified errors greater than £8,200 will be recorded and discussed with those charged with governance and, if not adjusted, confirmed as immaterial as part of Scotland Excel’s letter of representation to us.

Accounting systems and internal controls

We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work will not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If we identify significant deficiencies in controls, we will report these to Scotland Excel.

Specialised skill or knowledge required to complete the audit

Our audit team will consult internally with our Technology Risk team in assessing the information technology general controls (ITGC).

Going concern

In most public sector entities (including Scotland Excel), the financial reporting framework envisages that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For many public sector entities, the financial sustainability of the entity is more likely to be of significant public interest than the application of the going concern basis. Our wider scope audit work considers the financial sustainability of Scotland Excel.

Prevention and detection of fraud or error

In order to discharge our responsibilities regarding fraud and irregularity we require any fraud or irregularity issues to be reported to us as they arise. In particular we require to be notified of all frauds which:

- involve the misappropriation of theft of assets or cash which are facilitated by weaknesses in internal control
- are over £5,000.

We also require a historic record of instances of fraud or irregularity to be maintained and a summary to be made available to us after each year end.

Anti-money laundering

We require Scotland Excel to notify us on a timely basis of any suspected instances of money laundering so that we can inform Audit Scotland who will determine the necessary course of action.

Wider audit scope work

The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing assurance, not only on the financial statements, but providing audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance and performance management arrangements and financial sustainability. [Appendix 1](#) provides detail of the wider scope areas of public sector audit work.

The Code of Audit Practice addresses a more limited audit of wider-scope areas for any public bodies that are less complex owing to their size and limited financial activity (referred to as Less Complex Bodies).

We have concluded, based on an assessment of the nature and circumstances of Scotland Excel, that a limited wider scope audit is appropriate. As such our audit of wider scope areas is restricted to an evaluation of financial sustainability.

National risk assessment

Where particular areas of national or sectoral risk have been identified by the Auditor General, they will request auditors to consider and report on those risks as they apply at a local level. For 2023/24 no such risks have been specified.

Best Value

Appointed auditors have a duty to be satisfied that local government bodies have made proper arrangements to secure best value. We undertake this duty in a way that is proportionate to the size and type of body. We give due regard to:

- How Scotland Excel demonstrates that it is meeting its Best Value responsibilities
- How our work on financial sustainability meets the Best Value responsibilities.

We will report on Scotland Excel's arrangements for meeting its Best Value responsibilities in our Annual Audit Report.

Reporting our findings

At the conclusion of the audit we will issue:

- an independent auditor's report setting out our formal audit opinions within the annual accounts
- an annual audit report describing our audit findings, conclusions on key audit risks, judgements on the pace and depth of improvement on our audit of wider scope areas and any recommendations.

Definitions

We will use the following gradings to provide an overall assessment of the arrangements in place as they relate to the wider scope areas. The text provides a guide to the key criteria we use in the assessment, although not all of the criteria may exist in every case.



Financial statements - significant audit risks

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The table below summarises significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Management override of controls	Audit approach
<p>Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively.</p> <p>Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk.</p> <p>Specific areas of potential risk include manual journals, management estimates and judgements and one-off</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals. • Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals. • Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with Scotland Excel' journals policy.

Management override of controls	Audit approach
<p>transactions outside the ordinary course of the business.</p> <p>Risk of material misstatement: Very High</p>	<ul style="list-style-type: none"> • Gaining an understanding of the key accounting estimates and critical judgements made by management. We will challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud. • Evaluating the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks at the assertion level for classes of transaction, account balances and disclosures

Fraud in revenue recognition	Audit approach
<p>Material misstatement due to fraudulent financial reporting relating to revenue recognition is a presumed risk in ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements).</p> <p>The presumption is that Scotland Excel could adopt accounting policies or recognise income in such a way as to lead to a material misstatement in the reported financial position.</p> <p>Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of income around the year end.</p> <p>However, we do not deem this risk to be present in requisitions received from the constituent local authorities due to a lack of incentive and opportunity to manipulate transactions. We also rebut this risk in relation to other income as it is not material to the accounts.</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Evaluation of the significant income streams and review the controls in place over accounting for revenue. • Consideration of Scotland Excel's key areas of income and obtaining evidence that income is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year.

Fraud in non-pay expenditure	Audit approach
<p>As most public sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements.</p> <p>Given the financial pressures facing the public sector as a whole, there is an inherent fraud risk associated with the recording of expenditure around the year end.</p> <p>Inherent risk of material misstatement:</p> <ul style="list-style-type: none"> • Non-pay expenditure (occurrence/completeness): High • Accruals (existence/completeness): High 	<p>We will perform the procedures outlined below based on their value within the financial statements:</p> <ul style="list-style-type: none"> • Evaluating the significant non-pay expenditure streams and reviewing the controls in place over accounting for expenditure. • Consideration of Scotland Excel's key areas of expenditure and obtaining evidence that expenditure is recorded in line with appropriate accounting policies and the policies have been applied consistently across the year. • Reviewing accruals around the year end to consider if there is any indication of understatement of balances held through consideration of accounting estimates.

Pension asset / liability (key accounting estimate)	Audit approach
<p>An actuarial estimate of the pension fund asset/liability is calculated on an annual basis under IAS 19 and on a triennial funding basis by an independent firm of actuaries with specialist knowledge and experience. The estimates are based on the most up to date membership data held by Scotland Excel and have regard to local factors such as mortality rates and expected pay rises with other assumptions around inflation when calculating the liabilities.</p> <p>A significant level of estimation is required in order to determine the valuation of pension assets/liabilities. Small changes in the key assumptions (including discount rates, inflation, and mortality rates) can have a material impact on the pension asset/liability.</p> <p>There is a risk that the assumptions used are not appropriate.</p> <p>Inherent risk of material misstatement:</p> <p>Pension (valuation): High</p>	<p>Procedures performed to mitigate risks of material misstatement in this area will include:</p> <ul style="list-style-type: none"> • Reviewing the controls in place to ensure that the data provided to the actuary is complete and accurate. • Considering the reasonableness of the assumptions used in the calculation against other local government pension fund actuaries and other observable data. • Agreeing the disclosures in the financial statements to information provided by the actuary.

The wider scope of public audit

Introduction

As described previously, the Code of Audit Practice frames a significant part of our audit responsibilities. Following consideration of the size, nature and risks of Scotland Excel, the application of the full wider scope audit is judged by us not to be appropriate. Our annual audit work will therefore be restricted to an evaluation of financial sustainability.

Our planned audit work is risk based and proportionate. Our initial assessment builds upon our understanding of Scotland Excel's key priorities and risks along with discussions with management and review of committee minutes and key strategy documents.

We have identified one significant risk in relation to financial sustainability as set out in the table below.

Audit planning is a continuous process and we will report all identified significant risks, as they relate to our wider scope audit, in our annual audit report.

Wider scope significant risks

Financial sustainability

In December 2023, Scotland Excel considered its revenue budget for 2024/25 and indicative budget estimates for the subsequent two years (to 2026/27).

Scotland Excel is estimating an operating deficit of £89k for core activities at the end of 2023/24 and uncommitted reserves level of £155k. This level of reserves represents 3% of estimated operating income and is treated as a minimum level required for unforeseen cost.

The main cost driver is staff expenditure which is expected to increase over the period of the estimate by 3% each year and represents c.83% of total core activity cost. This cost is more variable for Projects, where staffing levels scale according to the level of project activity each year.

The local authorities' requisitions for 2024/25 have been maintained at current levels with no increase proposed. Whilst indicative budget figures show no increase for 2025/26 but an increase from 2026/27, this is yet to be considered and agreed. These proposed figures would result in an operating surplus totalling £992k for the three-year period, increasing the uncommitted reserves to £1,147k at the end of 2026/27 (or 18.8% of the operating income).

There is a level of uncertainty in the above estimates due to:

- Indirect dependence on the Scottish Government annual allocation of funding to local authorities who in turn fund Scotland Excel activities through their requisitions. The funding levels from the Scottish Government beyond 2024/25 are uncertain and impacted by wider economic factors in Scotland.
- Unpredictability of the projects and rebates income; although Scotland Excel assumes that non-requisition income will represent over 30% of the total income in each of the three years of the financial forecast;
- Scotland Excel faces cost pressures, particularly in its staff cost which make up 83% of its core activities expenditure. Although it is noted that based on advice from Strathclyde Pension Fund, employer contributions are to fall to 6.5% in the next two years and 17.5% in 2026/27.

Scotland Excel's medium to longer term financial planning is therefore challenging due to the wider economic environment and local government funding uncertainties. With the current estimates in place the reserves position at the end of 2026/27 will allow greater flexibility when responding to any unforeseen cost.

Our audit response:

We will review Scotland Excel's arrangements for managing its financial position. Our work will include an assessment of progress made in developing financially sustainable plans which support the delivery of Scotland Excel's statutory functions and strategic objectives.

Audit team and timetable

Audit Team

Our audit team will be as follows:

Role	Name	Email
Engagement Lead	Gary Devlin	Gary.Devlin@azets.co.uk
Engagement Manager	Adrian Kolodziej	Adrian.Kolodziej@azets.co.uk

Timetable

Please find below confirmation of our proposed timetable for the audit as previously discussed with management:

Audit work/output	Target month/s
Audit planning meeting	18 January 2024
Executive Sub-Committee to consider audit plan	15 March 2024
Receipt of draft accounts and commencement audit fieldwork	July 2024
Independent auditor's report	September 2024
Annual Report to Scotland Excel and the Controller of Audit	20 September 2024

Our requirements

The audit process is underpinned by effective project management to co-ordinate and apply our resources efficiently to meet your deadlines. It is essential that the audit team and Scotland Excel's finance team work closely together to achieve the above timetable.

In order for us to be able to complete our work in line with the agreed fee and timetable, we require the following:

- Draft financial statements of a good quality by the deadlines agreed with management.

- Good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations
- Ensuring staff are available and on site (as agreed) during the period of the audit
- Prompt and adequate responses to audit queries.

Audit fee

The quality of audit work is an essential requirement in successfully delivering a fully compliant ISA and Code of Audit Practice audit. Audit Scotland sets an expected audit fee that assumes the body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate unaudited accounts and meets the agreed timetable for audit.

The expected fee is reviewed by Audit Scotland each year, based on Audit Scotland's overall budget proposals. The budget proposal and fee levels (for the 2023/24 audits) have been developed in the context of a challenging economic environment, increased expectations on the audit profession and the ongoing process of recovery following the Covid-19 pandemic.

The 2023/24 expected audit fee is based on applying a 6% increase to the 2022/23 expected audit fee. This increase is applied on a sector basis and reflects the conditions of the public sector market.

As auditors we negotiate a fee with Scotland Excel during the planning process. The fee may be varied above the expected fee level to reflect the circumstances and local risks within the body.

We propose setting the 2023/24 audit fee at £9,790, which equates to a 7% decrease on the 2022/23 fee. We have increased the auditor remuneration element of the audit fee by 10% to reflect the level of work we consider is required in response to the key audit matters identified in this plan.

Fee element	2023/24	2022/23
	£	£
Auditor remuneration	24,750	24,630
Pooled costs	820	0
Audit support costs	0	800
Sectoral cap adjustment	(15,780)	(14,920)
Total fee	9,790	10,510

We will take account of the risk exposure of Scotland Excel and the management assurances in place. We assume receipt of the draft working papers at the outset of our on-site final audit visit. If the draft accounts and papers are late, or agreed management assurances are unavailable, we reserve the right to charge an additional fee for additional audit work. An additional fee will be required in relation to any other significant exercises not within our planned audit activity.

Audit independence and objectivity

Auditor independence

We are required to communicate on a timely basis all facts and matters that may have a bearing on our independence.

In particular, FRC's Ethical Standard stipulates that where an auditor undertakes non audit work, appropriate safeguards must be applied to reduce or eliminate any threats to independence.

Azets has not been appointed to provide any non-audit services during the year. We confirm that we comply with FRC's Ethical Standard. In our professional judgement, the audit process is independent and our objectivity has not been compromised in any way. In particular there are and have been no relationships between Azets and Scotland Excel, its committee members and senior management that may reasonably be thought to bear on our objectivity and independence.

Appendices



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Appendix 1: Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of Scotland Excel and the needs of the users.

When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

Our assessment, at the planning stage, of materiality for the year ended 31 March 2024 was calculated as follows.

Materiality

	£
Overall materiality for the financial statements	164,000
Performance materiality (75% of materiality)	123,000
Trivial threshold (5% of materiality)	8,200

Materiality	Our initial assessment is based on approximately 2% of Scotland Excel's gross expenditure as disclosed in the 2022/23 audited annual accounts. We consider this benchmark to be the principal consideration for the users of the annual accounts when assessing financial performance of Scotland Excel.
Performance materiality	<p>Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement.</p> <p>Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.</p>
Trivial misstatements	<p>Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p> <p>Individual errors above this threshold are communicated to those charged with governance.</p>

The Remuneration Report and Related Parties disclosures are material by nature.

In performing our audit, we will consider any errors which cause result in a movement between the relevant bandings on the disclosure table to be material.

For related party transactions, in line with the standards we will consider the significance of the transaction with regard to both Scotland Excel and the counter party, the smaller of which will drive materiality considerations on a transaction by transaction basis.

Appendix 2: Responsibilities of the Auditor and Scotland Excel

The Accounts Commission, Controller of Audit and Audit Scotland

The Accounts Commission is an independent public body. Its members are appointed by Scottish Ministers and are responsible for holding local government to account.

Under statute, the Accounts Commission appoints a Controller of Audit to consider the results of the audit of accounts, including the wider-scope responsibilities and Best Value auditing. The Controller of Audit makes reports to the Accounts Commission on matters arising from the accounts and on Best Value and acts independently of the Accounts Commission when reporting to it.

Audit Scotland is an independent statutory body that co-ordinates and supports the delivery of high-quality public sector audit in Scotland. Audit Scotland oversees the appointment and performance of auditors, provides technical support, delivers performance audit and Best Value work programmes and undertakes financial audits of public bodies.

Auditor responsibilities

Code of Audit Practice

The Code of Audit Practice (the [2021 Code](#)) describes the high-level, principles-based purpose and scope of public audit in Scotland.

The Code of Audit Practice outlines the responsibilities of external auditors appointed by the Accounts Commission and it is a condition of our appointment that we follow it.

Our responsibilities

Auditor responsibilities are derived from the Code, statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, and guidance from Audit Scotland.

We are responsible for the audit of the accounts and the wider-scope responsibilities explained below. We act independently in carrying out our role and in exercising professional judgement. We report to Scotland Excel and others, including Audit Scotland, on the results of our audit work.

Weaknesses or risks, including fraud and other irregularities, identified by auditors, are only those which come to our attention during our normal audit work in accordance with the Code and may not be all that exist.

Wider scope audit work

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector.

The wider scope audit specified by the Code broadens the audit of the accounts to include additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.



Financial management

Financial management means having sound budgetary processes. Audited bodies require to understand the financial environment and whether their internal controls are operating effectively.

Auditor considerations

Auditors consider whether the body has effective arrangements to secure sound financial management. This includes the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities.



Financial sustainability

Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Auditor considerations

Auditors consider the extent to which audited bodies show regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so it can continue to deliver services.

Vision, leadership and governance

Audited bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.



Auditor considerations

Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. Auditors also consider the effectiveness of governance arrangements for delivery, including openness and transparency of decision-making; robustness of scrutiny and shared working arrangements; and reporting of decisions and outcomes, and financial and performance information.

Use of resources to improve outcomes

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources, and reporting performance against outcomes.



Auditor considerations

Auditors consider the clarity of arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of inequalities, and deliver continuous improvement in priority services.

Limited wider scope audit work

The Code of Audit Practice provides for the Accounts Commission to specify an alternative audit approach where an audited body might be considered less complex due to its size and its limited financial activity.

We have concluded, based on an assessment of the nature and circumstances of Scotland Excel, that a limited wider scope audit is appropriate. As such our audit of wider scope areas is restricted to an evaluation of financial sustainability.

Best value

Appointed auditors have a duty to be satisfied that local government bodies have made proper arrangements to secure best value. We undertake this duty in a way that is proportionate to the size and type of body. We give due regard to:

- How Scotland Excel demonstrates that it is meeting its Best Value responsibilities
- How our work on financial sustainability meets the Best Value responsibilities.

Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. These arrangements recognise the importance of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an [Audit Quality Framework](#)

The most recent audit quality report can be found at [Quality of public audit in Scotland: Annual report 2022/23 | Audit Scotland \(audit-scotland.gov.uk\)](#)

Scotland Excel responsibilities

Scotland Excel has primary responsibility for ensuring the proper financial stewardship of its public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include the following:

Area	Scotland Excel responsibilities
Corporate governance	<p>Scotland Excel is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.</p>
Financial statements and related reports	<p>Scotland Excel has responsibility for:</p> <ul style="list-style-type: none"> • preparing financial statements which give a true and fair view of the financial position and its expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation; • maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support the balances and transactions in its financial statements and related disclosures; • ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority; and • preparing and publishing, along with the financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report in accordance with prescribed requirements. <p>Management commentaries should be fair, balanced and understandable. Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.</p> <p>Scotland Excel is responsible for developing and implementing effective systems of internal control as well as financial, operational</p>

Area	Scotland Excel responsibilities
	<p>and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. Scotland Excel is also responsible for establishing effective and appropriate internal audit and risk-management functions.</p>
Standards of conduct for prevention and detection of fraud and error	<p>Scotland Excel is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.</p>
Financial position	<p>Scotland Excel is responsible for putting in place proper arrangements to ensure the financial position is soundly based having regard to:</p> <ul style="list-style-type: none"> • such financial monitoring and reporting arrangements as may be specified; • compliance with statutory financial requirements and achievement of financial targets; • balances and reserves, including strategies about levels and their future use; • plans to deal with uncertainty in the medium and long term; and • the impact of planned future policies and foreseeable developments on the financial position.
Best value	<p>Scotland Excel has a specific responsibility to make arrangements to secure Best Value. Best Value is defined as continuous improvement in the performance of the body's functions. In securing Best Value, Scotland Excel is required to maintain an appropriate balance among:</p> <ul style="list-style-type: none"> • The quality of its performance of its functions. • The cost to Scotland Excel of that performance.

Area	Scotland Excel responsibilities
	<ul style="list-style-type: none">• The cost to persons of any service provided by it for them on a wholly or partly rechargeable basis. <p>In maintaining that balance, Scotland Excel shall have regard to:</p> <ul style="list-style-type: none">• Efficiency• Effectiveness• Economy• The need to meet the equal opportunity requirements. <p>Scotland Excel should discharge its duties in a way which contributes to the achievement of sustainable development.</p>

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Scotland Excel**To: Executive Sub-Committee****On: 15 March 2024****Report by:
Chief Executive of Scotland Excel****Operating Plan Update 2023-24****1. Summary**

- 1.1 In December 2022, Scotland Excel's Joint Committee approved a new five-year corporate strategy outlining the organisation's business goals and priorities from 2023-2028.
- 1.2 The strategy was developed around five corporate goals, agreed with stakeholders, which influence all aspects of Scotland Excel's work:
 - 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.
- 1.3 The strategy is supported by annual operating plans. A plan covering the period from 01 April 2023 to 31 March 2024 was also approved at December's Joint Committee meeting. This paper presents an update on operating plan activity that has taken place between 01 October and 31 December 2023.
- 1.4 Since approval, further discussions with senior local authority stakeholders have indicated that one of the five corporate goals – the drive for efficiency to support the financial sustainability of local public service – should be prioritised during 2023-24 and for the foreseeable future. A dedicated team has been established to manage this work.
- 1.5 In December 2023, the Joint Committee agreed that a small number of actions from the 2023-24 operating plan would be rescheduled to form part of

future operating plans. These actions are noted within the relevant progress summary information in the attached report.

2. Background

- 2.1 Progress reports are produced quarterly to track Scotland Excel's activity against operating plan commitments. Reports are produced at the end of each quarter and submitted to Executive Sub-Committee meetings.
- 2.2 The reports summarise the progress made against operating plan commitments and uses a 'traffic light' symbol to provide a guide to the status of each activity.

	Project or activity not yet started
	Project or activity is currently stalled or significantly behind schedule
	Project or activity is progressing at a slower pace than anticipated and/or results have been weaker than expected
	Project or activity is progressing in line with expected/agreed timelines and results
	Project or activity completed

3. Recommendations

- 3.1 The members of the Executive Sub-Committee are invited to note Scotland Excel's progress in delivering the actions contained within the operating plan for 2023-24.













Operating Plan

2023 – 2024






Q3 Progress Report

Value delivery: procurement & commissioning






Action	RAG status	Progress summary
<ul style="list-style-type: none"> Implement refreshed category strategies to inform the development of contract delivery plans and market shaping activities. 		<ul style="list-style-type: none"> In December 2023, Scotland Excel began restructuring its Strategic Procurement and Commissioning function to provide greater alignment of category strategies in strategic procurement and enhance the commissioning focus for social care arrangements. This will continue through Q4.
<ul style="list-style-type: none"> Review and refresh Scotland Excel's approach to contract delivery planning, extending the visibility of the decision-making and delivery process over a longer timeframe to support contract utilisation. 		<ul style="list-style-type: none"> Improvements to Scotland Excel's contract delivery planning process are underway to increase the predictability of framework delivery timelines. Measures already in place include training, process automation, standardisation, and changes to the review process.
<ul style="list-style-type: none"> Review and refresh Scotland Excel's approach to key supplier management (KSM) and contract and supplier management (CSM) to identify further savings and efficiency opportunities for members. 		<ul style="list-style-type: none"> Scotland Excel continues to evolve a new approach to KSM/CSM as part of the drive to deliver further savings and efficiencies for members. Opportunities to improve logistic efficiencies are being piloted within food frameworks, and product swap trials are underway with a key educational materials supplier.
<ul style="list-style-type: none"> Continue to develop and deliver savings projects to maximise the commercial value returned to members through optimal use of our frameworks. 		<ul style="list-style-type: none"> Scotland Excel continues to focus on the drive for commercial value as members' priority goal during 2023-24. The savings team has identified a pipeline of opportunities with a combined value of over £4m, with £1.7m already delivered, and is on target to achieve its first-year target of £5m.
<ul style="list-style-type: none"> Develop and deliver a methodology for assessing and presenting the total value of membership including framework savings, rebates, community benefits, service delivery, skills development, and other benefits. 		<ul style="list-style-type: none"> Annual Value Reports for 2022-23 have been published for each council. Work is underway on the development of a new performance management framework which will articulate the value delivered by Scotland Excel across a range of social, economic and environmental measures.

<ul style="list-style-type: none"> Continue to support local economic development through identifying and promoting supply chain opportunities for Scottish businesses. 		<ul style="list-style-type: none"> During Q3, Scotland Excel exhibited at Procurex and Meet the Buyer South events, as well as at local Meet the Buyer events in Ayrshire, Renfrewshire and Fife. Scotland Excel is continuing to work with partners on a range of initiatives including the Scottish Government's Supply Chain Development Group and Local Food Steering Group.
<ul style="list-style-type: none"> Develop and deliver an action plan to monitor payment of the Real Living Wage by suppliers, providing reports to members which enable them to evaluate and select suppliers on this basis. 		<ul style="list-style-type: none"> Real Living Wage descriptors have been changed to improve the alignment of each Scotland Excel supplier to its Real Living Wage status.
<ul style="list-style-type: none"> Implement actions from Scotland Excel's net zero strategy, via a whole organisation approach, to support our members' net zero journey. 		<ul style="list-style-type: none"> A multi-disciplinary delivery group continues to oversee the implementation of Scotland Excel's net zero action plan, and a new sustainability policy is being drafted to support the plan. Scotland Excel attended the Circular Communities Scotland Conference to represent the organisation and its members.
<ul style="list-style-type: none"> Continue to work with cross-sector partners to develop positive carbon impact initiatives linked to procurement activities. 		<ul style="list-style-type: none"> Scotland Excel continues to work closely with partners on carbon reduction initiatives, including opportunities for district heat networks, electric vehicle charging concession models, and rural mobility. External stakeholders and member representatives are advising on these opportunities. In November, Scotland Excel delivered a 'Procuring a More Sustainable Future for People and Planet' webinar to 150 delegates in partnership with the Improvement Service and the Scottish Government.
<ul style="list-style-type: none"> Monitor, respond to, and report on national policy changes that affect Scotland Excel's procurement portfolio, including the National Care Service, contributing to policy discussions where appropriate. 		<ul style="list-style-type: none"> Following a response to a 'call for views' on the performance of the Procurement Reform Act, Scotland Excel will give oral evidence to the Scottish Parliament's Economy and Fair Work Committee in March 2024. Participation in National Care Service (NCS) forums and meetings continues, including a workstream to guide and support local and national decision making for the commissioning and procurement of community health and adult social care and support.








Value delivery: services








Action	RAG status	Progress summary
<ul style="list-style-type: none"> Explore alternative business models to support sustainable growth and reduce reliance on membership fees. 		<ul style="list-style-type: none"> This action has been removed from current operating plan as Scotland Excel's existing business model supports the delivery of current strategic priorities.
<ul style="list-style-type: none"> Continue to grow and develop procurement capability projects, initiative and services for members including support for the next tranche of Procurement & Commercial Capability Services (PCIPs). 		<ul style="list-style-type: none"> The Procurement Commercial Improvement Programme (PCIP) assessments commenced in October 2023 and will take place until the end of March 2024. Workshops for local authorities took place in October to review typical evidence and to discuss each of the mandatory questions within the assessment.
<ul style="list-style-type: none"> Implement Scotland Excel's business development strategy to increase demand for services and grow associate membership. 		<ul style="list-style-type: none"> Scotland Excel continues to grow its associate membership. In Q3, seven new member applications were approved, comprising four housing associations and three charities, which contributes a total of £10,600 in annual fee income.
<ul style="list-style-type: none"> Develop and implement plans to deliver Scotland Excel's new Academy strategy, based on a sector training needs analysis and recognising member requirements for affordable training options. 		<ul style="list-style-type: none"> The Scotland Excel Academy is continuing to deliver a range of accredited learning programmes, practitioner skills short courses, and professional development support. A new strategy for 2024-26 is in development and will be presented to the executive sub-committee for approval during Q1.
<ul style="list-style-type: none"> Continue to explore the development of progressive, sustainable learning pathways, working with educational and/or cross-sector partners to address skills gaps, support career development, and attract new entrants to procurement 		<ul style="list-style-type: none"> The Academy and the Scottish Procurement & Property Directorate have co-designed a new Graduate Apprenticeship in Business Management with Procurement and Supply Chain Management with Glasgow Caledonian University (GCU). The programme is awaiting approval from the university's governance board, and has a tentative launch date of September 2024.


Value delivery: partnerships






Action	RAG status	Progress summary
<ul style="list-style-type: none"> Develop and implement a Scotland Excel partnership strategy which sets out objectives and plans for key partner relationships, assigns ownership, and prioritises activities that support the delivery of our five-year strategy. 		<ul style="list-style-type: none"> Scotland Excel's partnership strategy has been rescheduled to form part of the 2024-25 operating plan. In the meantime, all strategically important partnership relationships continue to be managed effectively.
<ul style="list-style-type: none"> Continue to build and develop relationships with the Scottish Government and Centres of Expertise to support the delivery of cross-sector procurement projects and programmes. 		<ul style="list-style-type: none"> Scotland Excel is continuing to work closely with the Scottish Government and other Centres of Expertise on a range of initiatives including social care, net zero, supply chain opportunities, and training and development.
<ul style="list-style-type: none"> Continue to develop and deliver projects and activities with local government partners including COSLA, CIPFA Local Government Finance Directors, Solace, the Improvement Service, and the Digital Office for Scottish Local Government that benefit our mutual stakeholders. 		<ul style="list-style-type: none"> Scotland Excel continues to work closely with local government partners on a range of initiatives. The national framework for digital alarm receiving centre technology, developed with the Digital Office for Scottish Local Government, is now live, and a sustainability webinar was delivered in partnership with the Improvement Service in November.
<ul style="list-style-type: none"> Implement Scotland Excel's third sector engagement strategy in support of local community wealth-building, helping them to reduce costs through associate membership where appropriate. 		<ul style="list-style-type: none"> Scotland Excel held a successful event in November which brought together 77 delegates from supported businesses and the local government procurement community. The Minister for Community Wealth and Public Finance, Tom Arthur, gave the keynote speech at the event which took place in Glasgow.
<ul style="list-style-type: none"> Continue to build relationships with education and academic partners to support the delivery of Scotland Excel's new Academy strategy. 		<ul style="list-style-type: none"> The Scotland Excel Academy is continuing to work with education and academic partners on initiatives to enhance the skills and knowledge of local government procurement professionals. The Graduate Apprenticeship developed by the Academy, Procurement & Property Directorate and Glasgow Caledonian University represents a key output from this work.

Strategic enablers

Business Area	Commitment	RAG status	Progress summary
Corporate, Finance & ICT	<ul style="list-style-type: none"> Provide legal and financial support for exploring new business model options. 		<ul style="list-style-type: none"> This strategic enabler links to the value delivery objective on business models which has been removed from the current operating plan. Scotland Excel's existing business model supports the delivery of current strategic priorities.
	<ul style="list-style-type: none"> Develop a methodology and tool for monitoring and managing all rebates due from Scotland Excel frameworks. 		<ul style="list-style-type: none"> As part of ongoing work to update the modelling, mobilisation and management of rebates, a rebate modelling tool has been launched and is now being used by all category teams.
	<ul style="list-style-type: none"> Monitor the effectiveness of Scotland Excel's hybrid working policy, proposing improvements which will benefit customers and staff. 		<ul style="list-style-type: none"> Scotland Excel's hybrid and flexible working policies continue to work well. Scotland Excel received a positive response to a staff survey which measured the effectiveness of flexible working.
	<ul style="list-style-type: none"> Implement a new five-year ICT strategy to support staff efficiency and increase digital delivery for customers. 		<ul style="list-style-type: none"> Scotland Excel's ICT strategy has been rescheduled to form part of the 2024-25 operating plan. Resources such as SharePoint are being rolled out to support the delivery of a new strategy.
	<ul style="list-style-type: none"> Continue to strengthen Scotland Excel's data management and reporting capability across a range of value measurements. 		<ul style="list-style-type: none"> Scotland Excel is continuing to improve data management and reporting, with work being aligned with the new performance management framework currently in development.
	<ul style="list-style-type: none"> Consider options for a future business intelligence strategy. 		<ul style="list-style-type: none"> Scotland Excel's business intelligence strategy has been drafted and will be presented to the executive sub-committee for approval during Q1.
	<ul style="list-style-type: none"> Consider options for reducing Scotland Excel's carbon footprint. 		<ul style="list-style-type: none"> Options continue to be considered as part of the net zero action plan which involves staff from across the organisation.

Organisational Development	<ul style="list-style-type: none"> Implement Scotland Excel's people strategy and Investors in People plan by embedding personal development plans that supports organisational performance and individual career goals. 		<ul style="list-style-type: none"> Personal Development Plans (PDPs) are now in place for employees in line with Scotland Excel's people strategy. Plans are underway for Scotland Excel's Investors in People (IiP) midterm assessment which will take place in Q1.
	<ul style="list-style-type: none"> Develop an approach to succession planning which to support career development and create a steady pipeline of talent at all levels. 		<ul style="list-style-type: none"> An approach to succession planning will now be developed as part of the 2024-25 operating plan. Organisational restructuring currently taking place will provide foundations for this approach.
	<ul style="list-style-type: none"> Build on Scotland Excel's commitment to training, ensuring all staff have the opportunity to acquire the skills required for the delivery of the new five-year strategy such as commercial acumen and climate change literacy. 		<ul style="list-style-type: none"> Scotland Excel staff continue to have access to a wide range of online and in-person training opportunities promoted via the staff intranet.
	<ul style="list-style-type: none"> Continue to develop and improve resources which support recruitment, induction and retention through a seamless and supportive employee journey. 		<ul style="list-style-type: none"> Scotland Excel employee journey continues to be improved across the four key stages of pre-employment; recruitment, selection and induction; employee experience; and leavers experience. A manager journey is being created to support their development as leaders, and an in-person session to support this is being planned for Q1.
	<ul style="list-style-type: none"> Research and explore options for developing an employment and training strategy that supports new entrants to public procurement. 		<ul style="list-style-type: none"> Scotland Excel is continuing to deliver a Chartered Institute of Purchasing & Supply (CIPS) self-study support programme for staff and local government procurement practitioners. Scotland Excel's graduate programme is being relaunched in 2024, with recruitment beginning during Q1.
Engagement & Communication	<ul style="list-style-type: none"> Support the development and implementation of Scotland Excel's partnership strategy, including the use of stakeholder mapping and competitor modelling tools across the organisation. 		<ul style="list-style-type: none"> This strategic enabler links to the value delivery objective on the partnership strategy which now forms part of the 2024-25 operating plan.
	<ul style="list-style-type: none"> Implement the recommendations of Scotland Excel's value project to articulate and demonstrate the value of membership to customers 		<ul style="list-style-type: none"> Scotland Excel's value project is ongoing and will be supported by the new performance management framework currently in development. Annual Value Reports for 2022-23 have been published for each council.

	<ul style="list-style-type: none"> Re-establish a customer satisfaction survey programme, and baseline satisfaction rates for future improvements. 		<ul style="list-style-type: none"> The delivery of a customer satisfaction programme now forms part of the 2024-25 operating plan to allow current operational and delivery changes to take effect. In the meantime, Scotland Excel continues to solicit and respond to customer satisfaction feedback.
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Report Key	
	Project or activity not yet started
	Project or activity is currently stalled or significantly behind schedule
	Project or activity is progressing at a slower pace than anticipated and/or results have been weaker than expected
	Project or activity is progressing in line with expected/agreed timelines and results
	Project or activity completed

Report issued: February 2024

Scotland Excel

To: Executive Sub-Committee

On: 15 March 2024

**Report by:
Chief Executive of Scotland Excel**

Tender: Residential Rehabilitation (Alcohol and Drugs) Services National Flexible Framework Agreement

Schedule: 01/23

Period: 48 months (if all extension options are exercised)

1. Introduction and Background

The proposed Residential Rehabilitation (Alcohol and Drugs) Services National Flexible Framework Agreement will enable purchasers to source residential rehabilitation services for people experiencing problematic use of alcohol and/or drugs, to support their recovery.

One of the five priorities of the national initiative to reduce harm and deaths related to problem use of alcohol and drugs is to increase capacity and improve access to residential rehabilitation. In May 2022, the Scottish Government funded Scotland Excel to explore and develop a national approach to commissioning residential rehabilitation services.

Residential rehabilitation services “*aim to support individuals to attain an alcohol and drug-free lifestyle and be re-integrated into society. They provide intensive psychosocial support and a structured programme of daily activities which residents are required to attend over a fixed period of time.*” (“Residential Rehabilitation Working Group: recommendations on drug and alcohol residential treatment services.” The Scottish Government, December 2020).

People affected by problem alcohol and/or drug use may have a complex range of issues including mental or physical health issues, domestic abuse and adverse childhood or adult experiences. Residential rehabilitation services may be part of a journey to recovery which has many stages and support elements, and which will be individual to each person. A key element of services is peer support from other people attending the rehabilitation service, staff and volunteers with lived experience.

Service providers offering these services are mainly third sector, and mostly small and medium sized-enterprises (SMEs).

There is a wide diversity of types and models of rehabilitation services, including supported accommodation or housing support models, care homes, and private hospitals.

The proposed framework agreement will provide a new national purchasing and contracting arrangement to support national objectives, priorities and ongoing improvement work in Scotland. It has been developed taking into account the views and contributions of a wide range of partners and stakeholders, including people with lived experience, and is a first step in supporting national development of commissioning arrangements for these services, promoting a partnership approach for future learning. It aims to be inclusive and supportive of diversity of services to facilitate as much choice as possible.

The duration will be for an Initial Period of two years from the Commencement Date, with the option to extend on two occasions each for a period of up to one year (up to a maximum Duration of four years). Subject to approval and completion of a standstill period, the framework agreement is intended to commence on 1 April 2024. The proposed scope covers services located in Scotland, for people aged 16 and over.

The services covered by the proposed framework agreement fall within the “Social and Other Specific Services” category as defined in Schedule 3 of the Public Contracts (Scotland) Regulations 2015 and therefore the flexibilities under the ‘light touch’ procurement regime can be applied. A “flexible” framework agreement was proposed to enable growth and the admission of new entrants, and it is intended that the flexible framework agreement will be open to new entrants continuously once established. Providers on the flexible framework agreement will also be able to add new services and vary their service offerings. The flexibilities and variations permitted under the framework are further summarised in section 3, Procurement Process, below.

2. Scope, Participation and Spend

The proposed flexible framework agreement will be open to all 32 councils and 14 NHS health boards as purchasers. It is anticipated that all council and Alcohol and Drug Partnership (ADP) areas will use the flexible framework agreement. The Scottish Prison Service and the Scottish Government have been included as potential purchasers to allow for potential future changes in commissioning.

Council participation is detailed in Appendix 1 (Participation Summary).

The advertised value of the proposed flexible framework agreement is approximately up to £60,000,000 over the four-year period.

As this is a new arrangement and spend data has not been consistently recorded for these services, this is an estimated maximum figure based on available information, to ensure that there is sufficient capacity within the Flexible Framework Agreement to accommodate any unforeseen peaks in demand.

The proposed flexible framework agreement is not divided into lots. This reflects the individuality and diversity of services and is proportionate to the characteristics of the market.

3. Procurement Process

Strategy Development

The strategy and framework documentation were developed through engagement with provider organisations and commissioning and contracting leads from purchasers, along with a number of other stakeholders including people with lived experience and families, third sector organisations, the Care Inspectorate, Healthcare Improvement Scotland (HIS), Public Health Scotland (PHS), the Residential Rehabilitation Development Working Group and the Scottish Government.

a) Purchasers

Research for the initial market research phase of the project was conducted via questionnaires and discussions during July and August 2022 with commissioning and contracting leads from purchasers. Information was sought regarding current commissioning and contracting arrangements and views about national commissioning.

A User Intelligence Group (UIG) was established in February 2023, with invitations issued to all commissioning and contracting leads from purchasers. Meetings of the UIG were held on 17 February 2023, 31 March 2023 and 12 May 2023, attended by between 33 and 39 people. Contacts from the Care Inspectorate and HIS, Scottish Government, PHS and COSLA were also invited, and also representatives from the Scottish Recovery Consortium, and Scottish Families Affected by Alcohol & Drugs, to provide additional perspectives from people with lived experience and families. Discussion at these meetings focused on the design of the framework agreement and procurement strategy, and how best to support consistency and service quality as well as allowing flexibility and diversity of choice for individuals. The views of the UIG informed the strategy and service design.

A technical group was convened as a sub-group of the UIG to assist with more detailed design of the service specification, terms and conditions/key areas of contract documents, pricing and pricing template, and with the evaluation process.

b) Providers

To aid strategy development, information and opportunities to participate in engagement processes were distributed as widely as possible via social media and partner organisations further to the publication of a series of Prior Information Notices (PIN). These were published on the Public Contracts Scotland System in accordance with Regulation 41, preliminary market consultation, of the Public

Contracts (Scotland) Regulations 2015, and comprised three exercises, detailed below:

Firstly, a PIN was published on 11 July 2022 to invite interest from current and potential service providers to help ascertain, via completion of an online questionnaire, market interest and to inform the appraisal of national commissioning options.

A second phase of engagement was launched with a second PIN published on 30 January 2023 and an invitation to an Information Session on 10 February 2023. Providers were invited to provide feedback and views via completion of an online survey and/or participation in individual online meetings. The focus of this engagement was to gather views on the common elements of a good residential rehabilitation service, and to seek feedback on some initial areas relating to the strategy development.

A final PIN was published on 26 May 2023 and engagement was undertaken to seek views and comments from providers on the draft service specification, proposed pricing approach and proposed minimum insurance requirements.

Scotland Excel attended the Scottish Recovery and Residential Providers Group on several occasions to explain the project and gain increased understanding of the provider perspective, and the group also provided a collective response to this final phase of market consultation engagement.

c) People with lived experience

Following the Scottish Government's "Procurement of Care and Support Services: Best Practice Guidance" (June 2021), engagement with people with lived and living experience of services was undertaken to inform development of the strategy and documentation.

Engagement work was undertaken by Healthcare Improvement Scotland (HIS) on behalf of Scotland Excel with over 50 people through in-person and online discussion groups, telephone conversation and three online surveys distributed widely through networks. Those involved were people in recovery, family members and third sector organisations supporting people with problematic use of alcohol and drugs. This enabled Scotland Excel to gain information to help inform and enrich the flexible framework agreement, and themes and quotations have been embedded in the service specification document. A report of the engagement findings was produced by Healthcare Improvement Scotland. (<https://ihub.scot/improvement-programmes/housing-and-homelessness-in-healthcare/designing-and-improving-residential-rehabilitation-pathways/programme-updates/>)

Application for Admission Process

Following the conclusion of the above engagement, to reflect the flexibilities applied for this framework agreement in accordance with the Public Contracts

(Scotland) Regulations 2015, the procurement process was advertised as an “application for admission” process.

In recognition of the characteristics of the market, the procurement process was designed to reduce the administrative demands for providers in submitting an application for admission, and to streamline the evaluation process. The requirements for selection and award aid transparency and greater understanding of services and associated costs.

The Social and other Specific Services Contract Notice was published via the Find a Tender service and Public Contracts Scotland (PCS) portal on 3 November 2023. A procedure similar to the Open Procedure specified in the Public Contracts (Scotland) Regulations 2015 was used, and the application documents were immediately available via the Public Contracts Scotland Tender (PCS-T) system.

The application documents were available for 70 days and the process closed to applications for admission on 12 January 2024.

Framework Agreement – Flexibilities and Variations

The flexible framework agreement corresponded with Regulation 34 (Framework Agreements) of the Public Contracts (Scotland) Regulations 2015 but with the following variations in accordance with Regulation 76(8):

1. Once established, the flexible framework agreement will be continually open to applications for admission by new entrants;
2. Admitted providers may apply to vary the services for which they are admitted;
3. Applications for admission by new entrants will be evaluated in accordance with the timescales and procedures set out in the initial procurement documents, which follow the principles of equal treatment and non-discrimination; and
4. The procedures for the award of call off contracts allow for appropriate matching processes, as set out in the flexible framework agreement.

All applications were evaluated against the published selection criteria, including the Single Procurement Document (SPD), and award criteria, concurrently.

The award criteria included technical and commercial sections and were weighted toward the technical (quality) criteria. The published award criteria weightings were:

Technical: 90%

Commercial: 10%

An evaluation process assessed applicants against the established award criteria. In order to be eligible for award applicants were required to pass the minimum standards of bidder selection which were assessed using the Single Procurement Document (SPD).

The published selection criteria included requirements for services to be registered with the Care Inspectorate and/or Healthcare Improvement Scotland (as appropriate), and to have formal confirmation from the Scottish Government that the provider's rehabilitation service(s) met the Scottish Government's national definition of residential rehabilitation (as set out in the Scottish Government's publication "Residential Rehabilitation Working Group: recommendations on drug and alcohol residential treatment services", The Scottish Government, December 2020). Along with the minimum requirements contained within the SPD, meeting national regulatory requirements provides assurance of a common standard of services.

The technical section focused on additional information about applicants' approach to services and quality, including conformance with the service specification, quality grades obtained at inspection and the approach to Fair Work First, as well as other information to help with identifying the most appropriate services for people's needs, recovery goals and circumstances. This information included a detailed description of the services offered, to reflect the diversity and individuality of services available.

Within the commercial section, applicants were invited to provide a breakdown of service costs which produced one core price (per person per week/day) for each rehabilitation service included in their offer, applicable for all areas of Scotland. Providers also had the opportunity to provide prices for purchasers' information, for detoxification services and/or medication prescribing and administration, where offered as part of the services. The main focus of the commercial section was to ensure transparency of fees, to allow for an improved understanding of costs and value for money, and more comparability between services.

Scotland Excel has taken cognisance of the current situation relative to the Coronavirus (Covid-19) pandemic and its continued impact. Scotland Excel has determined to proceed with the procurement exercise to establish the flexible framework agreement, and will monitor the situation throughout the period of the procurement exercise and will continue to take cognisance of all relevant circumstances in coming to any decision to recommend the award of flexible framework agreement placings to successful applicants.

4. Report on Offers Received

The procurement documents for the establishment of the flexible framework agreement were accessed by 40 organisations with 11 applications for admissions received. Of these, eight were small or medium-sized enterprises (SMEs). A summary of all offers received is provided in Appendix 2 (Scoring and Recommendations).

A number of providers who expressed an interest in the exercise were not previously well-known in Scotland as providers of residential rehabilitation services. This is considered a positive indicator of the benefits of the exercise, stimulating market interest to develop improved choice and availability for purchasers using the flexible framework.

As mentioned earlier, it is intended that once established, the flexible framework agreement will be continuously open for any new providers to submit applications for admission throughout its duration. This also means that any providers who are not eligible for admission on this occasion, may re-apply for admission once they meet the requirements.

Applications from two providers were not eligible for admission to the Flexible Framework Agreement at this time because they did not have formal confirmation from the Scottish Government that their rehabilitation services met the Scottish Government's national definition of residential rehabilitation. One further provider offering three services also had their submission in respect of one service excluded from their application for this reason.

All recommended providers hold quality grades of three or above allocated by the Care Inspectorate or the equivalent from Healthcare Improvement Scotland, and none had any unmet regulatory requirements from inspection.

Based on the criteria and scoring methodology set out in the published application documents, a full evaluation of the compliant offers received was completed. Appendix 2 (Scoring and Recommendations) confirms the scoring achieved by each applicant for each rehabilitation service.

5. Recommendations

Based on the evaluation undertaken, and in line with the criteria and weightings set out above, subject to satisfactory conclusion of insurance checks, it is recommended that nine providers and 13 rehabilitation services are awarded to the flexible framework agreement from its commencement, as outlined in Appendix 2 (Scoring and Recommendations).

The recommended providers offer the best price quality ratio and comprise of a mixture of small, medium, and large organisations. The recommended rehabilitation services represent service coverage in the region of 59% of known current rehabilitation services available in Scotland. The market research undertaken in the development of this flexible framework agreement indicated that additional organisations may be interested in developing services and may therefore apply for admission in the future.

6. Benefits

Savings

Cash savings have not been identified for this flexible framework agreement because of the incompleteness of current information about pricing and spend. One of the objectives of the flexible framework agreement is to increase understanding of the costs and pricing of these services.

The information available about fees obtained through the procurement process will provide greater transparency and understanding of the financial aspects of services and future benchmarking opportunities for development of best value baseline measures. Through framework monitoring, information can be collected to support consideration of how future commissioning arrangements can improve efficiencies and value for money.

Price Stability

The flexible framework agreement makes provision for Scotland Excel to determine the mechanism for fee increases and communicate this to providers. This includes the ability to apply an automatic uplift to reflect any Real Living Wage adjustment or relevant national pay index or policy or to apply a general inflation uplift. It also includes opportunities for providers to submit additional fee review requests, which must be submitted no later than 31 December preceding the proposed date of effect of 1 April and must comply with any counter inflation legislation. This facility aims to address unforeseen cost pressures and costs associated with service variation, and to support sustainability of services.

As part of the application for admission, applicants were asked to provide a breakdown in their financial submission of the associated costs for providing the service. This information will be used when considering the appropriate uplift mechanism for the flexible framework agreement.

Sustainable Procurement Benefits

Community Benefits

Following market research in the development of the flexible framework agreement, Scotland Excel recognised that the nature of the services means that there is already an inherent focus on social wellbeing in service delivery.

Applicants were asked to confirm a voluntary commitment to discussing community benefits with purchasers and, if agreed, providing community benefits. Community Benefits in this context are those which deliver a wider social benefit in addition to the core purpose of the flexible framework agreement. This may include, but is not limited to, aspects relating to community wealth building and/or models such as a wellbeing economy. It may also include, for example, training, recruitment and work placements.

Discussions will be managed locally, between the purchaser and provider, and the type and nature of community benefit to be delivered is likely to be proportionate to the annual spend with the purchaser. Innovative community benefits are encouraged and can be discussed and agreed between the purchaser and the provider. If an agreement is made to deliver community benefits, this will be monitored by Scotland Excel during framework management.

All except one of the providers recommended for award indicated a commitment to further discussion with purchasers regarding community benefits.

Fair Work First including the Real Living Wage

Scotland Excel and its members are committed to the delivery of high-quality public services and recognise that this is dependent on a workforce that is well-rewarded, well-motivated, well-led, has access to appropriate opportunities for training and skills development, is diverse and is engaged in decision making.

Within the technical section of the application for admission, applicants were assessed on their approach to Fair Work First and payment of the Real Living Wage to their workforce.

Applicants were asked to describe and demonstrate how they would commit to continuing to adopt or progressing towards adopting the Fair Work First criteria for workers engaged in the delivery of the flexible framework agreement, and how they would progress towards wider practices set out in the Fair Work Convention's Fair Work Framework.

Of the nine recommended providers, eight are either accredited Real Living Wage Employers or pay the Real Living Wage, with the remaining provider making a commitment to pay all staff the Real Living Wage as detailed in Appendix 2.

Applicants were also asked to indicate how many paid staff they employ who have lived experience of alcohol and drug services. An average of 51% of the recommended providers' paid staff have lived experience.

Scotland Excel will continue to monitor Fair Work Practices, including encouraging further uptake by providers committing to paying staff the Real Living Wage, during framework and provider management activity.

Sustainability, Net Zero and Environmental Considerations

In the application for admission, applicants were asked to give details of their approach to sustainability, net zero and environmental considerations. The information collected provides a baseline to assess development needs and the potential contribution providers can make to environmental sustainability. This aspect of service delivery will be revisited in framework management and further work determined proportionate to the nature of services.

Other Benefits

Through the call off contract process and detailed information available about services, purchasers can support people to select from a wide range of services across Scotland and tailor services to individual needs and recovery goals.

In addition, as mentioned earlier in this report, the flexible framework agreement permits providers to add services at any point throughout its lifetime and apply to

vary their services, ensuring that the use of innovative and new service designs is not hindered by a closed procurement process.

Information collected in the procurement process and framework monitoring during the lifetime of the flexible framework agreement is expected to contribute to the wider national improvement programme and future design of commissioning arrangements.

7. Contract Mobilisation and Management

As part of the mobilisation process, all providers and purchasers will be offered a framework mobilisation meeting to outline the operation of the framework, including roles and responsibilities and management information. Both providers and purchasers will be issued with guidance documents containing required details on how to use the flexible framework agreement. Additional tailored individual support will be offered for purchasers and providers as required.

In accordance with Scotland Excel's established contract and supplier management programme, in terms of risk and spend, this framework is classified as Class A. As such a framework management plan will be developed and agreed with Contract Steering Group following further discussion with purchasers and providers.

It is anticipated this will include:

- Convening forums for purchasers and providers to discuss operation of the framework, share good practice and learning, develop more consistency;
- Seeking information and feedback about quality of services and processes from purchasers and providers;
- Gathering/analysing monitoring information, in particular relating to price and spend and activity;
- Further review and analysis of services as identified to assist with future commissioning; and
- Annual review and reports for purchasers and providers.

The type and amount of monitoring information to be reported by providers will be considered carefully to avoid duplication with reporting required by other authorities.

New providers will be able to submit applications for admission at any point in the flexible framework agreement's lifetime, with these being evaluated in accordance with the established selection and award criteria.

8. Summary and recommendations

The Residential Rehabilitation (Alcohol and Drugs) Services National Flexible Framework Agreement will offer a new opportunity for purchasers to use standard national documentation and processes for purchasing and contracting these services across Scotland. It will promote good practice and service quality improvement, provide enhanced information about services to broaden choice

and access for individuals, and will increase understanding of how efficiency and value for money can be improved.

Scotland Excel will work with stakeholders to support the operation and development of the flexible framework agreement and build on the foundation it provides.

The Executive Sub Committee is requested to approve the recommendation to award this flexible framework agreement as detailed in Appendix 2 (Scoring and Recommendations).

In addition, it is recommended:

- d) that authority be delegated to the Chief Executive of Scotland Excel (or Director of Strategic Procurement in the Chief Executive's absence) to approve recommendations following the evaluation of offers received during the lifetime of the flexible framework agreement, or following the consideration of formal requests from existing providers for the addition of new services and/or variation of existing services; and
- e) that the Executive Sub-Committee will be updated on the appointment of any new providers to the flexible framework agreement on an annual basis via incorporation to the Annual Procurement Report.

Appendices

Appendix 1 - Participation Summary

Appendix 2 - Scoring and Recommendations

Appendix 1 - Participation Summary
Residential Rehabilitation (Alcohol and Drugs) Services National Flexible Framework Agreement

Member Name	Participation in Contract	Participation Entry Date
Aberdeen City Council	Yes	01 April 2024
Aberdeenshire Council	Yes	01 April 2024
Angus Council	Yes	01 April 2024
Argyll & Bute Council	Yes	01 April 2024
City of Edinburgh Council	Yes	01 April 2024
Clackmannanshire Council	Yes	01 April 2024
Comhairle nan Eilean Siar	Yes	01 April 2024
Dumfries & Galloway Council	Yes	01 April 2024
Dundee City Council	Yes	01 April 2024
East Ayrshire Council	Yes	01 April 2024
East Dunbartonshire Council	Yes	01 April 2024
East Lothian Council	Yes	01 April 2024
East Renfrewshire Council	Yes	01 April 2024
Falkirk Council	Yes	01 April 2024
Fife Council	Yes	01 April 2024
Glasgow City Council	Yes	01 April 2024
Highland Council	Yes	01 April 2024
Inverclyde Council	Yes	01 April 2024
Midlothian Council	Yes	01 April 2024
Moray Council	Yes	01 April 2024
North Ayrshire Council	Yes	01 April 2024
North Lanarkshire Council	Yes	01 April 2024
Orkney Islands Council	Yes	01 April 2024
Perth & Kinross Council	Yes	01 April 2024
Renfrewshire Council	Yes	01 April 2024
Scottish Borders Council	Yes	01 April 2024
Shetland Islands Council	Yes	01 April 2024
South Ayrshire Council	Yes	01 April 2024
South Lanarkshire Council	Yes	01 April 2024
Stirling Council	Yes	01 April 2024
West Dunbartonshire Council	Yes	01 April 2024
West Lothian Council	Yes	01 April 2024
Tayside Contracts	Yes	01 April 2024

Appendix 2 – Scoring and Recommendations

<u>APPLICANT LEGAL NAME</u>	<u>SME STATUS</u>	<u>REAL LIVING WAGE STATUS</u>	<u>LOCATION</u>	<u>NUMBER OF REHABILITATION SERVICES BID FOR</u>	<u>NUMBER OF REHABILITATION SERVICES RECOMMENDED</u>	<u>OVERALL RECOMMENDATION STATUS</u>	<u>REHABILITATION SERVICE NAME</u>	<u>COMMERCIAL SCORE</u>	<u>TOTAL TECHNICAL SCORE</u>	<u>FINAL SCORE</u>	<u>RECOMMENDED FOR AWARD FOR REHABILITATION SERVICE?</u>
Abbeycare(UK) Limited	Small	1	Erskine	1	1	SUCCESSFUL	Abbeycare (UK)	10.00	55.00	65.00	Y
Alternatives West Dunbartonshire CDS	Small	4	Dumbarton	1	1	SUCCESSFUL	Alternatives Safe As Houses Residential Recovery Project	10.00	55.00	65.00	Y
Castle Craig Hospital Limited	Medium	4	West Linton	1	1	SUCCESSFUL	Castle Craig Hospital	10.00	75.00	85.00	Y
CrossReach (The Social Care Council of The Church of Scotland, Operating as CrossReach)	Large	5	Edinburgh	2	2	SUCCESSFUL	CrossReach Abstinence Recovery Service	10.00	55.00	65.00	Y
							Beechwood House	10.00	55.00	65.00	Y
Maxie Richards Foundation	Micro	4	Tighnabruaich	1	1	SUCCESSFUL	Maxie Richards Foundation	10.00	70.00	80.00	Y
Penumbra	Large	2	Edinburgh	1	0	UNSUCCESSFUL	Penumbra Milestone	*N/A	*N/A	*N/A	N
Phoenix House	Large	1	London	3	2	PART SUCCESSFUL	Phoenix Futures Care Home	10.00	15.00	25.00	Y
							Phoenix Futures Glasgow Resettlement Service	*N/A	*N/A	*N/A	N
							Phoenix Futures National Specialist Family Service, Harper House	10.00	55.00	65.00	Y
RAM 225 Limited	Small	2	Blantyre	1	1	SUCCESSFUL	Calderglen House	10.00	55.00	65.00	Y
Tanshe Limited	Small	4	Edinburgh	1	0	UNSUCCESSFUL	Tanshe Care Services	*N/A	*N/A	*N/A	N
The Haven Kilmacolm	Small	4	Kilmacolm	1	1	SUCCESSFUL	The Haven Kilmacolm	10.00	55.00	65.00	Y
The Jericho Benedictine Society	Small	2	Kilbarchan	3	3	SUCCESSFUL	Jericho House, Bank Street (Male service)	10.00	55.00	65.00	Y
							Jericho House, Dundee (Male service)	10.00	55.00	65.00	Y
							Jericho House, Shankland Road (Female service)	10.00	55.00	65.00	Y
							* Not scored - Qualification requirement not met				

KEY – *Real Living Wage Status Reference and Descriptions*

Real Living Wage Ref.	Description
1	I am an accredited Living Wage Employer.
2	I am currently going through the process of becoming an accredited Living Wage Employer and commit to gaining accreditation over the initial two year period of the Framework Contract.
3	I am not an accredited Living Wage Employer but commit to gaining accreditation over the initial two year period of the Framework Contract.
4	I am not an accredited Living Wage Employer but pay the Living Wage to all employees (except volunteers, apprentices and interns).
5	I am not an accredited Living Wage Employer and do not currently pay the Living Wage to all employees (except volunteers, apprentices and interns) but commit to paying the Living Wage to all employees (except volunteers, apprentices and interns) within the initial two year period of the Flexible Framework Agreement.
6	I am not an accredited Living Wage Employer and do not currently pay the Living Wage to all employees.

Scotland Excel

To: Executive Sub-Committee

On: 15 March 2024

**Report by:
Chief Executive of Scotland Excel**

Tender: Supply and Delivery of Road Signage Materials

Schedule: 22/22

Period: 48 months (if all extension options are exercised)

1. Introduction and Background

This recommendation is for the award of the fourth-generation renewal framework for the Supply and Delivery of Road Signage Materials.

This framework will provide a mechanism for councils to procure a range of road signage materials, which will include but is not limited to permanent road signage, temporary road signage, signposts, electrical road signage, and associated products.

This framework was advertised for a period of up to 48 months, comprising an initial period of 24 months from the commencement date with an option to extend for up to a further two 12-month periods subject to satisfactory operation and performance. Subject to approval and completion of a standstill period, the framework is intended to commence on or around 1st April 2024.

The report summarises the outcome of the procurement process for this national framework agreement and presents recommendations for award.

2. Scope, Participation and Spend

As part of the strategy development and through consultation with the Commercial User Intelligence Group Steering Group (CUIG-SG), the inclusion of four lots was endorsed as shown in Table 1. The framework structure remains unchanged from the previous generation of the framework.

Table 1: Framework Structure

Lot No.	Description	Estimated % Spend through lot
1	Permanent Road Signage and Associated Products	40%
2	Temporary Road Signs and Associated Products	8%
3	Road Signposts and Associated Products	37%
4	Electronic Road Signage and Associated Products	15%

As detailed in Appendix 1, 30 councils plus Tayside Contracts have confirmed their intention to participate in this framework, with all councils included in the advertised contract notice.

The framework was advertised at a total value of £1.25 million per annum, which equates to an estimated spend of £5 million over the maximum 4-year term of the framework. This advertised spend allows for increased participation from council and associate members not currently utilising the framework.

3. Procurement Process

A Prior Information Notice (PIN) was published on the 30th November 2022 which resulted in expressions of interest from 33 suppliers.

Thereafter, the contract notice was published via the Find a Tender and Public Contract Scotland (PCS) portal on the 6th December 2023, with the tender documentation being immediately available via the Public Contracts Scotland Tender (PCS-T) system. The tender exercise was conducted and concluded in accordance with the law and procedures currently in force.

The procurement exercise followed an open tender procedure to encourage maximum competition and participation.

The published tender documents anticipated the appointment to the framework of a range of tenderers with relevant and demonstrable experience and capabilities. There was no fixed number of tenderers to be awarded participation and no fixed score ensured success. The most economically advantageous tenderer or tenderers was to be identified once all of the bids had completed the evaluation in accordance with the requirements set down within the tender documents. Awards would be sufficient to meet council requirements.

The tender followed a two-stage tendering procedure. Stage one, Qualification, was conducted using the Single Procurement Document (SPD). Within the SPD, tenderers were required to answer a set of exclusionary questions along with providing details and/or acknowledgement of insurance, financial standing,

quality management, health and safety, and environmental management policies and/or procedures.

At the second stage of the process, offers were evaluated against the criteria and weightings outlined in Table 2.

Table 2: Evaluation Criteria/Weighting

Award Criteria	Total Available Scores
Commercial Section	80
Technical Section	20

Tenderers were required to indicate which local authorities they had an ability to service.

Tenderers were invited to bid on the following basis:

- In the Commercial Section, for each lot, tenderers were asked to offer a National Net Delivered Product Price for at least 70% of a basket of goods. For each lot offered, tenderers were also asked to submit pricing for additional products (these prices were not scored but have contractual effect).
- In the Technical Section, as outlined in Table 3, by the evaluation of scored method statements taking the form of a single response from each tenderer on: Contract Management and Customer Service, Sustainability, Fair Work First and Community Benefits. A number of technical requirements were also applied to tenderers relative to Ability to Service, Restrictions on Ability to Service, Ability to Transact and Vehicle Environmental Standards (these requirements were not scored but have contractual effect).

Table 3: Method Statement Scoring

Section	Question	Maximum Score Available
Technical 20%	MS1- Contract Management and Customer Service	5
	MS2 - Sustainability	5
	MS3 - Fair Work First	5
	MS4 - Community Benefits	5

Following a full evaluation of all submissions, scoring was completed in accordance with the published tender evaluation methodology, and a score was calculated for each tenderer.

4. Report on Offers Received

The tender documents were downloaded by 32 suppliers, with 10 tender responses received by the specified closing date and time.

Based on the criteria and scoring methodology set out in the tender documents, a full evaluation of offers received was completed. A summary of all the offers received and the scoring achieved by each tenderer is set out in Appendix 2.

5. Recommendations

Based on the evaluation undertaken, and in line with the advertised criteria and weightings summarised above, it is recommended that a multi-supplier framework arrangement is awarded (in part or in whole) to all 10 suppliers as outlined in Appendix 2 subject to satisfactory conclusion of insurance checks.

The 10 recommended suppliers offer best value and represent a mix of small medium and micro-organisations with one supplier, Royal British Legion Industries Ltd. also known as Scotland's Bravest Manufacturing Company, being a supported business.

The range of suppliers recommended provides coverage and competitive options for all participating bodies as well as offering a degree of choice and capacity.

The Executive Sub Committee is accordingly requested to approve the recommendation to award this framework as detailed within Appendix 2.

6. Benefits

Savings

Scotland Excel has conducted a benchmarking exercise comparing current pricing against the pricing submitted within the renewal tender. The result of this benchmarking is listed in Appendix 1. The projected average on cost across all councils is 21%, which equates to an estimated total on cost of approximately £222,578 per annum based on current forecast spend levels. Given the market movement forecast of 6% over the period of the current framework as demonstrated in figure 1, the impact through transition to the new framework is more tangible estimate at an on cost of 15%, or c.£159,000 across all councils.

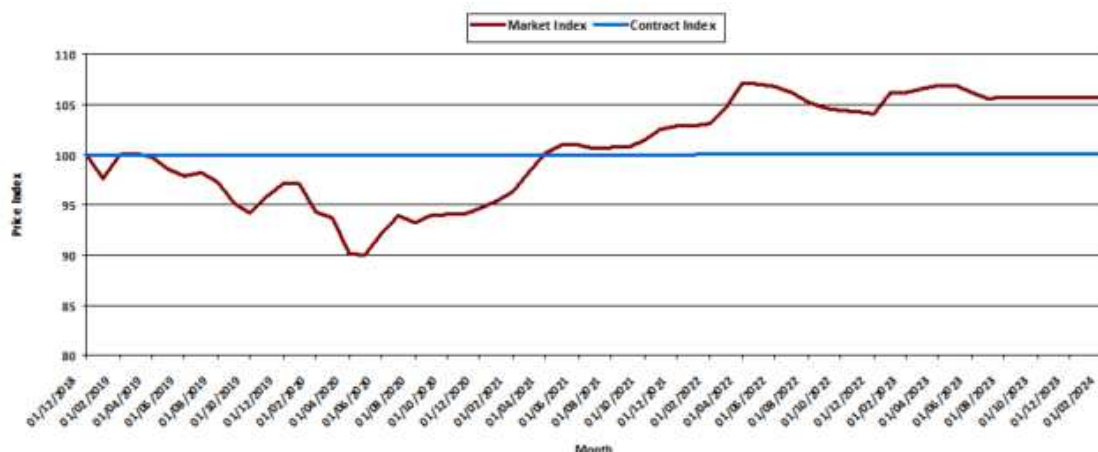


Figure 1 Indexation Report January 2024

These savings are summarised in Table 4 in accordance with the Scottish Government procurement benefits reporting guidance.

Table 4: Benefit Types

Reference	Type	Reportable Outcome
BT1	Direct price-based savings	-£222,598
BT2	Price versus market savings	6%
BT3	Process savings from use of collaborative arrangements	£360,000

Price Stability

Pricing is fixed for the initial 12-months of the framework. Thereafter, all requests for price increases will be evaluated according to the Terms and Conditions of the framework and require to be supported by documentary evidence.

After the initial 12-months, suppliers may submit a request for a price variance on an annual basis. Suppliers may submit a price decrease at any time throughout the duration of the framework.

Rebate

A rebate of 0.5% payable to Scotland Excel will be applied to framework spend above £75,000 and will be calculated based on all frameworks spend with the supplier reported through management information returns.

Sustainable Procurement Benefits

Sustainability

The following sustainability benefits represent the Scottish Government reporting guidance for sustainability-based benefits (BT14).

Within the technical section of the tender, Scotland Excel included a sustainability related method statement, which included questions related to the following areas:

- Waste
- Transportation
- Supply Chain

Responses received as part of the tender exercise are summarised, below:

In terms of waste suppliers are demonstrating a Reduce, Reuse, Recycle ethos in their operations with one of the suppliers trialing paper/cardboard based bubble wrap on their products.

Suppliers are using the latest Quartix Vehicle Routing & Tracking which monitors journey routing, speeds, braking and fuel efficiency.

Suppliers are using sustainability policies and business continuity plans to address their carbon footprint and assess the quality and value of products.

Community Benefits

Scotland Excel is committed to maximising community benefits delivery for members. Suppliers were asked to commit to the delivery of community benefit initiatives, against pre-agreed spend thresholds outlined within the community benefits method statement. These aim to be reflective of the National Indicators outlined within the Scottish Government's National Performance framework, and their underlying vision and goals. Councils will accrue 'community benefit points' based on their level of spending with a supplier. These 'points' correlate to a negotiable benefit that the council can elect to receive at any given point throughout the lifetime of the framework. Of the recommended suppliers, all 10 have committed to delivering these benefits. Scotland Excel will continue to engage with all appointed suppliers to drive maximum adoption and delivery of community benefits where appropriate.

Within the published tender documents, suppliers were given a list of indicative community benefits that could be agreed with councils. Examples of these are:

- Fundraising (Events in the local authority area for charity)
- Community Volunteering (Community Projects e.g., food growing/allotment assistance)
- Work Experience (Placements for school students in the local authority)
- Training (Training sessions for wider community)

- Employability Workshops (Events in school, college, or community group)
- Material/Labour Donation (Help support community projects)
- Sponsorship (Local sports team or community event)

Scotland Excel will monitor delivery of these commitments during the lifetime of the framework, and this will also be reported through ongoing contract management returns.

Fair Work First Including the Real Living Wage

Scotland Excel and its members are committed to the delivery of high-quality public services and recognise that this is dependent on a workforce that is well-rewarded, well-motivated, well-led, has access to appropriate opportunities for training and skills development, are diverse and is engaged in decision making. Within the technical section of the tender, suppliers were assessed on their approach to Fair Work First and payment of the Real Living Wage to their workforce. Of the 10 recommended suppliers, 9 pay the Real Living Wage, one of which being an accredited Real Living Wage employer as detailed in Appendix 2 – Scoring and Recommendations. Stocksigns Limited is not currently an accredited Real Living Wage employer and does not pay the real living wage to all employees. Dialogue will continue with this supplier to encourage a change in their approach.

Scotland Excel will continue to monitor Fair Work First, including encouraging further uptake by suppliers committing to paying staff the Real Living Wage, during contract and supplier management activity.

7. Contract Mobilisation and Management

As part of the mobilisation process, all suppliers will be offered a contract mobilisation meeting to outline the operation of the framework, including roles and responsibilities, management information and community benefit commitments. Suppliers and participating members will be issued with a mobilisation pack containing all required details to utilise the framework.

In accordance with Scotland Excel's established contract classification tool, this framework is classified as class D. As such, it will require annual supplier meetings and surveys, and annual user group reviews as appropriate. During the current market conditions Scotland Excel will continue to engage with suppliers on a regular basis to manage the response to the pandemic and ensure continuity of this essential service delivery for members.

8. Summary

This fourth-generation framework for the Supply and Delivery of Road Signage Materials continues to maximise collaboration, promote added value, and deliver best value. A range of benefits can be reported in relation to savings, price stability, sustainability, and community benefits.

The Executive Sub Committee is requested to approve the recommendation to award this framework agreement as detailed in Appendix 2.

Appendix 1 – Participation, Spend and Savings Summary
2222 Supply and Delivery of Road Signage Materials

Member Name	Participation in Contract	Participation Entry Date	Estimated Annual Spend (£)	Source of Spend Data	Indexation (%)	% Estimated Forecast Savings	Estimated Annual Savings (£)	Basis of Savings Calculation
Aberdeen City Council	Yes	01 April 2024	£0	MI Confirmed	6.0%	-21.0%	£0	Benchmark Current Contract
Aberdeenshire Council	Yes	01 April 2024	£0	MI Confirmed	6.0%	-21.0%	£0	Benchmark Current Contract
Angus Council	Yes	01 April 2024	£17,000	MI Confirmed	6.0%	-21.0%	-£3,570	Benchmark Current Contract
Argyll & Bute Council	Yes	01 April 2024	£73,922	MI Confirmed	6.0%	-21.0%	-£15,524	Benchmark Current Contract
City of Edinburgh Council	Yes	01 April 2024	£1,097	MI Confirmed	6.0%	-21.0%	-£230	Benchmark Current Contract
Clackmannanshire Council	Yes	01 April 2024	£4,019	MI Confirmed	6.0%	-21.0%	-£844	Benchmark Current Contract
Comhairle nan Eilean Siar	Yes	01 April 2024	£13,960	MI Confirmed	6.0%	-21.0%	-£2,932	Benchmark Current Contract
Dumfries & Galloway Council	Yes	01 April 2024	£122,918	MI Confirmed	6.0%	-21.0%	-£25,813	Benchmark Current Contract
Dundee City Council	TBC	01 April 2024	£0	MI Confirmed	6.0%	-21.0%	£0	Benchmark Current Contract
East Ayrshire Council	Yes	01 April 2024	£32,439	MI Confirmed	6.0%	-21.0%	-£6,812	Benchmark Current Contract
East Dunbartonshire Council	Yes	01 April 2024	£416	MI Confirmed	6.0%	-21.0%	-£87	Benchmark Current Contract
East Lothian Council	Yes	01 April 2024	£466	MI Confirmed	6.0%	-21.0%	-£98	Benchmark Current Contract
East Renfrewshire Council	Yes	01 April 2024	£1,677	MI Confirmed	6.0%	-21.0%	-£352	Benchmark Current Contract
Falkirk Council	Yes	01 April 2024	£0	MI Confirmed	6.0%	-21.0%	£0	Benchmark Current Contract
Fife Council	Yes	01 April 2024	£0	MI Confirmed	6.0%	-21.0%	£0	Benchmark Current Contract
Glasgow City Council	Yes	01 April 2024	£2,616	MI Confirmed	6.0%	-21.0%	-£549	Benchmark Current Contract
Highland Council	Yes	01 April 2024	£12,120	MI Confirmed	6.0%	-21.0%	-£2,545	Benchmark Current Contract
Inverclyde Council	Yes	01 April 2024	£366,218	MI Confirmed	6.0%	-21.0%	-£76,906	Benchmark Current Contract
Midlothian Council	Yes	01 April 2024	£300	MI Confirmed	6.0%	-21.0%	-£63	Benchmark Current Contract
Moray Council	Yes	01 April 2024	£1,949	MI Confirmed	6.0%	-21.0%	-£409	Benchmark Current Contract
North Ayrshire Council	Yes	01 April 2024	£15,056	MI Confirmed	6.0%	-21.0%	-£3,162	Benchmark Current Contract
North Lanarkshire Council	Yes	01 April 2024	£0	MI Confirmed	6.0%	-21.0%	£0	Benchmark Current Contract
Orkney Islands Council	TBC	01 April 2024	£0	MI Confirmed	6.0%	-21.0%	£0	Benchmark Current Contract
Perth & Kinross Council	Yes	01 April 2024	£0	MI Confirmed	6.0%	-21.0%	£0	Benchmark Current Contract
Renfrewshire Council	Yes	01 April 2024	£78,497	MI Confirmed	6.0%	-21.0%	-£16,484	Benchmark Current Contract
Scottish Borders Council	Yes	01 April 2024	£199,559	MI Confirmed	6.0%	-21.0%	-£41,907	Benchmark Current Contract
Shetland Islands Council	Yes	01 April 2024	£516	MI Confirmed	6.0%	-21.0%	-£108	Benchmark Current Contract
South Ayrshire Council	Yes	01 April 2024	£147	MI Confirmed	6.0%	-21.0%	-£31	Benchmark Current Contract
South Lanarkshire Council	Yes	01 April 2024	£62,258	MI Confirmed	6.0%	-21.0%	-£13,074	Benchmark Current Contract
Stirling Council	Yes	01 April 2024	£26,527	MI Confirmed	6.0%	-21.0%	-£5,571	Benchmark Current Contract
West Dunbartonshire Council	Yes	01 April 2024	£20,857	MI Confirmed	6.0%	-21.0%	-£4,380	Benchmark Current Contract
West Lothian Council	Yes	01 April 2024	£5,364	MI Confirmed	6.0%	-21.0%	-£1,126	Benchmark Current Contract
Tayside Contracts	Yes	01 April 2024	£0	MI Confirmed	6.0%	-21.0%	£0	Benchmark Current Contract
Totals			£1,059,897			-21.0%	-£222,578	
Associate Members	Yes	01 April 2024	£93	MI Confirmed	6.0%	-21.0%	-£20	Benchmark Current Contract
Totals			£1,059,990			-21.0%	-£222,598	

Appendix 2 – Scoring and Recommendations

<u>LOT NUMBER</u>	<u>LOT NAME</u>	<u>TENDERER NAME</u>	<u>SME STATUS</u>	<u>REAL LIVING WAGE STATUS</u>	<u>LOCATION</u>	<u>NUMBER OF LOTS BID FOR</u>	<u>NUMBER OF LOTS RECOMMENDED</u>	<u>OVERALL RECOMMENDATION STATUS</u>	<u>COMMERCIAL SCORE</u>	<u>TOTAL TECHNICAL SCORE</u>	<u>TOTAL SCORE</u>	<u>PLACING</u>	<u>RECOMMENDED FOR AWARD FOR LOT/SUB- LOT?</u>
1	Permanent Road Signage and Associated Products	ANSCO SIGNS LIMITED	Micro	2	Muir of Ord	3	3	SUCCESSFUL	80.00	20.00	100.00	1	Y
1	Permanent Road Signage and Associated Products	WILLIAM SMITH GROUP 1832 LIMITED	Medium	2	County Durham	2	2	SUCCESSFUL	42.29	20.00	62.29	2	Y
1	Permanent Road Signage and Associated Products	LIMELIGHT SIGNS LIMITED	Small	2	Bacup	2	2	SUCCESSFUL	43.46	18.25	61.71	3	Y
1	Permanent Road Signage and Associated Products	ROYAL BRITISH LEGION INDUSTRIES LTD.	Medium	4	Erskine	3	3	SUCCESSFUL	40.18	19.25	59.43	4	Y
1	Permanent Road Signage and Associated Products	P.F. CUSACK (TOOLS SUPPLIES) LIMITED	Medium	4	Glasgow	3	2	PART-SUCCESSFUL	30.02	17.13	47.15	5	N
1	Permanent Road Signage and Associated Products	MALLATITE LIMITED	Medium	4	South Lanarkshire	4	3	PART-SUCCESSFUL	28.89	17.50	46.39	6	N
2	Temporary Road Signs and Associated Products	ANSCO SIGNS LIMITED	Micro	2	Muir of Ord	3	3	SUCCESSFUL	78.92	20.00	98.92	1	Y
2	Temporary Road Signs and Associated Products	P.F. CUSACK (TOOLS SUPPLIES) LIMITED	Medium	4	Glasgow	3	2	PART-SUCCESSFUL	80.00	17.13	97.13	2	Y
2	Temporary Road Signs and Associated Products	ROYAL BRITISH LEGION INDUSTRIES LTD.	Medium	4	Erskine	3	3	SUCCESSFUL	68.72	19.25	87.97	3	Y
2	Temporary Road Signs and Associated Products	MALLATITE LIMITED	Medium	4	South Lanarkshire	4	3	PART-SUCCESSFUL	52.61	17.50	70.11	4	Y
3	Road Signposts and Associated Products	MALLATITE LIMITED	Medium	4	South Lanarkshire	4	3	PART-SUCCESSFUL	80.00	17.50	97.50	1	Y
3	Road Signposts and Associated Products	ROYAL BRITISH LEGION INDUSTRIES LTD.	Medium	4	Erskine	3	3	SUCCESSFUL	68.16	19.25	87.41	2	Y
3	Road Signposts and Associated Products	WILLIAM SMITH GROUP 1832 LIMITED	Medium	2	County Durham	2	2	SUCCESSFUL	66.26	20.00	86.26	3	Y
3	Road Signposts and Associated Products	LIMELIGHT SIGNS LIMITED	Small	2	Bacup	2	2	SUCCESSFUL	56.28	18.25	74.53	4	Y
3	Road Signposts and Associated Products	STREET LIGHTING SUPPLIES & CO LTD.	Small	1	Grangemouth	2	2	SUCCESSFUL	56.04	17.38	73.42	5	Y
3	Road Signposts and Associated Products	P.F. CUSACK (TOOLS SUPPLIES) LIMITED	Medium	4	Glasgow	3	2	PART-SUCCESSFUL	55.57	17.13	72.70	6	Y
3	Road Signposts and Associated Products	ANSCO SIGNS LIMITED	Micro	2	Muir of Ord	3	3	SUCCESSFUL	52.49	20.00	72.49	7	Y
4	Electronic Road Signage and Associated Products	MALLATITE LIMITED	Medium	4	South Lanarkshire	4	3	PART-SUCCESSFUL	74.84	17.50	92.34	1	Y
4	Electronic Road Signage and Associated Products	STOCKSIGNS LIMITED	Medium	6	Redhill	1	1	SUCCESSFUL	80.00	8.75	88.75	2	Y
4	Electronic Road Signage and Associated Products	SWARCO UK & IRELAND LTD	Medium	4	Basingstoke	1	1	SUCCESSFUL	64.92	20.00	84.92	3	Y
4	Electronic Road Signage and Associated Products	COEVAL LIMITED	Small	4	Glasgow	1	1	SUCCESSFUL	56.42	19.50	75.92	4	Y
4	Electronic Road Signage and Associated Products	STREET LIGHTING SUPPLIES & CO LTD.	Small	1	Grangemouth	2	2	SUCCESSFUL	47.84	17.38	65.22	5	Y

KEY – Real Living Wage Status Reference and Descriptions

Real Living Wage Ref.	Description
1	Paying and Accredited Accredited Real Living Wage Employer and commit to maintaining this for the duration of the Framework Contract.
2	Paying & Progressing to Accreditation Currently Paying the Real Living Wage and going through the process of becoming an accredited Real Living Wage Employer. Commitment to gaining accreditation over the initial two-year period of the Framework Contract.
3	Paying & Commitment to Accreditation Currently paying the Real Living Wage. Not yet progressing accreditation but commitment to gaining accreditation over the initial two-year period of the framework contract.
4	Paying but No Commitment to Accreditation Currently paying the Real Living Wage. Not an accredited Real Living Wage Employer but paying the Real Living Wage to all employees (except volunteers, apprentices, and interns) and commit to maintaining this for the duration of the framework contract.
5	Not Paying but Commitment to Pay Not an accredited Real Living Wage Employer and do not currently pay the Real Living Wage to all employees (except volunteers, apprentices, and interns) but commit to paying the Real Living Wage to all employees (except volunteers, apprentices, and interns) within the initial two-year period of the framework contract.
6	Not Paying Neither accredited nor paying Real Living Wage.

Scotland Excel

To: Executive Sub-Committee

On: 15 March 2024

**Report by:
Chief Executive of Scotland Excel**

Project Proposal

1. Introduction

- 1.1 This report details an additional project proposed to the Executive Sub Committee on the use of reserves as a result of surpluses which will be generated by pension fund changes.

2. Background

- 2.1 Following actuarial review (the triennial valuation), Strathclyde Pension Fund advised that, as a result of higher than anticipated returns from investments, the fund is 147% funded against current and anticipated future commitments. At the December 2023 Joint Committee meeting, it was agreed to retain the anticipated operating surplus, ring-fenced within Reserves with any in-year draw down to be approved by the Executive Sub-Committee. The in-year impact for 2024/25 and 2025/26 will be an anticipated operating surplus of £460k and £459k respectively.

3. Project – Additional legal support

- 3.1 The purpose of this project is to fund an additional contracts solicitor within Renfrewshire Council's Legal and Democratic Services function to support Scotland Excel in the expansion of the collaborative contract portfolio.
- 3.2 Renfrewshire Council, as the lead authority for the Scotland Excel Joint Committee, provides legal support throughout the collaborative contract lifecycle. While this was originally covered within the terms of the established Service Level Agreement (SLA) between Scotland Excel and Renfrewshire Council, support requirements have continued to increase in line with the expansion of the contract portfolio and the introduction of higher value, higher risk contracts with greater complexity.
- 3.3 Some provision for additional legal support, over and above the SLA allocation, has been included in core budget activity over the past three years. This has aligned with emerging opportunities within construction, social care and ICT contracting activity. However, aligned with the increasing complexity of new contracts under development, the number of offers received to tender opportunities continues to increase which has resulted in the need to increase the capacity of legal support available. The additional resource will also support

the implementation of new and enhanced governance processes, which should in turn increase predictability within contract planning and delivery.

- 3.4 It is anticipated that the supplementary resource, as an addition to the established legal team, will support Scotland excel in a number of ways. This will include, but not be limited to:
 - 3.4.1 Work in conjunction with the Scotland Excel team as early as possible in the cycle to share and agree areas of risk and opportunity that should be considered as part of the formation of the contract and the evaluation methodology to be employed.
 - 3.4.2 Representation at legal advisory panel to decide and record approach pre-strategy and pre-tender ensuring all legal risks are identified, discussed and mitigated pre-publication.
 - 3.4.3 Support the procurement team in the development, and any subsequent clarifications to tender documentation providing guidance and input to ensure the suite of documentation is compliant and incorporates any risk mitigations agreed at the legal advisory panel.
 - 3.4.4 Support the procurement team to respond effectively to market feedback and subsequently provide advice on amendments required to ensure that all issues are responded to in the most effective manner.
 - 3.4.5 Collaborate on preparation of Executive Sub-committee papers, standstill statements and award schedules, prepare standstill and award letters, advise on any market feedback or emerging judicial interruption.
 - 3.4.6 Support the procurement team through ongoing contract management including but not limited to contract modifications, membership applications and improvement works.
 - 3.4.7 Provide advice and support with any arising complex matters e.g. National Inquiry, Boards, Minute of Variation associated with the National Care Home Contract (NCHC) and relevant amendments emerging from case law.
 - 3.4.8 Provide support to the procurement team with any challenges or legal issues arising, acting as the appropriate link between the procurement team and Renfrewshire Council's litigation solicitor. Provide support in establishing the need, as appropriate, to engage with externally commissioned legal counsel, managing this interface to ensure this is done in a timely and cost-effective manner.
 - 3.4.9 The funding requirement is for the addition of a Contracts Solicitor at Grade 11, with an estimated cost of £67,214 for year 1, and £70,574 for year 2. This is an estimate based on the mid-point of Grade 11, and includes all employers on-costs. The estimated for year 2 assumes a 5% salary award for 2025/26.

4. Recommendation

- 4.1 Members are invited to approve the project funding and drawdown from agreed reserves for 2024/25 of £67,214 and £70,574 for 2025/26.