Notice of Meeting and Agenda
Chief Executive Officers Management Group

Date	Time	Venue
Monday, 23 March 2015	14:30	Room H018, Centre for Executive Education Building (CEE), Glasgow Caledonian University, Cowcaddens Road, Glasgow G4 0BA,

KENNETH GRAHAM
Head of Corporate Governance

Items of business

During consideration of the following items of business, the meeting will be open to the press and public.

8 Membership and Future Agenda
Discussion on Membership and Future Agenda

9 Supplier Awards Event
Verbal Report by Director

10 Date of Next Meeting
Friday 29th May 2015

University Campus

www.gcu.ac.uk

GCU Glasgow Caledonian University

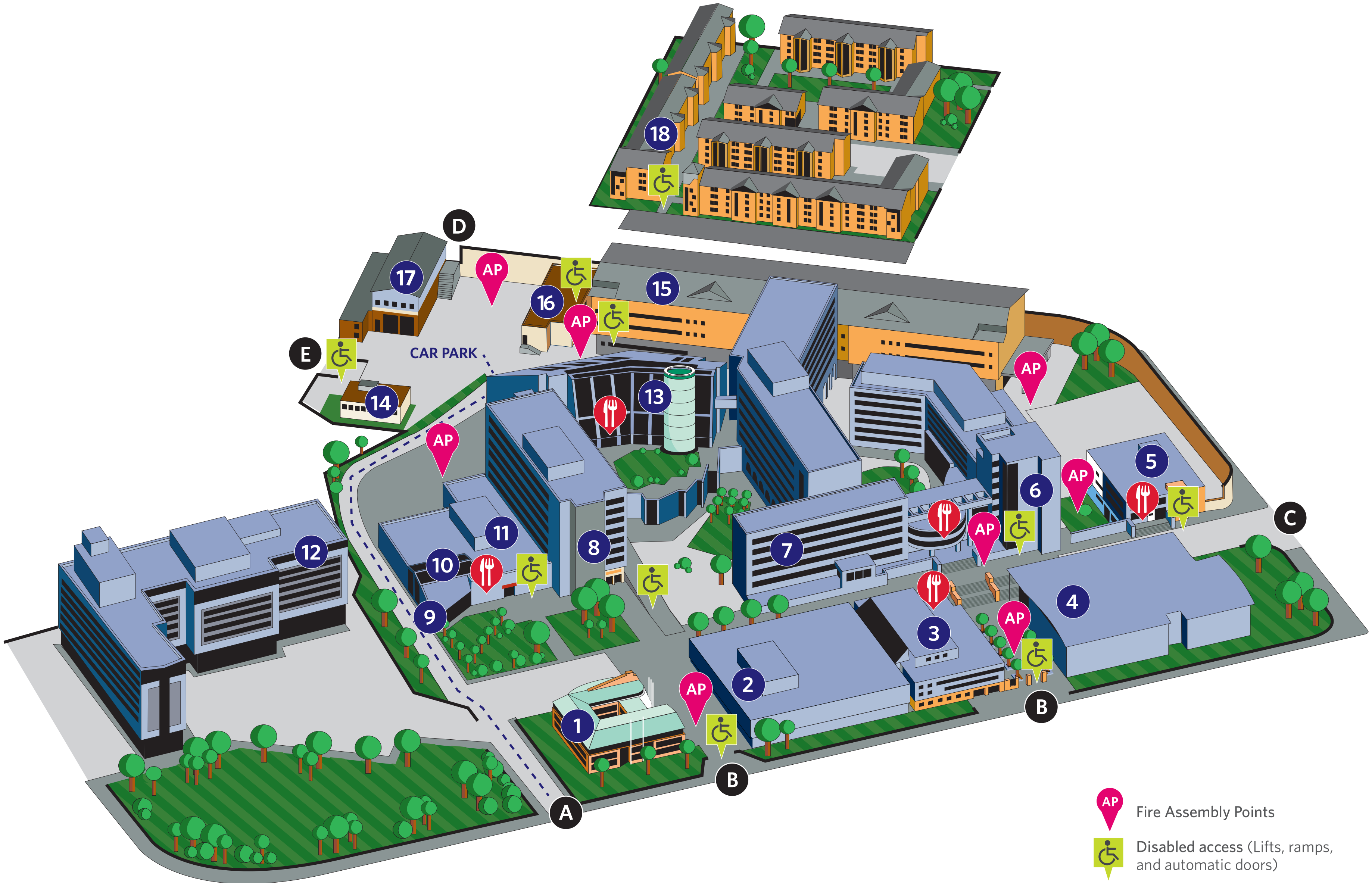
Campus

Access to the university

- **A.** Vehicle entrance from Cowcaddens Road
- **B.** Pedestrian entrances from Cowcaddens Road
- **C.** North Hanover Street
- **D.** Dobbies Loan
- **E.** Milton Street

University buildings

1. Britannia Building
2. William Harley Building
3. Centre for Executive Education (CEE) Building
4. Arc Health and Fitness Facility
5. Students' Association Offices
6. Govan Mbeki Building
7. George Moore Building
8. Hamish Wood Building
9. Conservatory
10. Conference Hall
11. Refectory
12. Buchanan House
13. The Saltire Centre
14. Nursery
15. Charles Oakley Laboratories
16. Teaching Block
17. Milton Street Building
18. Caledonian Court



AP Fire Assembly Points

Disabled access (Lifts, ramps, and automatic doors)

Food and drink

MINUTE OF MEETING OF THE SCOTLAND EXCEL
CHIEF OFFICERS MANAGEMENT GROUP
HELD ON 14TH NOVEMBER, 2014

Item 1

PRESENT

N Smith (City of Edinburgh);G Proudfoot (North Lanarkshire Council); S Black (Renfrewshire Council) and C Leese-Young (West Lothian Council).

BY VIDEOLINK

S Barron and D Low (both Highland Council); and K Dickson (Scottish Borders Council)

IN ATTENDANCE

J Welsh, Director; I McCulloch, Head of Professional Services; and A Richmond, Senior Procurement Specialist (all Scotland Excel); A Lewis, Head of Procurement (Glasgow City Council); K Graham, Head of Legal & Democratic Services, Clerk; E Coventry, Democratic Services Officer and K Druce, Assistant Committee Services Officer (all Renfrewshire Council).

APOLOGIES

C Innes (Aberdeen City Council); S Bruce (City of Edinburgh Council); G Whitefield (North Lanarkshire Council) and D Martin (Renfrewshire Council)

1. **MINUTE**

There was submitted the Minute of the meeting of the Management Group held on 8th August, 2014. It was noted that A Lewis, Head of Procurement, Glasgow City Council had been omitted from the list of those present and that the Minute required to be corrected to reflect this.

DECIDED: That the Minute be approved subject to the inclusion of A Lewis in the sederunt.

2. **PROGRESS REPORT – BUSINESS PLAN 2014**

There was submitted a report by the Director of Scotland Excel which provided an update on the development and activities of Scotland Excel since the last meeting in terms of the five strategic aims of Scotland Excel.

DECIDED: That the report be noted.

3. **UPDATE ON BUSINESS PLAN, WORKFORCE PLAN AND REVENUE ESTIMATES 2015**

There was submitted a report by the Director of Scotland Excel which provided an update and a proposal for a new business plan model. Following the appointment of the new Director and Scotland Excel's six years of positive growth and development, it was considered to be an appropriate time for Scotland Excel to update and present a new business model for the future.

To facilitate the business review, a proposal for a six-month extension to the current Business Plan and a one year Revenue Budget Estimate 2015/16 was approved by the Executive Sub Committee on 3rd October, 2014. The Executive Sub-Committee also approved the continuation and implementation of workforce planning measures to allow for flexibility within the organisational structure.

To allow the Director to engage with all stakeholder groups and to listen and understand their requirements the current Business Plan, which was due to expire on 31st March, 2015, would be extended to 30th September, 2015 with refreshed targets which would include business and structure review and change. The five key areas of the business plan would be updated to reflect new targets and initiatives required to enable continued progress. The Director would develop and present a new three year Business Plan for submission to the Joint Committee in June 2015 for the new business model and organisational structure.

DECIDED:

(a) That the proposed programme of work for the new three year Business Plan be noted; and

(b) That the Chief Executive Officer Management Group be updated on progress made at future meetings.

4. SPEND ACTIVITY AND ESTIMATED FORECAST SAVINGS REPORT - Q1 2014/15

There was submitted a report by the Director of Scotland Excel providing an overview of the spend activity and estimated savings achieved through the Scotland Excel collaborative contracts. The report included additional spend data provided by suppliers since the last meeting. The report covered 4 quarters from 1st July, 2013 (Quarter 2 2012/13) to 30th June, 2014 (Q1 2014/15). The report covered 58 contracts in quarter 2, 60 contracts in quarter 3, 53 contracts in quarter 4 and 51 contracts in the last reporting period.

DECIDED: That the participation levels and associated benefits forecast be noted.

5. UPDATE ON THE CONTRACT DELIVERY SCHEDULE

There was submitted a report by the Director of Scotland Excel which provided an update on the contract delivery schedule and contract delivery plan, summarised the progress made to date and delivery against priorities previously defined and focussed on developing and delivering new contract opportunities.

DECIDED: That the progress made to date be noted.

6. RISK REGISTER

There was submitted a report by the Director of Scotland Excel providing an update on the Risk Register that was maintained to assess threats/risks that could impact on the delivery of Scotland Excel's organisational objectives and to identify actions that could be taken to mitigate such risks.

DECIDED: That the report be noted.

7. REVENUE BUDGET MONITORING

There was submitted a Revenue Budget Monitoring Report by the Treasurer and the Director of Scotland Excel relative to the Revenue Budget in position for Scotland Excel to 10th October, 2014.

DECIDED: That the report be noted.

8. PERFORMANCE AWARDS/ACCREDITATION

There was submitted a report by the Director of Scotland Excel providing an update on self-assessment and external assessment to ensure high quality performance within the procurement community and as a Centre of Expertise. In addition to financial governance audits by Renfrewshire Council and Audit Scotland the organisation sought to ensure that it operated in the challenging environment of continuous improvement.

DECIDED:

(a) That the report be noted;

(b) That Scotland Excel be commended for all the awards received as detailed in the report; and

(c) That Scotland Excel's previous Director be congratulated on her award for Outstanding Contribution to Scottish Public Sector Procurement from GO Awards Scotland.

9. SCHEDULE OF MEETINGS

There was submitted a report by the Clerk relative to meeting dates for the Joint Committee; Executive Sub Committee and Chief Officers Management Group for 2015.

DECIDED: That the schedule of meetings be noted.

Scotland Excel Progress Report 2014-15

Performance report to end of Q3 (October 2014 – December 2014)

Best value - summary

Strategic aims and objectives	Year 3 target	RAG status	Progress summary
a. Deliver the contract delivery programme on time and secure savings in line with agreed predictions.	• 16 new contracts • 7 extensions • 11 renewals	A	• The number of new contracts delivered as of 31 December remains at 5. A further 3 new contracts will be delivered by 31 March. • A further contract was renewed in Q3* bringing the total number to 6. All 11 renewals will be delivered by 31 March. • All contract extensions have been exercised. • 8 new contracts originally forecast for award by 31 March will now be delivered in the next financial year, with 1 of these expected to be delivered by 30 June 2015.
b. Increase the total advertised annual value of contracts on the portfolio from the 2013-14 total of £410M per annum.	• £750M p.a	R	• The annual value of the portfolio is currently £617m and is expected to reach £650m by the end of the financial year.
c. Achieve range of savings between 2% and 7% against the delivery programme	• Average 5% over the contact portfolio for the year	G	• The average savings from contracts awarded this financial year is 7.9%. Average savings from all contracts awarded since the start of the 3 year business plan is 5.7%.
d. Increase the average % of actual council spend v estimated council spend from the 2013-14 level of 81% to enable a move towards commitment styled contracts to be considered	• 85%	G	• The average percentage of actual council spend is currently 81% based on the latest available spend figures (Q3).
e. Increase the number of contracts managed as "category 1" contracts from the 2013-14 total of 24 to ensure that maximum value and quality is delivered through the life of the contract	• 25 actively managed contracts • Annual review and improvement of CSM methodology, systems and outputs	R	• The number of contracts managed through the contract and supplier management (CSM) programme will remain at 24 this year, as spend on new contracts has not yet reached the required level for the programme. • It has been agreed with local authority procurement leads that process and system improvements will be implemented from Q1 of 2015-16 to allow consistent measurement of trends within current financial year.

* In addition to the contracts approved at the Executive Sub-Committee on 03 October which were reported as Q2

Procurement capability - summary

Strategic aims and objectives	Year 3 target	RAG status	Progress summary
a. Complete the annual round of Procurement Capability Assessments (PCAs) with all relevant councils, develop and deliver a reform programme to meet their needs and help them meet the targets set out in the PPRB Delivery Plan	• 2014 PCAs completed average sector score improved in line with PPRB targets • Procurement Improvement Programme agreed and delivered • National PCA regime review (AR15 project) supported	A	• 25 PCA meetings completed with participating local authorities. The average sector score has risen from 56% to 62%. The sector now has 4 organisations at Superior, 25 at Improved and 3 at the Conformance level of performance. • Resource challenges within the reform team have limited the number of Procurement Improvement Programme projects being delivered this year,. • Scotland Excel is continuing to work with national partners to develop a new PCA regime to be rolled out in 2015. A final draft of questions will be issued for consultation in February.
b. Deliver the external Learning and Development strategy set out in Appendix 3 of the 3 year business plan	• Implement the Learning and Development Strategy – Phase3	G	• External learning and development programmes are being delivered in line with plans. During Q3, 136 delegates attended 15 courses, bringing the total to 534 delegates and 48 courses since the start of the financial year.
c. Report on future of reform activities completed including funding	• Report, resourcing and funding model completed	G	• Scotland Excel has embarked on a transformation programme which will reshape the organisation to meet local authority requirements over the next three years. The programme includes two projects looking at reform services and funding models, and findings will be incorporated into the 2015-18 corporate strategy.
d. Retain Chartered Institute of Purchasing and Supply (CIPS) accreditation award for excellence in policies and procedures.	• CIPs accreditation retained	G	• Scotland Excel was awarded CIPS Corporate Certification Standard in their purchasing policies, processes and procedure in October 2014, and remains the only public sector organisation in Scotland with this accreditation.
e. Further to the Scottish Government's pilot PCA for Centres of Procurement Expertise (CoEs) undertaken in 2012, prepare for the next assessment in 2015	• Benchmarking with other CoEs completed	R	• A benchmarking exercise planned for Q4 has been cancelled to free up resources to focus on Scotland Excel's transformation project.

Stakeholder engagement - summary

Strategic aims and objectives	Year 3 target	RAG status	Progress summary
a. Develop an appropriate and targeted corporate communications strategy to reflect the 3 year strategic goals	• Annual schedule of communications activity planned • Communications strategy developed to support 2015-18 business plan	A	• Scotland Excel has been unable to implement a full calendar of planned marketing and communications activity this year due to resource constraints. The team was strengthened with the appointment of two new specialists in Q3 and implementation of a communications plan is now underway. • A communications strategy to support the new 3 year corporate strategy will be developed as part of the transformation programme.
b. Provide appropriate support to customers to help them optimise the benefits they receive as members of Scotland Excel	• Stakeholder engagement embedded to manage and improve customer experience	A	• Scotland Excel's new Director has undertaken extensive consultation with local authority stakeholders and other key partners to inform the development of a new three year corporate strategy. Feedback is being used to inform a number of strands of the organisation's transformation programme including a project for stakeholder engagement. • A new approach to customer account management is being developed in response to local authority feedback as part of the stakeholder engagement transformation project. Quarterly business review meetings with local authorities are continuing to take place while the project is in progress.
c. Complete a customer survey to measure satisfaction with services delivered.	• Carry out follow up survey	G	• In-depth focus group research has been completed to provide further insight into the findings of the 2013 customer satisfaction survey. The results will be reviewed alongside other research and consultation findings as part of the stakeholder engagement transformation project. Annual surveys for all key customers will be reintroduced following the completion of this project.
d. Annual report on activities produced and distributed to key stakeholders	• Annual report produced by June.	G	• The 2013-14 annual report has been completed and is available for download from the Scotland Excel website.

Corporate social responsibility - summary

Strategic aims and objectives	Year 3 target	RAG status	Progress summary
a. Further to attaining level 4 of the Flexible Framework (FF) continue to follow best practice and consider achieving level 5	• Pilot Level 5 of the revised Flexible Framework	R	• Scotland Excel is currently testing assessment tools which will support the revised Flexible Framework. As it is unlikely that the Scottish Government will be implementing pilot activity for the new framework this financial year, Scotland Excel is continuing to maintain Level 4 standards in sustainable procurement.
b. Continue to engage with supplier organisations, including third sector and SMEs, to encourage and monitor participation in Scotland Excel tender opportunities	• Supplier development strategy established • Host or attend up to 6 supplier development events, including at least 1 regional • Produce six month reports on supplier demographics	G	• Plans for a supplier recognition awards programme are in development. The awards are expected to be launched in March, with an award ceremony taking place at a supplier development event in the summer of 2015. • During Q3, Scotland Excel attended 3 Meet the Buyer events in Edinburgh, Alloa and Dunfermline, and met with suppliers at the Procurex exhibition in Glasgow. Pre-tender supplier events were held for the playground equipment, building and timber and grounds maintenance frameworks. This brings the total number of supplier events this financial year to 15. • As of the end of Q2, SMEs accounted for 69.2% of framework suppliers and 44.6% of spend.
c. Embed Community Benefits clauses in contract development process and publish successes	• Measure percentage of contracts with Community Benefit clauses	G	• Community benefits clauses continue to be incorporated into new or renewed Scotland Excel frameworks, and their impact is being monitored through a new sustainability tracker. Scotland Excel is leading a working group of local authorities looking at a joint approach to measuring community benefits. Quarterly reports will be submitted to elected members from June 2015.

Organisational development - summary

Strategic aims and objectives	Year 3 target	RAG status	Progress summary
a. Further to retaining "Investors in People" status continue with business Improvement plans	• Continuous improvement plans delivered in line with IiP recommendations	G	• Scotland Excel's transformation programme includes a project looking at organisational development, and a workshop facilitated by IiP will take place in Q4 to agree revised organisational vision and values.
b. Reduce and maintain sickness absence at below 4%	• 3.9%	G	• The rolling annual absence rate was 2.1% at the end of Q3. Monthly absence rates remained c. 1% throughout this quarter.
c. Improve organisational development (OD) and improving employee engagement	• Review Scotland Excel's vision, values and culture • Organisational development plans completed • Employee engagement plans delivered	G	• Scotland Excel's vision, values and culture are being reviewed as part of the organisational development transformation project. • An organisational development strategy will be produced as part of the transformation programme and will be incorporated into the overall corporate strategy for 2015-18. The new strategy will be used to develop annual operational plans, including clear individual objectives for staff, which will be rolled out from June 2015 • Scotland Excel is continuing to support initiatives developed by the Staff Engagement Group. The results of the biannual staff survey in November showed average scores of around 7 out of 10 across all five engagement measures.
d. Improve employee development through more effective use of cross functional working, enhanced leadership and development of people skills	• Employee development plans implemented	G	• Staff development is progressing in line with an agreed training plan. This plan encompasses a mix of formal and informal training including professional qualifications, skills development, secondments, cross-functional projects and guest speaker presentations.

Report Key	
R	Project or activity is currently stalled and/or at significant risk of failing to meet target by year end
A	Project or activity is behind schedule and/or target may not fully be met by year end
G	Project or activity has been completed and/or is on schedule to meet target by year end

SCOTLAND EXCEL Item 3

To: CHIEF EXECUTIVE OFFICERS MANAGEMENT GROUP

On: 23 March 2015

Report by: Joint Report by the Treasurer and the Director

Heading: Revenue Budget Monitoring Report to 30 January 2015

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1. Summary

1.1 Gross expenditure is £46,000 under budget and income is currently £145,000 over recovered which results in a net underspend of £191,000 for Scotland Excel. This is summarised in point 4:

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2 Recommendations

2.1 It is recommended that members consider the report.

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3 Budget Adjustments Since Last Report

3.1 There have been no budget adjustments since the last report.

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4 Budget Performance

4.1 Current Position **Net Underspend £191,000**
Previously Reported *Net Underspend £197,000*

The variance in expenditure is primarily due to an underspend in Employee Costs and Supplies & Services partially offset by an overspend in Administrative Costs.

The underspend in Employee Costs is mainly related to 4 vacancies within procurement roles. A recruitment process is underway and these posts are expected to filled by the year end. This is partially offset by agency fees for additional temporary staff. Additional Employee and Travel Costs in relation to the procurement reform team are offset by additional income.

The underspend in Supplies and Services is due to delays in the planned expenditure on IT development.

The overspend in Administration Costs is mainly due to legal fees incurred following a recent challenge over a tendering contract, the majority of these costs are expected to be recovered on conclusion of the legal process. Additional recruitment costs related to the filling of vacancies have also contributed to the overspend.

Training courses delivered by Scotland Excel have resulted in the overspend within Payments to Other Bodies. These are fully recharged back to delegates and offset by additional income.

The over recovery of Other Income relates to the recoverable Employee Costs, Legal Fees and Training Costs discussed above.

4.2 Projected Year End Position

The projected year end position shows a draw down from reserves of £337,700 which is £117,700 less than the approved draw down primarily associated with the vacancies discussed in 4.1. This includes a projected draw on reserves of £112,900 in respect of VR/VER costs as discussed in the 2015-16 Revenue Estimates report approved by the Joint Committee on the 5 December 2014.

RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2014/15
1st April 2014 to 30th January 2015

JOINT COMMITTEE : SCOTLAND EXCEL

Description	Agreed Annual Budget	Year to Date Budget	Year to Date Actual	Adjustments	Revised Actual	Budget Variance		
(1)	(2)	(3)	(4)	(5)	(6) = (4 + 5)	(7)		
£000's	£000's	£000's	£000's	£000's	£000's	£000's	%	
Employee Costs	2,721	2,211	2,112	0	2,112	99	4.5%	underspend
Property Costs	178	172	172	0	172	0	0.0%	breakeven
Supplies & Services	183	102	67	0	67	35	34.3%	underspend
Contractors and Others	247	206	202	0	202	4	1.9%	underspend
Administration Costs	308	55	80	0	80	(25)	-45.5%	overspend
Payments to Other Bodies	33	19	86	0	86	(67)	-352.6%	overspend
GROSS EXPENDITURE	**3,670**	**2,765**	**2,719**	**0**	**2,719**	**46**	**1.7%**	**underspend**
Contributions from Local Authorities	(3,184)	(3,184)	(3,184)	0	(3,184)	0	0.0%	breakeven
Other Income	(30)	(30)	(175)	0	(175)	145	483.3%	over-recovery
INCOME	**(3,214)**	**(3,214)**	**(3,359)**	**0**	**(3,359)**	**145**	**4.5%**	**over-recovery**
TRANSFER (TO)/FROM RESERVES	**456**	**(449)**	**(640)**	**0**	**(640)**	**191**	**42.5%**	**underspend**

	Agreed Annual Budget	Year to Date Budget	Year to Date Actual	Adjustments	Revised Actual
CORE OPERATIONS EXPENDITURE	3,265	2,469	2,435	0	2,435
NON-CORE OPERATIONS EXPENDITURE	405	296	284	0	284
TOTAL GROSS EXPENDITURE	**3,670**	**2,765**	**2,719**	**0**	**2,719**

	£000's		£000's
Budgeted Deficit	**456**	**Opening Reserves**	**(1,135)**
Anticipated Year End Deficit	**338**	**Anticipated Closing Reserves**	**(797)**

Report for the Chief Executive Officers Management Group

February 2015

Spend Activity and Estimated Forecast Savings Report - Q2 2014/15

1. Introduction

The purpose of this report is to provide the group with an update to spend activity and estimated savings achieved through the Scotland Excel collaborative contracts during Q2 2014/15. This report includes additional spend data provided by suppliers since the last meeting. The report covers four quarters from 1 Oct 2013 (Q3 2013/14) to 30 September 2014 (Q2 2014/15).

2. Update

This report covers 60 contracts in quarter 3 , 53 contracts in quarter 4, 51 contracts in quarter 1 and 53 contracts in the latest reporting period. Appendix 1 sets out the reported spend and estimated savings for each council. Appendix 2 shows the same spend and estimated savings totals but is split by contract and sorted in descending order of total actual spend. The total number of contracts available is 53 as the report includes legacy contracts and renewed contracts i.e. advertising services, heavy vehicles, meats - fresh, prepared and cooked, milk, paint, road maintenance, sacks and liners, salt, signage, street lighting materials, telecare equipment, tyres, vehicles and plant hire, washroom solutions and waste containers.

The details included in the appendices form the basis of the business review reports that the Scotland Excel regional teams prepare and discuss with nominated procurement representatives in each council.

A supplier return rate of 92% has currently been achieved for Q2 which has been issued to Council procurement teams for review.

3. Summary of Reporting to Date

The table below shows spend and savings figures recorded over the last three years and the number of contracts included in our reporting database:

Period	Quarter	No. Contracts	Spend (£000's)	Est. Savings (£000's)
2011/2012	Q3	45	£46,982.0	£3,257.7
2011/2012	Q4	47	£68,749.6	£4,936.8
2012/2013	Q1	53	£59,590.5	£4,242.4
2012/2013	Q2	52	£61,998.0	£4,288.6
2012/2013	Q3	53	£69,031.8	£4,462.3
2012/2013	Q4	56	£84,385.5	£6,072.0
2013/2014	Q1	59	£71,241.5	£5,155.3
2013/2014	Q2	58	£74,224.9	£4,385.4
2013/2014	Q3	60	£75,835.5	£4,340.4
2013/2014	Q4	53	£83,511.9	£4,989.9
2014/2015	Q1	51	£71,730.3	£4,306.8
2014/2015	Q2	53	£73,781.2	£4,462.2
TOTAL			**£841,062.7**	**£54,899.8**

4. Summary

The Chief Executive Officers Management Group is invited to note the participation levels and associated benefits estimates.

Appendix 1 (Expenditure Summary per Council)

Contract Spend and Estimated Savings Report

1. Expenditure/Estimated Savings Summary -Year To Date as at: Q2 (Jul 2014 - Sep 2014)

SCOTLAND EXCEL Procurement for Local Authorities

				Quarter 3		Quarter 4		Quarter 1		Quarter 2		Total			
Organisation	Contracts Available	Contracts Used	Participation	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Forecast Spend (£)	Actual v Forecast %
Aberdeen City Council	53	41	77%	2,974,008	165,871	4,022,205	216,371	3,146,433	173,252	3,695,171	193,178	13,837,817	748,672	13,014,638	106.3%
Aberdeenshire Council	53	44	83%	6,854,201	510,808	5,951,811	452,919	4,748,524	544,144	5,007,172	657,664	22,561,708	2,165,536	22,903,445	98.5%
Angus Council	53	35	66%	1,157,116	51,863	1,351,352	170,908	676,585	57,849	783,449	61,409	3,968,502	342,029	5,448,104	72.8%
Argyll & Bute Council	53	37	70%	1,373,887	59,449	1,600,910	90,950	1,888,127	101,907	1,396,671	77,692	6,259,595	329,997	7,841,028	79.8%
City of Edinburgh Council	53	38	72%	4,150,280	343,729	4,194,781	331,760	3,828,072	303,844	4,130,022	329,781	16,303,156	1,309,115	22,302,416	73.1%
Clackmannanshire Council	53	37	70%	443,277	39,750	637,659	53,283	891,557	46,475	1,036,121	74,669	3,008,614	214,178	3,130,845	96.1%
Comhairle nan Eilean Siar	49	24	49%	355,763	9,673	445,812	30,874	490,459	27,670	209,349	16,006	1,501,383	84,224	2,575,278	58.3%
Dumfries & Galloway Council	53	37	70%	2,141,537	115,839	1,809,780	128,529	1,897,743	116,635	1,258,719	97,136	7,107,779	458,140	8,992,690	79.0%
Dundee City Council	53	32	60%	1,774,678	43,396	1,754,967	60,117	2,211,040	63,468	2,179,059	26,922	7,919,744	193,904	8,812,619	89.9%
East Ayrshire Council	53	30	57%	1,002,134	85,905	1,323,306	78,764	1,058,529	64,977	1,255,866	38,666	4,639,835	268,312	5,864,631	79.1%
East Dunbartonshire	53	39	74%	2,207,427	137,104	1,726,349	109,988	1,430,395	91,359	1,269,930	64,165	6,634,100	402,616	9,543,681	69.5%
East Lothian Council	53	35	66%	1,437,769	102,830	1,416,865	111,380	1,371,830	90,684	1,155,318	80,456	5,381,782	385,350	7,712,300	69.8%
East Renfrewshire Council	53	38	72%	1,216,610	56,122	1,461,405	87,405	1,693,184	56,101	1,103,096	53,362	5,474,294	252,990	5,491,666	99.7%
Falkirk Council	53	38	72%	1,653,860	75,166	1,811,878	81,299	1,894,354	55,293	1,728,186	69,738	7,088,279	281,496	11,755,378	60.3%
Fife Council	53	35	66%	4,771,297	184,845	5,342,436	270,807	3,407,855	89,642	3,329,166	110,084	16,850,753	655,379	21,010,818	80.2%
Glasgow City Council	52	26	50%	3,291,445	252,831	3,737,655	290,623	3,789,509	360,608	3,499,051	296,185	14,317,661	1,200,246	23,265,189	61.5%
Highland Council	51	36	71%	3,639,746	70,969	2,634,931	103,861	2,663,402	130,324	2,915,126	159,512	11,853,204	464,666	17,756,317	66.8%
Inverclyde Council	53	38	72%	610,342	28,951	847,844	26,718	759,912	22,602	742,873	28,953	2,960,971	107,223	5,697,796	52.0%
Midlothian Council	53	38	72%	1,556,678	74,247	2,055,476	86,584	1,430,821	81,873	1,962,372	94,936	7,005,347	337,640	7,284,494	96.2%
North Ayrshire Council	53	39	74%	2,627,503	176,000	2,766,044	230,956	1,932,815	133,255	2,364,262	144,438	9,690,625	684,650	9,974,204	97.2%
North Lanarkshire Council	53	35	66%	2,768,900	202,280	4,583,361	261,857	2,949,053	195,974	5,011,713	329,181	15,313,027	989,291	17,475,552	87.6%
Orkney Islands Council	48	23	48%	673,824	31,785	460,567	26,102	493,287	76,685	347,952	51,319	1,975,631	185,890	1,503,588	131.4%
Perth & Kinross Council	53	37	70%	2,009,741	98,228	1,886,910	96,449	1,549,185	122,037	1,390,696	133,046	6,836,532	449,760	7,871,812	86.8%
Renfrewshire Council	53	42	79%	2,790,230	131,584	6,061,831	225,064	2,929,360	124,341	2,698,623	126,736	14,480,044	607,724	11,800,941	122.7%
Scottish Borders Council	53	40	75%	1,328,006	111,542	1,506,411	98,035	1,575,962	130,618	1,645,362	90,841	6,055,741	431,035	5,893,526	102.8%
Shetland Islands Council	48	23	48%	207,665	16,383	351,789	-15,757	285,205	17,987	254,107	19,674	1,098,766	38,286	2,417,088	45.5%
South Ayrshire Council	53	36	68%	1,523,118	142,142	1,662,561	133,959	1,994,642	128,760	1,547,798	113,524	6,728,118	518,385	7,610,535	88.4%
South Lanarkshire Council	53	41	77%	5,513,496	238,883	6,455,255	300,207	5,249,599	225,446	7,292,879	247,798	24,511,229	1,012,334	24,475,304	100.1%
Stirling Council	53	28	53%	450,661	26,244	690,702	42,286	609,210	42,025	579,274	32,174	2,329,848	142,729	3,719,117	62.6%
The Moray Council	53	40	75%	1,488,354	82,380	921,738	85,771	1,375,953	95,906	997,897	70,234	4,783,942	334,291	8,163,863	58.6%
West Dunbartonshire	53	43	81%	2,122,227	79,212	2,147,774	78,243	2,069,121	83,017	2,538,061	100,031	8,877,182	340,503	8,588,567	103.4%
West Lothian Council	53	42	79%	4,975,821	381,612	4,415,905	418,418	3,690,344	257,594	3,131,734	291,251	16,213,803	1,348,875	13,559,668	119.6%
Associate Members	46	26	57%	2,444,356	51,128	2,317,913	29,366	1,764,265	31,725	2,070,816	46,725	8,597,350	158,944	6,902,027	124.6%
Tayside Contracts	50	26	52%	2,299,505	161,669	3,155,759	195,775	3,983,950	162,719	3,253,284	134,691	12,692,499	654,854	14,304,441	88.7%
			Totals:	75,835,464	4,340,419	83,511,940	4,989,869	71,730,284	4,306,799	73,781,173	4,462,177	304,858,860	18,099,264	354,663,567	86.0%

Notes:

1. Contracts Available - The number of contracts available to members during the full reporting period (inclusive of those contracts that may have expired within the reporting timeframe).
2. Contracts Used - The number of contracts which spend has been recorded against during the reporting period (inclusive of those contracts that may have expired within the reporting timeframe).
3. Actual Spend - Total actual spend (net of saving) on contracts during the reporting period compiled using spend data returns provided by contracted suppliers.
4. Saving - Calculated using the estimated forecast saving percentage figure attributed to each contract as per Executive Sub-Committee reports (or variation thereof subsequently agreed with the customer).
5. Forecast Spend - Estimated total spend anticipated in the reporting period.

Appendix 2 (Expenditure Summary per Contract)

Contract Spend and Estimated Savings Report

2. Breakdown of Spend by Contract -Year To Date as at: Q2 (Jul 2014 - Sep 2014)

Ref	Contract	Start Date	Quarter 3 Actual Spend (£)	Quarter 3 Estimated Saving (£)	Quarter 4 Actual Spend (£)	Quarter 4 Estimated Saving (£)	Quarter 1 Actual Spend (£)	Quarter 1 Estimated Saving (£)	Quarter 2 Actual Spend (£)	Quarter 2 Estimated Saving (£)	Total Actual Spend (£)	Total Estimated Saving (£)	Total Forecast Spend (£)	Total Actual v Forecast %
1411	Groceries & Provisions	01/05/2012	4,873,739	312,152	5,499,899	352,573	4,649,967	305,836	3,873,818	257,324	18,897,422	1,227,885	14,478,309	130.5%
0612	Light Vehicles	16/07/2013	3,201,008	65,327	8,222,525	167,807	2,797,890	57,100	3,226,774	65,853	17,448,197	356,086	20,484,940	85.2%
1112	Secure Care	01/07/2013	3,736,897	-74,174	3,835,647	-72,387	4,388,182	-81,967	4,254,656	-81,260	16,215,381	-309,787	18,197,457	89.1%
0712	Educational Materials	01/04/2013	2,837,113	163,152	5,317,476	306,995	3,424,973	200,428	2,995,791	172,446	14,575,353	843,021	16,437,485	88.7%
1212	Frozen Foods	01/07/2013	4,052,022	158,013	4,232,774	166,103	3,530,860	138,639	2,673,922	103,721	14,489,578	566,475	13,008,407	111.4%
0213	Heavy Vehicles	13/01/2014			4,046,775	0	3,746,150	0	5,714,313	0	13,507,238	0	24,788,625	54.5%
0513	Library Books & Textbooks	01/11/2013	2,173,705	43,191	4,995,509	100,619	2,264,042	44,694	2,688,396	53,048	12,121,653	241,552	14,002,459	86.6%
2709	Heavy Vehicles	01/01/2010	11,732,308	288,499							11,732,308	288,499	3,670,020	319.7%
0713	Vehicle & Plant Hire	05/12/2013	1,507,153	20,376	3,267,851	46,052	3,508,860	49,340	3,144,336	44,252	11,428,200	160,020	14,680,288	77.8%
1711	Plumbing Materials	01/04/2012	3,387,906	370,871	2,660,137	310,788	2,825,924	322,383	2,152,799	251,731	11,026,765	1,255,773	8,653,174	127.4%
1110	Street Lighting Materials	01/07/2011	2,067,577	-23,011	2,656,922	-22,040	2,584,497	-23,040	3,320,635	-24,903	10,629,631	-92,995	7,772,553	136.8%
0112	Bitumen Products	01/03/2013	1,595,610	155,571	1,535,826	168,771	4,370,438	428,553	3,105,953	297,023	10,607,826	1,049,917	11,682,527	90.8%
1011	Domestic Furniture and Furnishings (SWF)	13/05/2013	1,853,916	214,226	2,407,566	281,599	2,518,147	295,293	3,643,462	439,719	10,423,091	1,230,837	19,423,759	53.7%
1511	Electrical Materials	01/04/2012	2,705,715	191,961	2,955,104	233,632	2,289,016	151,696	2,399,877	199,203	10,349,712	776,492	7,793,028	132.8%
0810	Hygiene Products	01/05/2011	2,399,516	193,657	2,646,617	216,970	2,993,032	255,493	2,170,346	167,877	10,209,511	833,996	7,352,189	138.9%
0313	Recycle/Refuse Containers	01/11/2013	1,925,500	430,745	2,928,638	659,918	1,970,243	389,968	2,161,169	571,876	8,985,550	2,052,507	6,571,208	136.7%
4010	Building and Timber Materials	01/04/2011	2,221,779	53,565	2,307,646	72,036	2,203,130	21,644	2,052,514	20,164	8,785,068	167,409	7,502,298	117.1%
0212	Vehicle Parts	01/01/2013	1,841,290	96,910	2,160,793	113,726	1,952,819	102,780	1,925,921	101,364	7,880,821	414,780	9,110,624	86.5%
1210	Security	03/05/2011	1,743,998	214,670	1,623,231	206,120	1,684,005	213,522	2,020,873	242,710	7,072,108	877,022	6,569,903	107.6%
0410	Salt	01/07/2010	3,447,532	-164,383	1,988,557	-110,136	1,292,126	-56,266			6,728,214	-330,784	6,810,527	98.8%
0412	Personal Protective Equipment	01/04/2013	1,485,537	141,978	1,853,853	183,475	1,694,355	174,161	1,575,698	164,073	6,609,443	663,688	4,964,477	133.1%
0312	Education & Office Furniture	01/03/2013	1,721,959	159,963	2,405,672	223,478	812,185	75,449	1,483,835	137,843	6,423,652	596,733	3,512,685	182.9%
0910	Meats - Fresh, Prepared & Cooked (incl. Fresh Fish)	01/10/2010	1,734,761	267,731	1,796,604	282,077	1,296,470	201,235	1,171,225	171,896	5,999,059	922,938	3,712,895	161.6%
2610	Fostering	28/03/2013	817,986	0	1,090,727	0	1,660,162	0	2,389,631	0	5,958,505	0	0	
0113	Tyres for Vehicles & Plant	01/11/2013	541,505	52,250	1,118,368	107,913	1,305,718	125,990	1,613,518	155,690	4,579,110	441,844	5,476,742	83.6%
1410	Asbestos	01/04/2011	1,021,828	69,869	1,017,096	69,545	910,331	62,245	1,071,263	73,249	4,020,519	274,907	4,715,699	85.3%
3510	Presentation & Audio Visual Equipment	01/04/2011	779,229	115,377	1,525,632	217,515	700,744	103,423	772,467	117,884	3,778,072	554,199	4,740,342	79.7%
1313	Milk	01/03/2014			655,570	-76,916	1,656,338	-194,438	1,106,792	-121,731	3,418,700	-393,085	4,839,995	70.6%
0211	Telecare Equipment	12/01/2012	762,413	72,402	921,647	95,597	789,713	76,736	825,191	84,088	3,298,964	328,822	3,096,859	106.5%
1012	Organic Waste	01/04/2013	427,554	45,577	446,166	39,179	1,221,909	107,373	1,203,139	101,192	3,298,768	293,321	6,646,243	49.6%
1709	Milk	01/03/2010	1,550,565	-32,015	1,116,074	-21,282					2,666,639	-53,297	2,671,183	99.8%
1811	Catering Sundries	01/10/2012	689,671	35,997	735,279	40,604	683,389	36,218	542,237	28,463	2,650,576	141,284	2,489,702	106.5%
1010	Prepared Meals	15/09/2011	657,139	48,927	607,564	47,159	608,379	48,003	590,226	45,723	2,463,309	189,812	2,650,193	92.9%
1011b	Domestic Furniture and Furnishings (TA)	13/05/2013	235,364	19,270	304,441	35,705	487,315	48,106	1,379,256	110,558	2,406,376	213,639	3,869,928	62.2%
0111	Engineering Consultancy	18/03/2013	275,848	30,801	768,098	63,299	637,190	68,917	710,731	56,346	2,391,867	219,363	6,926,975	34.5%
0413	Trade Materials (ironmongery, trade tools, paint)	03/03/2014			334,917	30,201	945,597	78,153	1,060,063	80,439	2,340,577	188,793	4,213,150	55.6%
0710	Washroom Solutions	01/10/2010	393,073	267,976	388,821	265,764	581,317	324,074	449,550	303,658	1,812,762	1,161,472	1,086,179	166.9%
0310	Road Maintenance Materials	01/06/2010	821,954	69,866	540,593	40,623	414,184	41,621			1,776,732	152,110	2,145,306	82.8%
2013	Salt	01/07/2014							1,509,170	-75,109	1,509,170	-75,109	3,913,336	38.6%
0512	Vehicle & Plant Hire	01/11/2012	1,415,373	84,875							1,415,373	84,875	3,429,168	41.3%
0610	Signage	07/01/2011	283,391	119,654	320,223	136,999	264,753	110,352	259,978	114,176	1,128,346	481,181	1,145,153	98.5%
3509	Advertising Services	02/11/2009	464,336	9,476							464,336	9,476	1,987,776	23.4%
1311	Waste Disposal Equipment	01/03/2012	63,718	3,566	244,618	7,448	65,935	3,085	60,335	3,321	434,606	17,421	1,190,908	36.5%
1713	Road Maintenance Materials	01/07/2014							212,590	21,925	212,590	21,925	485,148	43.8%
2809	Tyres	01/11/2009	207,317	17,861							207,317	17,861	457,487	45.3%
1213	Agency Workers - Social Care	01/08/2014							193,708	0	193,708	0	4,449,250	4.4%
2109	Waste Containers	01/11/2009	100,417	15,688							100,417	15,688	2,507,005	4.0%

Contract Spend and Estimated Savings Report

2. Breakdown of Spend by Contract -Year To Date as at: Q2 (Jul 2014 - Sep 2014)

Ref	Contract	Start Date	Quarter 3		Quarter 4		Quarter 1		Quarter 2		Total			
			Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Forecast Spend (£)	Actual v Forecast %
3810	Paint	02/05/2011	59,369	6,028	30,484	2,341					89,854	8,369	0	
0613	Roadstone	01/07/2014							75,016	6,344	75,016	6,344	2,964,042	2.5%
0510	Sacks and Liners	01/06/2010	20,874	5,984							20,874	5,984	830,435	2.5%
0311	Children's Residential Care	14/08/2014					0	0	0	0	0	0	17,244,475	0.0%
1413	Recyclable & Residual Waste	07/07/2014							0	0	0	0	4,692,271	0.0%
0812	Household WEEE and Batteries	01/04/2013	0	0	0	0	0	0	0	0	0	0	0	
1613	Street Lighting Materials	01/07/2014							0	0	0	0	2,618,781	0.0%
		Totals:	**75,835,464**	**4,340,419**	**83,511,940**	**4,989,869**	**71,730,284**	**4,306,799**	**73,781,173**	**4,462,177**	**304,858,860**	**18,099,264**	**354,663,567**	**86.0%**

SCOTLAND EXCEL

Report to: **Chief Executive Officers Management Group**

On: **23 March 2015**

UPDATE ON THE CONTRACT DELIVERY PLAN

1. Introduction

This report provides a progress update on the 2014/ 2015 contract delivery plan.

2. Progress to Date on the 2014/15 Contract Delivery Plan

As detailed in appendices 1 – 3, the 2014/ 2015 contract delivery plan comprises framework renewals, new developments, framework extensions and frameworks with ongoing contract management only.

This year to date, eighteen framework recommendations have been approved by the Executive Sub Committee, comprising of eleven renewals and the delivery of seven new contract areas. One further contract is due to be delivered by the end of March 2015.

Predictability around the construction portfolio growth plans remain challenging, primarily due to extensive stakeholder engagement and ongoing resolution of difficulties regarding conclusion of forms of contract. As such, this has resulted in the reschedule of several contracts in this category for delivery in 2015/16.

Performance against the three year business plan has been mixed; an overall forecast contract efficiency of 5.7% has been delivered against a target of 5%. However, the value of the contract portfolio at the end of March 2015 will reach c. £650m, against a target of £750m. As previously reported, it is expected that this will be recovered by the end of Q2 of 2015/16.

3. Conclusion

The group is asked to note the progress made to date.

Appendix 1 - List of contracts to be renewed

2014/2015

Service	Estimated Annual Collaborative Contract Opportunity	Activity	Original Forecast Date	Previous Forecast Date	Delivered Date	Latest Forecast Date if Different	Forecast Savings Range	Delivered Savings Forecast	Comments
Road Maintenance Materials	5,000,000	Renew	Jul-14		May-14		2% - 4%	6.7%	Presented and approved at Exec Sub Committee 30/05/14
Salt for Winter Maintenance	15,375,000	Renew	Jul-14		Jun-14		2% - 4%	-1.2%	Presented and approved at Exec Sub Committee 20/06/14
Street Lighting Materials	35,000,000	Renew	May-14		Jun-14		2% - 4%	8.0%	Presented and approved at Exec Sub Committee 20/06/14
Meats - Fresh, Prepared & Cooked	7,000,000	Renew	Oct-14		Aug-14		2% - 4%	9.4%	Presented and approved at Exec Sub Committee 22/08/14
Washroom Solutions	3,500,000	Renew	Oct-14		Aug-14		2% - 4%	28.2%	Presented and approved at Exec Sub Committee 22/08/14
Signage	2,000,000	Renew	Dec-14		Oct-14		2% - 4%	5.0%	Presented and approved at Exec Sub Committee 03/10/14
Telecare and Telehealth Technologies	3,400,000	Renew	Jan-15		Jan-15		2% - 4%	3.2%	Presented and approved at Exec Sub Committee 05/12/14
Janitorial Products	9,000,000	Renew	Feb-15		Feb-15		2% - 4%	11.5%	Presented and approved at Exec Sub Committee 30/01/15
Presentation and Audio Visual Equipment	6,000,000	Renew	Mar-15		Mar-15		2% - 4%	7.0%	Presented and approved at Exec Sub Committee 06/03/15
Asbestos	8,000,000	Renew	Mar-15		Mar-15		2% - 4%	12.7%	Presented and approved at Exec Sub Committee 06/03/15
Building and Timber Materials	15,200,000	Renew	Mar-15		Mar-15		2% - 4%	5.4%	Presented and approved at Exec Sub Committee 06/03/15

Appendix 2 – List of new contracts to be developed and delivered in 2014/15

Service	Estimated Annual Collaborative Contract Opportunity	Activity	Original Forecast Date	Previous Forecast Date	Delivered Date	Latest Forecast Date if Different	Forecast Savings Range	Delivered Savings Forecast	Comments
Children's Residential Care Services	75,000,000	New contract	Sep-12	Jun-14	May-14		N/A		Presented and approved at Exec Sub Committee 30/05/14
Roadstone	35,000,000	New contract	Mar-14	Jun-14	May-14		2% - 4%	8.9%	Presented and approved at Exec Sub Committee 30/05/14
Agency Workers - Social Care	20,000,000	New contract	Mar-14	May-14	Jun-14		N/A		Presented and approved at Exec Sub Committee 20/06/14
Recyclable and Residual Waste	25,000,000	New contract	Mar-14	Jun-14	May-14		N/A		Presented and approved at Exec Sub Committee 30/05/14
Online School Payments	5,000,000	New contract	Oct-14		Oct-14		2% - 4%	30.0%	Presented and approved at Exec Sub Committee 03/10/14
Security Services and Equipment	18,000,000	New contract	Mar-15		Mar-15		2% - 4%	7.8%	Presented and approved at Exec Sub Committee 30/01/15
Ground Maintenance Equipment	12,500,000	New contract	Mar-15		Mar-15		2% - 4%	8.9%	Presented and approved at Exec Sub Committee 06/03/15
Plant	12,500,000	New contract	Mar-15				2% - 4%		Tender responses currently being evaluated, with the recommendation scheduled for submission to the Exec Sub Committee on 27/03/15.
Care Homes for Adults With Learning Disabilities	31,000,000	New contract	Dec-12	May-15			N/A		The tender closed on 24/02/15. The tender evaluation process will involve people with learning disabilities who have experience of care home services.
Energy Efficiency Contractors	40,000,000	New contract	Mar-14	May-15		Nov-15	2% - 4%		A market analysis and opportunity assessment has now been drafted. The report confirms there are significant numbers of programmes and funding sources available to councils to improve the energy efficiency of homes across Scotland. Three programmes have been identified as having particular relevance and priority, however whilst each of these have synergies, they also have different requirements and standards. To respond to the complex scoping, as well as conduct the required stakeholder engagement, the project is now forecast for completion by Nov-15.
Building Related Engineering Consultancy	10,000,000	New contract	Nov-14	Mar-15		Jul-15	2% - 4%		Protracted discussions with legal representatives regarding the most suitable terms and conditions has further impacted on the project timeline, with the latest forecast slipping from Mar-15 to Jul-15.
Street Lighting Installation and Maintenance	20,000,000	New contract	Mar-14	Feb-15		Oct-15	2% - 4%		Due to the number of supplier challenges faced by councils seeking to procure similar services in recent years, a comprehensive quality assurance review of all documentation produced is underway before releasing the tender. This, alongside the continued discussions with legal representatives regarding finalising suitable terms and conditions, has impacted on the project timeline. The forecast completion date is now Oct-15.
Demolition	16,000,000	New contract	Mar-15	Mar-15		Jul-15	2% - 4%		The ongoing discussions with legal representatives regarding terms and conditions for the Buildings Related Engineering Consultancy framework has had a consequential impact on issuing this tender. This project is now due for completion in Jul-15.
Outdoor Play Equipment	8,000,000	New contract	Mar-15	Mar-15		Aug-15	2% - 4%		Delays have been experienced in finalising the specifications with the council technical group. The forecast completion date is now Aug-15.
Surveying and Construction Management	8,000,000	New contract	Mar-15	Dec-15			2% - 4%		Currently assessing with council representatives the sequencing of this project alongside another identified collaborative procurement initiative for architectural services.
Adult Supported Living	30,000,000	New contract	Dec-12	Jan-15		TBA	N/A		Due to resource constraints, initial scoping assessment has not yet been undertaken.

Appendix 3 – Contracts with extension options and contract management activity ongoing in 2014/15

Contracts with extension options in 2014/15

Contract Description	Est Annual Value	
Electrical Materials	£	11,500,000
Engineering Consultancy	£	15,000,000
Fostering	£	24,000,000
Household WEEE	£	-
Organic Waste	£	2,000,000
Plumbing Materials	£	11,000,000
Prepared Meals	£	3,200,000
Waste Disposal Equipment	£	1,500,000

Contracts with no renewal or extension activity but with ongoing contract management in 2014/15

Contract Description	Est Annual Value	
Bitumen Products	£	16,500,000
Catering Sundries	£	3,000,000
Domestic Furniture and Furnishings	£	32,000,000
Education & Office Furniture	£	5,000,000
Educational Materials	£	17,400,000
Frozen Foods	£	13,000,000
Groceries & Provisions	£	24,000,000
Heavy Vehicles	£	33,750,000
Library Books & Textbooks	£	14,000,000
Light Vehicles	£	25,000,000
Milk	£	9,000,000
Personal Protective Equipment	£	7,500,000
Recycle/Refuse Containers	£	8,000,000
Secure Care	£	20,000,000
Trade Materials	£	7,666,571
Tyres	£	6,000,000
Vehicle & Plant Hire	£	20,000,000
Vehicle Parts	£	10,000,000

Scotland Excel Chief Officers Management Group

To: **Chief Officers Management Group**

On: **23 March 2015**

Report by Director

National Care Home Contract

1. Introduction and Background

This report provides the Chief Officers Management Group with a progress update with regards to Scotland Excel taking on a much more active role in the procurement and management of the National Care Home Contract. The report sets out the expected benefits and potential risks.

Appendix 1 sets out a brief history of the development and implementation of the contract from 2006 to the present day. A key point is that a national fee rate is set and negotiated annually. The contract is then used to spot purchase care home placements locally. The contract has not been subject to any past competitive tendering.

As at March 2014, 31,943 people were living in older peoples care homes in Scotland at an estimated cost of circa £600m per annum. With the exception of Shetland Islands Council, the National Care Home Contract is currently used by all Scottish councils.

In recent years there have been major changes in the landscape that have a direct impact on the National Care Home Contract and how it is managed including:

- implementation of the Public Bodies (Joint Working) (Scotland) Act 2014, which sets out the process for the integration of health and social care, and delivery of joint strategic commissioning plans;
- recommendations from the National Task Force Development Group covering areas such as rehabilitation and prevention, personalisation, capacity planning, risk management, care home governance, quality assurance, fee structures and costs;
- continued risk of major care provider failure (such as Southern Cross) with no national intelligence for providers operating across councils.

Against this background, it is proposed that Scotland Excel undertakes the management of the National Care Home Contract. COSLA's Health and Wellbeing Executive Group has endorsed Scotland Excel's role in the future management of the contract. A series of sample reports has also been produced for council and partnership feedback. To date all feedback has been positive.

2. Procurement Process

Currently the National Care Home Contract is negotiated annually by a team of senior local government officials, led by COSLA. Scottish Care and the Coalition of Care Providers Scotland (CCPS) lead the negotiations on the providers' side and council Leaders make the final decision about the terms of the contract and national fee levels. Negotiations have generally led to increased % on rates to cover inflation and other specific cost pressures, for example current fee negotiations for 2015/2016 have a specific focus on responding to the low levels of pay in the care home sector.

One council recently conducted a separate procurement exercise for care home places, based on the national rate with a fixed percentage increase across 3 years. The procurement however failed to elicit sufficient interest from providers.

Scotland Excel expect to review the present contracting approach and all alternate options with purchasers, providers and other stakeholders within the first 12 months of taking on the procurement management of the contract.

3. Benefits of Scotland Excel taking on Procurement Management

Scotland Excel would ensure that policy directives are supported via any future procurement management, including community benefits, workforce management, self directed support and sustainability. Core benefits that Scotland Excel would bring outwith current arrangements include:

- supporting the development of Joint Strategic Commissioning Plans including stakeholder and market analysis, performance management, benchmarking, spend analysis, opportunity assessment, procurement strategy and national provider monitoring;
- contributing to the implementation of the National Task Force Development Group recommendations;
- developing an early warning system across Scotland which would alert partnerships to anticipated market failures, with a particular focus on providers in financial distress;
- creating and sharing national business and market intelligence to complement local contract monitoring information and provide the basis for informed negotiation;
- applying price indexation methodology to assess perceived cost pressures within the care home sector and provide a basis for joint discussion on managing these pressures;
- monitoring of workforce conditions including, where relevant, the payment of the living wage and modelling of the costs of any future workforce initiatives;
- undertaking a provider development programme to improve quality and encourage innovation; and

- reporting to all stakeholders on industry performance.

None of these activities are being delivered presently. Whilst councils actively engage with services at a care home level, there are no resources in place to performance monitor at a national and provider level with implications for loss of opportunities to identify efficiencies or risk across the sector.

5 Resources

Management of the National Care Home Contract cannot be undertaken within present resources. The skills required to effectively manage the National Care Home Contract include procurement, commissioning, data analysis, financial accounting and risk management. The resources to support these activities need to reflect the contract spend, circa £600m per annum with approximately 353 providers across circa 887 care homes.

The resources currently in place provide capacity only to annually negotiate fees, as well as some policy development work. Moving forward however there is an opportunity to enhance contract management activities, particularly in respect to providers operating across Scotland (it is estimated that circa 49% of annual spend is shared by 15 providers). There is no national monitoring of contract performance, or shared intelligence about the achievement of outcomes for older people or the state of the workforce in terms of pay conditions. As stated above there is no national intelligence which would provide early warning of potential major failure of large providers.

Scotland Excel will require circa £250k per annum to undertake the necessary activities. This delivers a 0.5FTE commissioning manager, 0.5FTE legal services, one procurement specialist, a financial specialist, a data specialist and administrator. The overall cost to councils is estimated at only 0.04% of the current expenditure across Scotland.

While it is recognised that this cost comes at a time when budgets are under pressure, many of the planned activities that would be funded will prevent a likely duplication of strategic commissioning plan effort in councils. Any shared service arrangement would deliver significant efficiencies in terms of procurement and performance management, data analysis, financial accounting and risk management. As a benchmark it is estimated that if each council undertook the function of separately commissioning and procuring care home services it would cost circa £1m (refer Appendix 2).

6. Risks

The procurement management of the National Care Home Contract brings a number of risks, including:

Risk Description	Impact	Likely	Controls
Councils default on resources to deliver activity	High	Low	Requires agreement prior to transfer of responsibility or work will not commence
Providers refuse to engage with Scotland Excel	High	Medium	High levels of provider engagement and the development of incentives within contract terms for the provision of performance information
Scotland Excel underestimates the level of resources required to deliver stated outcomes	High	Low	Deliverables are tied to levels of resources with the development of a service level agreement with Councils
Partners default on their commitment to contribute to outcome of fee negotiations	High	Medium	High levels of partnership working with all stakeholders including Scottish Government, COSLA and Provider representative bodies to ensure that fee negotiations can be funded
Major care failure not predicted	High	Medium	Although controls can be put in place to identify risk there will be instances of unanticipated failure. This needs to be made explicit in service level agreements with purchasing bodies.

The key to Scotland Excel delivering benefits across Scotland will undoubtedly be high levels of stakeholder engagement. Following agreement to Scotland Excel's expanded role, Scotland Excel would host a series of mobilisation meetings with councils to assist and encourage their engagement and the realisation of the potential benefits. Additionally Scotland Excel will continue to work with COSLA (and the newly formed Scottish Local Government Partnership), Scottish Government, Scottish Care and CCPS throughout the lifetime of the contract to ensure that the contract continues to meet the needs of stakeholders.

7 Timescales

A full project plan for transfer of responsibilities can be drawn up following formal agreement to the transfer of procurement activity to Scotland Excel. In the meantime it is suggested that the following high level timescales would apply:

Task	Timescale
Development and agreement on governance	March 2015
Approval to transfer management	April 2015
Develop report structure with all stakeholders	June 2015
First performance reports	September 2015

8 Conclusion

The challenge is to deliver the benefits outlined above of a national shared collaborative approach which maintains equity across Scotland, while providing scope for local commissioning arrangements. Key to this is partnership working at national level. Scotland Excel has proven experience in the delivery of national arrangements and is well placed to provide market oversight and risk management, under the governance of the partners.

National Care Home Contract – A Brief History **Appendix 1**

2001 to 2005

- Implementation of the Regulation of Care (Scotland) Act 2001 and development of National Care Standards
- Lobbying by Care Home Sector to develop a national contract to remove administrative burdens of managing different local authority contracts
- Development of National Care Home contract with mechanisms to incentivise training and care quality

2006

- Implementation of National Care Home contract with payment incentives to invest in staff training to meet Scottish Social Services Council requirements on levels of trained staff and care quality to achieve highest possible Care Inspectorate grades
- Local authorities award contracts at a care home level and undertake contract monitoring activity at service level
- Provider acceptance on process for removal of incentive payment where quality grades were not achieved

2007 to present

- COSLA led annual negotiation on contract terms and rates resulting in annual percentage increases to the rates for most years
- Gradual removal of incentive for higher levels of training in favour of incentivising Care Inspectorate quality grades for Care and Support
- Low numbers of providers attaining Very Good (5) and Excellent (6) Care Inspectorate grades for the quality of Care and Support leading to discussion about higher incentives for quality

2014

- National Task Force Development Group makes a number of recommendations including local commissioning and contracting of care home services
- one Council implements the recommendation but fails to attract sufficient provider interest

Appendix 2

Estimated cost to Council of local procurement of care home places

Salaries only

Post	days spent	NJC pay scale point	Salary p.a. 1.4.14	Cost	Oncost 15%	Total	Comment
Commissioning manager	40	51	44598	£4,887	£733	£5,621	Procurement strategy negotiation
Procurement officer	236	36	30810	£19,921	£2,988	£22,909	Strategy development/tender management
Administration	20	14	16776	£919	£138	£1,057	Document handling
Legal services	10	38	32613	£894	£134	£1,028	Legal advice/functions
Finance	20	25	22257	£1,220	£183	£1,402	Price evaluation/guidance
Total costs				£27,841	4176.11	£32,017	Averaged per council
						£1,024,539	For 32 councils if salary and process was equivalent

Note 1 Salary scales are estimated for these functions and may vary by Council size

Note 2 The estimated days spent is based on Cost and Effectiveness considerations from a report prepared for the European Commission in March 2011 this would result in a requirement for 116 days per Council dedicated to the framework agreement tender exercise alone with an estimated minimum 120 days for planning, development of procurement strategy, equality impact assessment, risk register and engagement with providers