

Scotland Excel

To: Chief Executive Officers Management Group

On: 19 August 2020

Chief Executive's Update Report

1. Introduction

The purpose of this report is to provide the group with an update on key developments within Scotland Excel since the last meeting of the Chief Executive Officers Management Group on 6 May 2020.

2. Summary

Since the group last met there have been a number of developments:

2.1 Covid Recovery Planning

Since March, Scotland Excel has been working alongside stakeholders within councils to support the ongoing issues the Pandemic has caused. A dedicated PPE sourcing team was set up, working with councils to forecast demand and source key products. In addition, a dedicated Covid Recovery team was set up for other key operational areas within councils, including janitorial supplies and catering. These areas are key to support back to school planning, and discussions are ongoing with APSE and ASSIST to ensure that as far as possible, the Scotland Excel frameworks can be best adapted to suit operational requirements of councils. This includes supplier engagement to ensure stock levels will meet demand, and to allow a number of options to suit schools for safe and practical catering options. Product information along with stock levels and lead times is now available on the members area of Scotland Excel's website for a number of contracts, including Janitorial Products, Cleaning Equipment and Catering Equipment.

Scotland Excel will also focus on working with councils to ensure that winter planning discussions are underway to ensure PPE stock levels continue to be supported and available.

2.2 Digital Office update

2.2.1 Social Care Case Management System

The Social Care Case Management System Framework is being set up to provide councils and health and social care partnerships (HSCPs) with a mechanism to procure systems based Social Care Case Management solutions to facilitate end-to-end case management for the delivery of social care services to children, adults

and the Scottish Criminal Justice community. The Framework seeks to support the sharing of case information between Scottish Integrated Joint Boards and their partners.

This framework will deliver the digital capability for citizens to access and update information about their health and wellbeing, including from records and personal monitoring, and to interact with services. It will deliver digital capability for health and social care professionals involved in the direct delivery of care, to allow safe and secure access to current information. This will also implement the standards required to deliver interoperability and information sharing across different health and care systems.

Work continues with our legal support team to restructure the procurement strategy following the initial failed tendering exercise. It is anticipated that the tender will be issued to the market in early September, with mobilisation of the framework early in 2021.

2.2.2 Information Gathering

Scotland Excel has been working on developing an IT information gathering tool in order to gain an insight into Council's current IT systems and suppliers with associated annual spend. When lockdown was announced, the primary council contacts for this project were largely involved in supporting response to COVID-19 through the scaling up of home working or other such activities. It was decided to make best use of this time by concluding the enhancements to the data collection tool rather than continue with council engagement. A number of improvements were identified, primarily around system flexibility, and initial trials from West Lothian Council have received positive feedback. Progress on implementation of the enhancements has been ongoing and completion is expected by the end of August 2020.

Initial engagement with all 32 local authorities had been very positive but this had not translated into extensive and active participation / submission of data. It is believed that this update functionality is particularly important and will be key to improving the contribution to this information capture exercise from Local Authorities across the country. On this basis, a relaunch of the project will be communicated to the partnership with infographic designed by the Digital Office comms team circulated to Partnership members with follow ups being made to designated contacts.

2.2.3 Market Testing for Artificial Intelligence (AI)/Robotics Process Automation

As part of a market scoping exercise, Scotland Excel published a Prior Information Notice (PIN) on Public Contracts Scotland in mid-January 2020. This PIN notice was to inform the market of a potential procurement opportunity for robotics process automation solutions. The AI solutions sought would require to be resilient, scalable and reliable and could facilitate intelligent automation of business processes across a range of Council services.

The response to this market notice with noted interest was healthy, however due to COVID 19, a review of all projects was conducted by the Digital Office and it was agreed that the AI/Robotics Process Automation would be put on-hold to enable partners to focus on their response to the pandemic.

It is anticipated that further market engagement with supplier respondents will take place during quarter three 2020 as we enter a more stable environment for suppliers and councils alike.

2.2.4 Other Digital Developments

(i) Digital Telecare - Scotland Excel has commenced a project to develop contract agreements to provide Councils and Housing Associations with the means to procure flexibly digital telecare and telehealth products and any services necessary in the delivery of digital telecare. Key requirements include that the new contracts allow entry to new suppliers on a regular basis and products and services where necessary comply with standards agreed by the Scottish Local Government Digital office and our joint stakeholders.

A first draft strategy was issued to key stakeholders for their comments and where appropriate added into the final strategy. The finalised strategy will be presented to Scotland Excel's contract steering group and following strategy approval, it is intended that a User Intelligence Group - UIG will held in early September.

Additionally, although the emergency Covid Telecare group has now been disbanded, Scotland Excel had contributed procurement advice to this group and feedback indicated that this had been well received.

(ii) Digital Booking System – The key objectives of this procurement is to provide a cloud-based solution that allows councils to efficiently book employees for short term vacancies. The specific need is for supply teachers, but the solution is also required to book other job roles including pupil assistants and other support staff roles.

A 'MoSCoW' document (must-haves, should-haves, could-haves, and will not have) was issued to councils for their input into the requirements for any proposed solution. The document was discussed at a virtual User Intelligence Group(UIG) in July and following input from the UIG the strategic objective of providing a solution solely for booking supply teachers was changed into a solution for booking a number of job roles.

Presently, the UIG has requested a requirement document to be created by Scotland Excel that lists the minimum requirements necessary for a national cloud booking solution. The document is to be issued to the UIG for comments and a UIG meeting will be arranged to discuss the procurement options.

(iii) Telecare Penetration Testing – Scotland Excel has recently completed an exercise to assist the Digital Office in contracting with a supplier to provide penetration testing for Council telecare services. This was to assess data security on Telecare services and the call-off was awarded to Cyber Quorum which will provide an average of 4 days penetration for each council.

(iv) Education Digital Devices – Scotland Excel has been working with the Digital Office on contracting for suppliers to provide digital devices (i.e. chromebooks, laptops and I pads) and mobile data connectivity for disadvantaged children to support learning outside school.

In partnership with Crown Commercial Services (CCS), mini competitions have been undertaken from the CCS framework. The response for the digital devices was limited and offered a small saving for councils, however, the prime objective was to ensure that value for money was clearly demonstrated by benchmarking the offer against the current sole supplier Scottish Government framework, and that continuity of supply could be secured. From this exercise, it can be confirmed that the Scottish Government framework has demonstrated that it is offering value for money. The competition for mobile data was very successful and 3 suppliers offering Vodafone, O2 and EE services have been recommended to councils. The competition has resulted in unlimited data packages being provided at competitive reduced pricing.

2.3 Scottish Government Funded projects

2.3.1 Early Learning & Childcare (ELC)

In 2018, Scotland Excel was commissioned to develop and publish: -

- (i) Three guidance documents on setting and implementing sustainable rates for ELC. The guidance covered the following topics - Sustainable Rates; Business Sustainability; and Transition Options (Contracting Options).
- (ii) A suite of model contract documents and templates to support the procurement and contracting of ELC services at a local level. This involved a review of contract documentation in current use by local authorities, followed by an options appraisal exercise. The intention was to design Early Learning and Childcare specific (model) terms which could be added to local authority terms and conditions as required, while the contracting templates would standardise and streamline the procurement process.

The project took place over the period October 2018- June 2019, and it was conducted within the required timescales and within budget. This work involved extensive engagement with a range of stakeholders, including providers, local authorities, COSLA, an ADES (Association of Directors of Education) sub-group and the Scottish Government.

The project deliverables offer potential long-term benefits that will support the National Standard and 'Funding Follows the Child' policies in the future. Feedback from councils has indicated that there may be merit in developing a suite of contract management materials to support service commissioning.

There is evidence to date that 15 out of the 32 Councils have adopted the model terms and conditions, the templates and associated guidance when procuring Early Learning and Childcare Services. The remaining 17 councils have still to publish their application or tender processes. It is assumed that the impact of COVID-19 will have postponed commissioning of ELC services until the market can regain stability.

As a result of Scotland Excel's experience and knowledge through creating the guidance, Scotland Excel has been engaged by a number of councils to commission a project to establish a sustainable hourly rate in their council region. Scotland Excel is actively marketing this service to those councils which have not yet engaged, to offer their services in the establishment of a sustainable hourly rate for their council area. This is seen as a revenue opportunity for Scotland Excel but at a lower cost to councils than alternative offerings.

2.3.2 Affordable Housing

Work on the next programme of support for housing associations using the Procurement Commercial Improvement Programme (PCIP) has been halted due to the ongoing pandemic and continuing lockdown.

Before the lockdown, Scottish Government and Scotland Excel were in consultation with the Scottish Federation of Housing Associations (SFHA) and Glasgow and West of Scotland Forum of Housing Associations (GWSF) to review member feedback about the future PCIP programme. A preliminary launch was considered for the SFHA procurement conference in September 20, but this event has now been cancelled. Resumption of the programme is still unknown at time of writing.

Summary highlights since the last report include -

- (i) Angus and Trust Housing Associations have all recently become associate members of Scotland Excel in order to access the wider contract portfolio but keen to take advantage of the new build housing framework.
- (ii) Loreburn Housing Association in Dumfries became the first HA to place an order on the new build framework after joining Scotland Excel in Oct 19.

2.4 Other Care Services

2.4.1 Care and Support

The Scottish Government Funding for the Care and Support Flexible Framework ended on 31 March 2020; this is now part of Scotland Excel core funding costs. The Framework commenced on 1 April 2020 and includes 78 providers offering over 300 services. Based on the local authority benchmarking hourly rates for 2018/2019 (including the Real Living Wage staffing costs for in 2020/2021) the framework prices are on average higher. The hourly rates for 2020/2021, due to the timing of the framework tender, were unavailable for an up to date local authority price comparison. On 10 April 2020, the Scottish Government announced Real Living Wage funding so that social care staff receive a 3.3% pay rise backdated to 1st April; this applies to

contracted hourly rates including provision for direct care staff, sleepovers, and any reasonable additional costs caused by COVID-19 for staff sick pay or for those self-isolating. Coupled with this, any additional costs that the COVID-19 outbreak has incurred for social care providers is met on a case by case basis through Scottish Government Supplier Relief, in line with SPPN5/20 guidance, to meet wider contact obligations. The payments are made directly to care providers and recorded through Local Authority mobilisation plans. This will result in significant variations for the current framework pricing and going forward.

The Scottish Government announced on 17 June that Supplier Relief is extended and effective from 1 July to September 2020. Scotland Excel will require to work with the Scottish Government, COSLA and Local Authorities to identify the overall costs paid relating to COVID-19 and any ongoing costs, as part of the transitional and recovery planning processes to ensure framework pricing is aligned accordingly.

The COVID-19 pandemic has had implications for Scotland Excel's planned reopening of the care and support framework in June 2020. It is anticipated that the framework will reopen in September 2020. The current team efforts for Adult Social Care have mainly focused on key actives with early adopter local authorities to support framework mobilisation.

2.4.2 Care Homes for Older People

The responsibility for lead role in negotiations for the National Care Home Contract (NCHC) transferred to Scotland Excel 2019/2020 from COSLA. Over the past three years, Scotland Excel has worked with local authorities, COSLA and Scottish Care to develop a cost model to produce national rates for council funded places in nursing and residential care homes. In effect this captures a significant percentage of the entire cost model and captures all direct care costs benchmark drivers. The cost model and NCHC contract includes the requirement to pay care staff the Real Living Wage. This resulted in an agreed offer on 1 April 2020 of 3.59% increase for nursing costs and 3.62% for residential care costs.

The COVID-19 pandemic has introduced a range of payments which it could reasonably be assumed will be reflected in discussions on future cost model benchmarks including; statutory sick pay to cover pay, PPE and clinical supplies. The recent review of the National Care Home Contract (NCHC) Cost Model highlights that there are unresolved benchmarks from the 2020/2021 negotiation process.

Prior to negotiations taking place there is a need to establish the levels of funding for the living wage commitment, and supplier relief recovery planning with the Scottish Government and COSLA.

2.4.3 Care Homes for Adults with Learning Disabilities (including Autism)

On October 2019, following a tender exercise, the framework increased the total number of 24 providers with 57 care homes (both immediate and deferred) adding 20 providers, 51 care homes to the initial cohort. The cost impact of the agreed price variance following negotiations was a maximum of 3.62%. The Real Living Wage inflation will be the key indice for this framework, as staffing represents approximately 70% of the total care costs.

The impact of COVID-19 will require establishing the ongoing care costs for framework pricing, as referenced in the Care and Support section, as part of supplier relief payments. Contact monitoring returns were put on hold during the lockdown period. These were issued to providers in June 2020 to enable a full year monitoring report to be completed.

2.4.4 Children's Residential Care and Education with Short Breaks

(i) Fee Review

This flexible framework required providers to hold their fees for the initial 2-year period which ended 31 March 2020. Of the 43 existing providers, 29 submitted fee uplift requests for 2020. The high number of fee uplift requests was due to salary-related cost pressures over the initial two-year period of the framework.

The potential national impact of these requested fee increases was £4 million per annum across all 32 local authorities for existing placements under the framework. Scotland Excel succeeded in reducing this impact by £1 million through negotiation.

The phased withdrawal of Scottish Government funding from grant-aided schools has potential implications for local authority budgets over the next 8 years. Scotland Excel will continue to work closely with Scottish Government and COSLA to review the business plans of grant-funded schools to ensure there is a fair and balanced approach to the withdrawal of the grants.

(ii) Refresh of the Flexible Framework

In addition to the above Fee review, the framework was re-opened to new providers in December 2019. Following a full tender process, new contracts were awarded in July 2020, increasing the number of providers from 43 to 56. This extends the range of services available to children and their families. Furthermore, several of the original 43 providers have offered an expanded list of services. These applications to provide additional services will be processed in August/September 2020.

(iii) Continuing Care

The current framework terms and conditions do not take account of legislative requirements on the provision of continuing care which has a potential impact on fees for young people of 16 years and above. A contract review is being prioritised to consider if a contract modification is required.

(iv) COVID-19

Reports to date indicate that Care and Care with Education have continued with minimal disruption. Respite Care has been suspended, and Day Education is provided remotely in most cases.

The next scheduled fee review date for this framework is 1 April 2021 and the current plan is to retender the framework in October 2021. It is intended to engage with local authorities in advance of these dates in order to develop cost models and forecasts that take account of PPE, cleaning costs etc. that are associated with COVID-19. These will inform future fee reviews and the design of the evaluation methodology that will be applied to the commercial element of any tenders.

2.4.3 Secure Care Service

(i) New Contract Award (April 2020)

New contracts commencing 1 April 2020 were awarded to all four of the existing providers following a tender exercise. The contract term is 4 years. Prior to this, the rates increased year on year, primarily driven by the cost of salaries (including specialist care staff and teaching staff):

Following the latest tender, the average fee increase was 2.26%. A benchmarking exercise showed that on average, the overall expected increase for the year 2020/21 to purchasers and the Scottish Government will be approximately £393k. Furthermore, the contract states that any surplus generated by a service will be re-invested in the following year's budget proposal. This has the potential to reduce fees in future years and/or lead to improved quality of service

(ii) COVID-19

Through the weekly Secure Care Resilience Group meetings, providers have raised questions in relation to their eligibility to apply for Supplier Relief through local mobilisation process. COSLA has confirmed that secure care providers can apply for supplier relief via the local authority in which their service is registered in order to simplify the process.

It should be noted that the next scheduled fee review date for this framework is April 2021. We anticipate that the continuing impact of COVID-19 will trigger additional cost drivers at the point of fee review. Therefore, we intend to engage with local authorities in advance of fee review in order to develop cost models and forecasts that take account of these cost drivers e.g. PPE, cleaning services, statutory sick pay. This work will inform future fee reviews.

2.4.4 Fostering and Continuing Care

(i) Planned Tender

The current framework agreement will expire in March 2021. A 3-month extension has been agreed to allow time for market recovery in advance of any tender. It is planned that the pre-procurement stage of this framework will commence in August 2020. There are no further price variance windows in the current framework.

Annual spend on the framework for the period 1 October 2018 to 30 September 2019 was £35.7 million. The four highest spending local authorities (Fife, Aberdeen City, Dundee City and City of Edinburgh councils) account for almost 58% of the total framework spend.

At the end of December 2019, the number of live placements (885) recorded on the current framework, accounted for 59% of the placements purchased from external agencies (2018 Children's Social Work Statistics Scotland).

(ii) Continuing Care

The Children and Young People (Scotland) Act 2014 came into effect on the 1 April 2015. This legislation gave young people the right to remain in their fostering placement beyond 18 and up to the age of 21. Scotland Excel will continue to work with the UIG as part of the development of the renewal framework to ensure that there is a greater transparency of what would be expected to be included in a continuing care placement and how this is broken down as part of the provider's weekly fee. To date 26 continuing care placements (3%) have been reported through monitoring.

(iii) COVID-19

There are indications of an increase in demand for these services in relation to respite breaks for carers.

2.4.5 Social Care Agency Workers

(i) Price Variance

At the point of tender in 2018/19, all suppliers agreed to the minimum fixed price period of two years (until July 2020), in relation to all aspects of the pricing. No price variance requests have been received to date.

The framework terms state that any increase agreed will be guided by the Consumer Price Index (CPI) at the time of application (currently 1.4%). Therefore, the estimated maximum impact based on current CPI and with all providers submitting an increase would be £191,818.

(ii) Living Wage

For Q3 (Oct – Dec 2019) there were a total of 6,145 billed assignments through the framework and of those, 5,803 had an hourly rate of at least the 2018/19 Living Wage Rate of £9.00, so 94.4% of all assignments were paid the Living Wage rate or above.

(iii) COVID-19

During the Covid-19 emergency, the Social Care Agency Workers framework offered Scotland Excel members and associate members a route to recruiting temporary care workers where self-isolation and staff absences were undermining the continuity of service provision.

However, recently several purchasers have requested that the framework be reopened to new providers, this includes West Dunbartonshire Council and Aberdeen City Council. Aberdeenshire Council and Highland Council have also expressed interest. Prior to reopening the framework, Scotland Excel will conduct wider consultation with all UIG members in order to understand if there is a national demand to add new providers or if this can be managed at a regional level.

2.5 The Scotland Excel Academy

The Academy supports people development and organisational development activities across all councils and 18 Public / Third-Sector organisations.

With 695 registered learners The Academy is supporting 161 active learners engaged in accredited programmes across 16 cohorts, spanning four disciplines – procurement, leadership & management, project management and business analysis, decision making & innovation.

A total of 15 cohorts have now been fully completed, awarding 147 qualifications, and 5 new Cohorts are planned over fiscal year 2020/21.

There have been 469 learners participating in non-accredited development workshops, and 6 learners have been awarded Chartered Manager (CMgr).

As a consequence of the COVID-19 pandemic, all programmes and workshops have transitioned to online delivery using a new software platform facilitating screen sharing and online break out discussions. This closely replicates face to face delivery.

Striving to sustain non-accredited development workshops in the absence of face to face delivery, The Academy launched one-hour 'Stay Connected' online workshops. From this, 185 learners have participated in 14 Stay Connected online workshops during May and June 2020. Feedback on these has been very good and demand is high, so a phase#2 programme has been implemented, scheduled to deliver a further 26 workshops over July – November 2020.

Our Coaction regional event scheduled for 01 April 2020 had to be paused as a consequence of the pandemic. Similarly the annual Coaction event scheduled for August 2020 has been put on hold. We are exploring the possibility of delivering an online Coaction event later in the year, building upon the Coaction launch event in August 2019.

The SCQF Partnership provided some feedback on our application to become a credit rating body in late February 2020. This activity was put on hold as we created new ways of working responding to the pandemic. Discussions have now restarted with the SCQFP partnership to progress our application.

2.6 New Build Housing

This framework has been live since August 2019. Due to COVID-19 restrictions, construction sites in Scotland have been closed for a number of months, resulting in delays to planned project start dates as well as tendering timelines. Despite this, to date 12 projects have been tendered or awarded through the framework, with a further 21 projects due to be procured by the end of the year.

Scotland Excel is engaging with contractors and members to ensure that recommencement of works – 'return to site' - are undertaken appropriately and in full compliance with the construction health and safety guidelines. We have also refreshed the offer of bespoke mobilisation events for individual members on how they can maximise the benefits from the framework. Comprehensive guidance and

template documents are available for members to effectively manage procurement through this framework. Additionally, as projects start on-site we will be collating data on community benefits delivered, fair work practices of the contractors and the use of social enterprises and supported businesses.

Unfortunately, one framework contractor has entered administration, however the framework still has sufficient capacity through 18 contractors to cover all 32 council areas, with each council area having a choice of 5-8 contractors per lot.

2.7 Update on the Contract Plan and Contracts approved since February 2020

There are 74 current frameworks in the Scotland Excel contract portfolio, with 11 of these frameworks to be renewed before 31 March 2021. It is also planned that a further six new frameworks will be added to the contract portfolio by 31 March 2021.

A total of 19 of the frameworks on the current portfolio have extension options that are likely to be exercised in 2020/2021 with four of these extensions already approved.

The overall efficiencies across the whole portfolio for 2020/21 is running at 1.3% compared to the 2.5 % forecast range. This figure will continue to be monitored throughout 2020/2021.

The following contracts have been approved at Executive Sub Committee since February 2020:

Care and Support Services

This Flexible Framework will support the delivery of services that will predominantly be delivered in people's own homes and in their communities. This will help people to achieve their personal outcomes and live independently for as long as possible, with the support they need provided in a homely setting. It also supports Scottish Government and Health and Social Care ambitions for prevention of early admission to hospital, and enables early supported discharge. A total of 78 care providers offering 316 services have been awarded a place on the framework. As this is a flexible framework agreement, new bids can be considered every six months.

Secure Care

Secure accommodation is a particular form of residential care for the very small number of children whose needs and risks, for a particular period in their lives, can only be managed in the controlled settings of secure accommodation. The specialist providers in Scotland able to provide this service are limited. All of the secure care centres provide a full curriculum of care, delivering a range of educational, health and behavioural programmes for children. In addition, the units undertake tailored programmes of work to prepare children for their transition back into the community.

Electrical Materials

This framework will provide councils and other participating bodies with a mechanism to procure a range of electrical products including but not limited to cables, wiring accessories, circuit protection, heating, ventilation, safety detectors lamps and accessories. Users of the framework are likely to be council departments such as stores, housing and property services.

Waste Disposal Equipment

This framework will provide Councils and other participating bodies with a mechanism to procure a wide range of waste disposal equipment including, but not limited to, large containers, skips, compactors, balers and roll packers.

Groceries and Provisions

This framework will provide councils with a mechanism to procure a range of dairy and chilled products, dried goods, ambient products, crisps, confectionery, soft drinks and water. Product groupings with significant spend are juices, squashes and cordials, cheese, flour and flour-based mixes, soft drinks, butter, spreads and margarine, canned fish, yoghurt and water.

Demolition and Deconstruction

This framework will provide councils and other participating members with a mechanism to procure demolition and deconstruction works, ranging from simple shoring and to complex multi-storey demolitions and provide vital emergency services.

Catering Sundries

This framework will provide councils and associate members with a mechanism to procure a range of catering sundries including disposable/recyclable cups, plates and cutlery, and other cookware and crockery for use within catering environments including schools, cafes and restaurants, corporate and civic locations, leisure centres, community centres and social work premises.

2.8 Update on Stakeholder Meetings

Scotland Excel undertakes a periodic structured stakeholder engagement project where it seeks to meet and seek the views of its key member stakeholders. This includes Elected Members, Chief Executives, Finance Directors, Corporate Procurement Managers and other senior officers.

The Covid situation had an impact on the scheduling of the stakeholder plan but has now commenced. To date, fourteen elected members have had one to one meetings. Feedback has been very positive across a number of areas. A common theme across the majority of meetings with elected members has been the support of local procurement initiatives.

Scotland Excel will be in touch with Chief Executives over the coming weeks to schedule time to seek their views on performance and future direction of the organisation.

2.9 General update

New Associate Members

There have been ten new associate members since the last CEOMG:

Angus Housing Association Ltd
 Bon Accord Care Ltd
 Crown Estate Scotland
 Edinburgh International Festival Society
 Inverclyde Voluntary Council of Social Services
 Scottish Canals
 Scottish Fire and Rescue Service
 South of Scotland Enterprise Agency
 Trust Housing Association Ltd
 University of Edinburgh

Free Temporary Membership Programme

In addition, Scotland Excel provided a free temporary membership programme to all public sector and third sector organisations during the lockdown to enable the purchase of critical supplies such as PPE and Janitorial from the Scotland Excel frameworks. A total of thirty-three organisations took advantage of the offer that included small social enterprises, supported business and national bodies that included many museums and studios enabling the purchase of critical supplies and facilitate a route for re-opening to the public.