

Notice of Meeting and Agenda Scotland Excel Executive Sub-committee

Date	Time	Venue
Friday, 17 November 2023	09:30	Remotely by MS Teams,

MARK CONAGHAN
Clerk

Membership

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

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

Further Information - online meetings only

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

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

Members of the Press and Public - contact details

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

Items of business

Apologies

Apologies from members.

Declarations of Interest and Transparency Statements

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

- | | | |
|-----------|--|----------------|
| 1 | Minute | 5 - 10 |
| | Minute of meeting of the Executive Sub-committee held on 20 October 2023. | |
| 2 | Draft Revenue Estimates 2024/25 | 11 - 20 |
| | Joint report by Treasurer and Chief Executive of Scotland Excel. | |
| 3 | Chief Executive's Update Report to Chief Officers
Management Group - November 2023 | 21 - 34 |
| | Report by Chief Executive of Scotland Excel. | |
| 4 | Internal Audit Engagement - Social Care Contracts | 35 - 38 |
| | Report by Chief Auditor. | |
| 5 | Update on the Contract Delivery Plan | 39 - 54 |
| | Report by Chief Executive of Scotland Excel. | |
| 6 | Strategic Risk Register Update | 55 - 76 |
| | Report by Chief Executive of Scotland Excel. | |
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| | Report by Chief Executive of Scotland Excel. | |
| 8 | Request for Associate Membership: Capability Scotland | 89 - 90 |
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2024 | 91 - 92 |
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| | Note that the next meeting of the Executive Sub-committee will be held remotely on MS teams at 9.30 am on 8 December 2023. | |



Minute of Meeting Scotland Excel Executive Sub-committee

Date	Time	Venue
Friday, 20 October 2023	09:30	Remotely by MS Teams,

Present

Councillor Colin Simpson (substitute for Councillor David Keating) (Aberdeenshire Council); Councillor Brenda Durno (Angus Council); Councillor Kenny Macleod (Comhairle Nan Eilean Siar); Councillor Carolayne Wilson (Dumfries & Galloway Council); Councillor Ruairi Kelly (Glasgow City Council); Councillor Derek Loudon (Highland Council); Councillor Michael McPake (North Lanarkshire Council); Councillor John Shaw (Renfrewshire Council); Councillor Dennis Leask (Shetland Islands Council) and Councillor Walter Brogan (South Lanarkshire Council).

Chair

Councillor Shaw, Convener, presided.

In Attendance

J Welsh, Chief Executive, S Brannagan, Director of Customer & Business Services, L Campbell, Customer Services Manager, M Mitchell, Strategic Procurement Manager, C Richardson, Senior Procurement Specialist, M Robertson, Marketing & Communications Manager, S Roberts and L Robertson, both Project & Accounts Managers, N French, Corporate Services Assistant, S Christie, Commercial Programme Manager and G Harkins, Assistant Procurement Specialist (all Scotland Excel); and L Mitchell, Managing Solicitor (Contracts & Conveyancing), A Burns, Corporate Finance Manager, D Blackburn, Principal Accountant, E Currie, Senior Committee Services Officer and T McGowan, Senior Accountancy Assistant (all Renfrewshire Council).

Apology

Councillor David Keating (Aberdeenshire Council).

Declarations of Interest and Transparency Statements

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

1 Minute

There was submitted the Minute of the meeting of the Executive Sub-committee held on 15 September 2023.

DECIDED: That the Minute be approved.

2 Revenue Budget Monitoring

There was submitted a joint revenue budget monitoring report by the Treasurer and the Chief Executive of Scotland Excel for the period 1 April to 15 September 2023.

The report intimated that at the end of period 6, Scotland Excel was projecting an overspend of £89,000 by year-end in its Core activities and an increase of £169,000 in Project Reserves. It was noted that both Core and Projects budgets would be monitored closely in order to mitigate any projected overspends against planned budgets by year-end. Further detail was provided in section 3 of the report.

The appendices to the report provided an analysis of the actual spend to date along with projected net expenditure for 2023/24 and included a summary of movement in both Revenue and Project Reserves.

DECIDED: That the report be noted.

Sederunt

Councillor Kelly joined the meeting during consideration of the following item of business.

3 Contract for Approval: Asbestos related Works and Services

There was submitted a report by the Chief Executive of Scotland Excel relative to the award of a fourth-generation renewal framework for asbestos related works and services for a period of 48 months. It was noted that subject to approval and completion of a standstill period, it was intended that the framework would commence in November 2023.

The report intimated that the framework would provide a mechanism for councils to procure a range of asbestos related works and services including surveys, removal and disposal works and analytical services.

The report summarised the outcome of the procurement process which contained four lots and then subdivided by six geographical regions, as detailed in tables 1 and 2 of the report. The framework had been advertised at £7 million per annum, totalling an estimated spend of £28 million over the four-year period of the framework. This advertised spend allowed for increased participation from councils and associate members not currently utilising the framework. Appendix 1 to the report detailed the participation, spend and savings summary for those participating in the framework.

Tender responses had been received from 36 suppliers and, based on the criteria and scoring methodology set out in the tender documents, a full evaluation of all compliant offers had been carried out with the confirmed overall scoring achieved by each supplier detailed in Appendix 2 to the report.

Based on the evaluation undertaken, and in line with the advertised criteria and weightings set out in the report, it was recommended that a multi-supplier framework arrangement be awarded to 34 suppliers, as outlined in Appendix 2 to the report.

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

It was noted that in the Community Benefits paragraph of the report, the reference to 'Of the recommended suppliers, all four have committed to delivering these benefits.' should read 'Of the recommended suppliers, all 34 have committed to delivering these benefits.'

DECIDED:

(a) That the award of the framework agreement for asbestos related works and services, as detailed in Appendix 2 to the report, be approved; and

(b) That it be noted in the Community Benefits paragraph of the report, the reference to 'Of the recommended suppliers, all four have committed to delivering these benefits.' should read 'Of the recommended suppliers, all 34 have committed to delivering these benefits.'

4(a) Request for Associate Membership: Clydesdale Housing Association Limited

There was submitted a report by the Chief Executive of Scotland Excel advising that Clydesdale Housing Association Limited had submitted an application to become an associate member of Scotland Excel.

The report provided details of the organisation and the legislative position in relation to the application.

DECIDED: That the application by Clydesdale Housing Association Limited to become an associate member of Scotland Excel, with an annual membership fee of £1,160, be approved, subject to completion and signing of the agreement documentation.

4(b) **Request for Associate Membership: Irvine Housing Association Limited**

There was submitted a report by the Chief Executive of Scotland Excel advising that Irvine Housing Association Limited had submitted an application to become an associate member of Scotland Excel.

The report provided details of the organisation and the legislative position in relation to the application.

DECIDED: That the application by Irvine Housing Association Limited to become an associate member of Scotland Excel, with an annual membership fee of £3,875, be approved, subject to completion and signing of the agreement documentation.

4(c) **Request for Associate Membership: Linstone Housing Association Limited**

There was submitted a report by the Chief Executive of Scotland Excel advising that Linstone Housing Association Limited had submitted an application to become an associate member of Scotland Excel.

The report provided details of the organisation and the legislative position in relation to the application.

DECIDED: That the application by Linstone Housing Association Limited to become an associate member of Scotland Excel, with an annual membership fee of £2,435, be approved, subject to completion and signing of the agreement documentation.

4(d) **Request for Associate Membership: Lochfield Park Housing Association Limited**

There was submitted a report by the Chief Executive of Scotland Excel advising that Lochfield Park Housing Association Limited had submitted an application to become an associate member of Scotland Excel.

The report provided details of the organisation and the legislative position in relation to the application.

DECIDED: That the application by Lochfield Housing Association Limited to become an associate member of Scotland Excel, with an annual membership fee of £930, be approved, subject to completion and signing of the agreement documentation.

4(e) **Request for Associate Membership: The Jane Moore Trust**

There was submitted a report by the Chief Executive of Scotland Excel advising that the Jane Moore Trust had submitted an application to become an associate member of Scotland Excel.

The report provided details of the organisation and the legislative position in relation to the application.

DECIDED: That the application by the Jane Moore Trust to become an associate member of Scotland Excel, with an annual membership fee of £550, be approved, subject to completion and signing of the agreement documentation.

5 **Procurement Reform Act Consultation Response**

There was submitted a report by the Chief Executive of Scotland Excel relative to the organisation's response to the consultation on 'Assessing the impact of the Procurement Reform Act' published by the Economy and Fair Work Committee in June 2023.

The report intimated that the Procurement Reform (Scotland) Act 2014 introduced a range of duties on public bodies to consider how procurement could be used to improve the wellbeing of local areas including the impact on the economic, social and environmental health of the area. The Act also sought to reduce barriers to entry for small businesses, third sector organisations and supported businesses to participate in public procurement.

The report advised that the consultation sought views on a broad range of themes covered by the Act to assess whether it was achieving these aims. The draft response to the consultation was appended to the report.

It was noted that, since publication of the report, further feedback had been received and would be included in the response to the Economy and Fair Work Committee.

It was proposed that the following wording be added to question 10 of the response: 'That as part of the UK's exit from the EU the opportunity to simplify procurement mechanisms relating to the creation of contracts for alternative energy sources be considered.'. This was agreed.

DECIDED:

(a) That the content of the report be noted;

(b) That it be noted that the further feedback received would be included in the response to the Economy and Fair Work Committee;

(c) That the following wording be added to question 10 of the response: 'That as part of the UK's exit from the EU the opportunity to simplify procurement mechanisms relating to the creation of contracts for alternative energy sources be considered.'; and

(d) That the response, as amended, be submitted to the Economy and Fair Work Committee.

6 **Operating Plan Update 2023/24**

There was submitted a report by the Chief Executive of Scotland Excel providing an update on the Operating Plan 2023/24, a copy of which was appended to the report.

The report intimated that the new five-year Corporate Strategy had been approved at the meeting of the Joint Committee held on 9 December 2022. The strategy was supported by annual operating plans and the report provided an update on operating plan activity between 1 July and 30 September 2023.

The report highlighted that, since approval of the operating plan, senior local authority stakeholders had indicated that one of the corporate goals, the drive for efficiency to support the financial sustainability of local public service, should be prioritised during 2023/24 and Scotland Excel had been working to understand how it could grow and accelerate deliverables against this key goal. A dedicated team had been established to manage this work and as a result, some of the other actions within the plan had not yet been scheduled and were likely to begin later in the financial year.

The report noted that progress reports were produced quarterly to track Scotland Excel's activity against operating plan commitments and at the end of each quarter reports were submitted to the Executive Sub-committee with the most recent quarterly report being submitted to the Joint Committee with recent updates noted.

DECIDED: That Scotland Excel's progress in delivering the actions contained within the Operating Plan 2023/24 be noted.

7 **Date of Next Meeting**

DECIDED: That it be noted that the next meeting of the Executive Sub-committee would be held remotely on MS teams at 9.30 am on 17 November 2023.

Scotland Excel

To: Executive Sub-Committee

On: 17 November 2023

**Report by:
The Treasurer and Chief Executive**

Draft Revenue Estimates 2024/25

1. Summary

- 1.1 The following report has been prepared by the Treasurer, in consultation with the Chief Executive, to present the Revenue Estimates of Scotland Excel, including the requisition of the constituent authorities, for the financial year 2024/25, along with indicative planning figures for 2025/26 and 2026/27.

2. Recommendations

- 2.1 It is recommended that members:

- note the Revenue Estimates of Scotland Excel for the financial year 2024/25 as shown in Table 1 of Appendix 1.
- note the requisitions from constituent authorities and total estimated savings for 2022/23 detailed in Appendix 2; and
- note the indicative estimates for 2025/26 and 2026/27.

3. Background

- 3.1 The annual Revenue Estimates process outlines the summary revenue budget position for the organisation. The budget estimates provided in the attached Appendix 1 outline the projected position for 2024/25 and outline an indicative position for 2025/26 and 2026/27. Proposed requisitions for 2024/25 are also attached in Appendix 2. The assumptions used in developing these projections are outlined in sections 4 and 5 below.
- 3.2 The financial environment within which Scotland Excel and its member authorities currently operate continues to be characterised by challenging public sector spending requirements. Factors including the UK exit from the EU, the impact and now recovery from the COVID-19 pandemic, global supply chain issues resulting from continuing conflicts in Ukraine and the middle east, increasingly volatile economic conditions with high levels of inflation and a cost-of-living crisis, all present challenges.

These factors have influenced the revenue budget estimates for 2024/25, 2025/26 and 2026/27 contained within this report. Indeed, figures presented for 2025/26 and 2026/27 should be treated as indicative only and will be subject to constant review as economic conditions develop over the coming year.

- 3.3 It is anticipated that due to the impact of the factors outlined above, local government in Scotland is likely to face further challenges in relation to available resource over the coming years. In this context, Scotland Excel will continue to seek operational efficiencies to manage its financial position flexibly in order to maintain its aim of minimising any increase in requisition required while also developing strategic savings opportunities for member authorities ensuring that, best value continues to be achieved through Scotland Excel.
- 3.4 Scotland Excel has provided an update on the proposed requisition position to a number of stakeholder groups including, the Society of Local Authority Chief Executives (SOLACE), the Chief Executive Officers Management Group (CEOMG) and the Chartered Institute of Public Finance and Accountancy (CIPFA) Directors of Finance forum. The proposed 0% increase to requisition for 2024/25 and 2025/26 was acknowledged and greatly appreciated by stakeholders within the challenging financial landscape currently being experienced.

4. Budget Assumptions

- 4.1 The expenditure budget presented is based on the following assumptions.
- 4.2 An estimated budget provision of 3% in relation to a pay award for 2024/25 has been included in the budget forecast. An estimated 3% increase has also been added to the Employee Costs element of the indicative figures shown for 2025/26 and 2026/27. These are estimates only, used to provide indicative figures for 2025/26 and 2026/27 and, should be considered alongside the continuing economic uncertainty. It should be noted that an estimated pay award for 2023/24 of 6% has been included in all employee costs calculations.
- 4.3 In line with previous years practice, no standard inflationary adjustment has been made to non-salary expenditure lines. Any individual adjustments made are detailed in paragraph 4.4 below.
- 4.4 Adjustments to existing budgets have been made to specific expenditure lines to reflect operational demand in relation to:
- **Employee Costs** – in addition to the 3% pay inflation noted above (and 6% estimated pay award for 2023/24), adjustment has been made to reflect the revised staffing structure in place within Scotland Excel, a staffing turnover

assumption of 5% and a reduction in employers' superannuation contributions as advised by Strathclyde Pension Fund (SPF) with further detail provided in section 6.

- **Property Costs** – no inflationary element applied.
- **Transport Costs** – no inflationary element applied.
- **Transfer Payments** – the Apprenticeship Levy directly relates to employee costs and has been increased accordingly.
- **Supplies and Services** – no inflationary element applied.
- **Support Costs** – budget has been increased to reflect increased legal support costs anticipated to rise in line with employee costs.

4.5 Income estimates include the following assumptions and adjustments to existing budgets:

- **Council Requisitions** – Council Requisitions for 2024/25 have been maintained at current levels with a 0% increase.
- **Associate Income** – The income target reflects pre-COVID estimates previously noted by the Joint Committee resulting in a £10k increase in target.
- **Income from Projects** – Includes anticipated income from several Projects, including Flexible Procurement Services, Consultancy Services, New Build and Learning and Development (Academy). Further detail on the estimated income generated by each of these elements is presented in section 5 below.
- **Rebates** – Income from Rebates during 2024/25 has been amended to reflect current forecasts in relation to the number of Scotland Excel frameworks with rebates attached. Further detail on projected Rebate income for 2024/25, 2025/26 and 2026/27 is also presented in section 5 below.

4.6 In total, estimated non-requisition income for 2024/25 totals £1.586m representing 31% of operating costs for the year. This level of non-requisition income is anticipated to continue to grow through 2025/26 and 2026/27 where non-requisition income will total 34.3% of core operating costs.

4.7 The current projected outturn position for 2023/24 is an overspend position for Core activities of £89k. Income and expenditure will continue to be closely monitored throughout the financial year and reported regularly to the Executive Sub-Committee.

5. Other Income

- 5.1 Members are aware that a new funding model was approved at the June 2018 Joint Committee, which saw Core operations funded from both requisitions and income generated from a range of other sources. This move to a more commercial funding model has increased the overall level of financial risk to Scotland Excel, which requires to be appropriately managed. Key elements of the new funding model and their contributions to core operating costs are detailed below.
- 5.2 **New Build Housing** – Income provision from the New Build project (£50k) reflects current expenditure projections through the framework and resulting rebate less delivery costs.
- 5.3 **Consultancy Services** – Income provision from Consultancy projects, including Flexible Procurement, has been projected at £218k for 2024/25. This figure reflects the confirmed consultancy project portfolio at time of writing and, the growing market utilisation of the Flexible Procurement options being offered by Scotland Excel. Flexible Procurement options being offered to partners continue to grow in popularity, particularly in light of the challenging recruitment environment currently being experienced across the sector.
- 5.4 **Learning and Development (Academy)** – Income provision from the Scotland Excel Academy for 2024/25 has been projected at £30k to reflect the continuing journey back to pre-pandemic activity levels.
- 5.5 Overall, income from New Build Housing £50k, Consultancy £218k and the Scotland Excel Academy £30k will contribute £298k to core operating costs recorded under Income from Projects.
- 5.6 **Rebates** – Income provision from Rebates for 2024/25 has been projected at £1.048m. This projection reflects the increasing number of Scotland Excel frameworks anticipating a rebate on expenditure activity during 2024/25. During 2024/25, it is anticipated that 42 frameworks will generate rebate income compared to 28 frameworks during 2023/24.
- 5.7 Estimated framework expenditure is derived from a range of management information, including historical spend and market intelligence. This information is then used to estimate total framework spend, from which a Rebate figure is calculated. Scotland Excel will continue to monitor expenditure levels across all its frameworks to ensure that forecast Rebate levels continue to be achievable.

6. Strathclyde Pension Fund

- 6.1 Following actuarial review (the triennial valuation), Strathclyde Pension Fund has advised that, as a result of higher than anticipated returns from investments, the fund is 147% funded against current and anticipated future commitments. For this reason, pension fund main employers have been advised that their employer contribution rates for the coming three years have been adjusted. Employer contributions currently total 19.3% however, these rates will be adjusted to 6.5% in 2024/25, 6.5% in 2025/26 and 17.5% in 2026/27. The in-year impact for 2024/25 and 2025/26 will be an anticipated operating surplus of £460k and £459k respectively, which will be allocated to general reserves.
- 6.2 In consultation with the Treasurer, it is proposed to retain the anticipated operating surplus, ring-fenced within Reserves with any in year draw down to be approved by the Executive Sub Committee.
- 6.3 There will be no impact on employee pension contribution rates and individual pension entitlement is unaffected.
- 6.4 It is estimated that general reserves will total £155k at the end of the 2023/24 financial year. This represents 3% of anticipated operating expenditure for the year. The minimum level of uncommitted general reserves recommended by the Treasurer is 5%. This would equate to general reserve balances of £358k in 2024/25 and £441k in 2025/26.
- 6.5 Scotland Excel is developing a suite of projects aimed at utilisation of pension related surpluses in 2024/25 and 2025/26. These projects will demonstrably benefit member authorities in their day-to-day procurement activities and generate on-going efficiencies for Scotland Excel. All project proposals will be presented to the Executive Sub Committee for approval with funds being drawn down from Reserves as required. A number of proposals are already in development including: the extension of the National Savings Team from its initial one-year pilot to making a three year commitment and delivering significantly greater savings, a modernisation programme to implement new customer facing solutions and a number of proposals around direct support for framework utilisation.

In addition, the current Voluntary Retirement (VR)/ Voluntary Early Retirement (VER) programme will require funding once full costs are known. All project proposals will be fully costed and presented in line with carbon net zero expectations of the sector.

7. Financial Overview

- 7.1 As outlined above, the financial outlook in the short and medium-term for local government continues to be characterised by economic and operational uncertainty which has been reflected in the figures presented.
- 7.2 The information provided in Appendix 1 outlines the forecast year-end financial position for 2023/24, the proposed operating budget for 2024/25 and indicative figures for 2025/26 and 2026/27. The funding streams, as set out within the Funding Model Review (see section 5 above) approved by members at the June 2018 Joint Committee, have been incorporated into these estimates. A 0% requisition increase has therefore been recommended for the financial year 2024/25.
- 7.3 Indicative figures have been included within the paper for financial years 2025/26 and 2026/27 and propose a 0% increase in requisition for 2025/26 and a 2% increase in 2026/27. The figures presented for 2025/26 and 2026/27 at this time are indicative only.
- 7.4 Members will note that a memorandum section is detailed in Appendix 1 (Table 2) relating to the projects operated by Scotland Excel. The funding of these projects is not covered by requisition income and the income and expenditure shown are for information purposes only. Project expenditure and income will vary each financial year and activities are generally short-term in nature, therefore only the 2024/25 figures, as known at this time, are provided. As outlined above, Projects are forecast to contribute income towards Core activities during the forthcoming financial years.

8. 2024/25 Member Authority Requisitions

- 8.1 Maintaining member requisition at 2023/24 levels (0% increase) has been recommended for 2024/25 as detailed in Appendix 2 of this report. This recommendation supersedes the indicative 3% increase provided in the December 2022 revenue estimates paper. It should be noted that the requisitions outlined do not include amounts payable in relation to the National Care Home Contract. It is proposed that these costs are absorbed by Scotland Excel from 2025/26 and appropriate information provided to councils to allow this additional benefit to be cross charged to Integrated Joint Boards.
- 8.2 In addition to member authority requisitions for 2024/25, Appendix 2 also details the Total Estimated Savings achieved by member authorities during 2022/23. Joint Committee representatives and all local authorities will receive their annual value reports during December 2023 giving further detail in relation to savings and other member benefits.

- 8.3 Any future events that may materially affect these finances will be the subject of a report to the Joint Committee.
- 8.4 The requisition funding drawdown will be invoiced annually during October, in accordance with arrangements made by the Treasurer.

Appendix 1

Scotland Excel Revenue Estimates

Table 1

	2023/24 Approved Budget £000	2023/24 Forecast Outturn £000	2024/25 Proposed Budget £000	2025/26 Indicative Budget £000	2026/27 Indicative Budget £000
Core Activity					
Employee Costs	4,207	4,431	4,245	4,583	5,185
Property Costs	217	217	217	217	217
Transport Costs	20	20	20	20	20
Supplies and Services	291	313	291	291	291
Administration Costs	0	0	0	0	0
Transfer Payments	22	22	23	24	25
Support Costs	303	281	329	354	360
Total Core Operating Costs	5,060	5,284	5,125	5,489	6,098
Council Requisitions	(3999)	(3,999)	(3,999)	(3,999)	(4,079)
Temporary Reserve Use	0	0	0	0	0
Associate Income	(230)	(230)	(240)	(240)	(240)
Income from Projects	(248)	(383)	(298)	(298)	(298)
Rebates	(583)	(583)	(1,048)	(1,411)	(1,554)
Total Core Operating Income	(5,060)	(5,195)	(5,585)	(5,948)	(6,171)
Core Operating Deficit/(Surplus)	0	89	-460	-459	-73
Uncommitted Reserves					
Opening Balance at 1 April	244	244	155	615	1074
Use of Reserves	0	(89)	460	459	73
Closing Balance at 31 March	244	155	615	1074	1,147
% of Operating Income	4.90%	3.00%	12.00%	19.60%	18.80%

Table 2

Project Activity			
Employee Costs	1,534	1,680	1,474
Property Costs	0	0	0
Transport Costs	3	2	2
Supplies and Services	54	87	48
Transfer Payments	7	8	7
Support Costs	848	289	306
Total Project Costs	2,446	2,066	1,837
Income from Projects	-2,868	-2,596	-2,247
Project Deficit / (Surplus)	-422	-530	-410
Transfer to Core	248	361	298
Transfer from Project Reserves	-174	-169	-112
Project Reserves			
Opening Balance at 1 April	1383	1303	1,472
Use of Reserves	174	169	112
Closing Balance at 31 March	1557	1,472	1,584
% of Operating Income	63.7%	71.2%	86.2%

Appendix 2

Member Requisitions 2024/25 & Savings Achieved 2022/23

Requisition by Authority	2023/24 Requisition	Proposed 2024/25 Proposed Requisition	Total Estimated Savings Achieved 22/23
Aberdeen City	£157,769	£157,769	£1,585,811
Aberdeenshire	£178,354	£178,354	£1,406,015
Angus	£92,786	£92,786	£370,936
Argyll and Bute	£75,330	£75,330	£598,880
City of Edinburgh	£332,351	£332,351	£1,283,869
Clackmannanshire	£55,083	£55,083	£412,525
Dumfries and Galloway	£111,859	£111,859	£439,243
Dundee City	£111,234	£111,234	£791,355
East Ayrshire	£96,230	£96,230	£687,178
East Dunbartonshire	£88,571	£88,571	£469,949
East Lothian	£88,967	£88,967	£669,724
East Renfrewshire	£81,378	£81,378	£597,083
Falkirk	£118,812	£118,812	£1,003,215
Fife	£243,764	£243,764	£958,792
Glasgow City	£395,787	£395,787	£1,671,732
Highland	£163,975	£163,975	£544,131
Inverclyde	£69,772	£69,772	£573,758
Midlothian	£80,269	£80,269	£436,880
Moray	£81,279	£81,279	£417,809
Na h-Eileanan Siar	£40,547	£40,547	£317,550
North Ayrshire	£103,352	£103,352	£818,444
North Lanarkshire	£224,305	£224,305	£1,103,325
Orkney Islands	£38,153	£38,153	£221,739
Perth and Kinross	£114,789	£114,789	£565,073
Renfrewshire	£130,044	£130,044	£781,656
Scottish Borders	£92,727	£92,727	£520,202
Shetland Islands	£38,387	£38,387	£310,540
South Ayrshire	£90,643	£90,643	£515,343
South Lanarkshire	£213,347	£213,347	£1,087,896
Stirling	£79,562	£79,562	£427,293
West Dunbartonshire	£76,246	£76,246	£776,497
West Lothian	£133,337	£133,337	£832,057
	£3,999,008	£3,999,008	£23,196,500

The **Total Estimated Savings** figure comprises:

- **Direct price-based savings calculation** - multiplying the difference between the new contract price and the baseline price (the previous contract price) by the estimated annual volume purchased.
- **Cost avoidance (collaboration) calculation** - the number of new and renewed Scotland Excel frameworks that went live in the financial year is multiplied by the average number of councils participating in those frameworks then multiplied by £12,000. This sectoral figure is then allocated evenly across the 32 local authorities.
- **Cost avoidance (indexation) calculation** - using a range of market indices that accurately reflect the key cost drivers of the goods or services provided, price versus market calculations are carried where appropriate, at an individual framework level for each local authority.

Scotland Excel

To: Executive Sub-Committee

On: 17 November 2023

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

Chief Executive's Update Report to Chief Executive Officers Management Group (CEOMG) – November 2023

1. Summary

The purpose of this report is to share the Chief Executive's Update Report which was issued to Council Chief Executives at the CEOMG on 8th November 2023.

2. Background

The Scotland Excel CEOMG meets quarterly. As part of the regular governance process the Chief Executive provides an update on the work of Scotland Excel. Following discussions with the Scotland Excel Convener, it was agreed that this report – and any future reports – will be shared with members of the Scotland Excel Executive Subcommittee following the CEOMG meeting. The report shown at Appendix 1 provided an update to the CEOMG for the period between August 2023 to October 2023.

3. Recommendations

Members are asked to note the report.

Scotland Excel

To: Chief Executive Officers Management Group

On: 8th November 2023

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 (CEOMG) on 9th August 2023.

2. Summary

Since the group last met the team has focused on identifying and demonstrating the value that Scotland Excel brings to councils and associate members. In August 2022 the CEOMG approved the launch of a project that would explore additional value added for members through the wide range of activities carried out by Scotland Excel. This update includes an outline of the project and a summary of progress made to date.

The update also provides detail on the portfolio of frameworks and contractual solutions offered by Scotland Excel, the project-based work carried out in partnership with other public bodies and the development of associate membership.

3. Framework Portfolio

3.1 Corporate Services (including Digital)

ICT

The National Shared Digital ARC framework recommendations were approved by the Executive Sub Committee in August 2023 and the framework is now live. Work is ongoing to conclude the contract award and mobilise with early adopting councils.

The team is engaged in several projects with the Scottish Local Government Digital Office. These include Office 365 aggregation, Security Operation Centre collaboration and development of the next generation framework for telecare equipment.

Progress updates and procurement input continues to be shared with a number of national boards, including Digital Assurance, Public Sector Innovation, the Department for Education four nations roundtable and the Telecare Steering Group.

Corporate, Education and Operational Supplies & Services Developments

Food prices dropped in the UK in September for the first month in almost two years, according to retail industry figures. The British Retail Consortium (BRC) said price reductions for dairy, margarine, fish, and vegetables, coupled with elevated competition, helped to bring down the cost of an average food basket by 0.1% compared with the previous month. However, the price of many kitchen staples continues to rise, while overall food prices are still 9.9% higher than a year ago.

Inflation as measured by the CGA Prestige Foodservice Price Index decreased for a third consecutive month in August but remains above 20% year-on-year.

All 11 categories of the Index from CGA and Prestige remained in double-digit inflation, though some saw prices drop month-on-month, including fish, fruit, and sugars. Meat prices increased again, by 1.7%, and the vegetables category recorded the highest year-on-year inflation of any category at 33.5%.

These reductions in food inflation have been reflected in recent pricing variation requests across the Scotland Excel Food portfolio. Negotiations on requests are ongoing and members will be notified of the outcomes in due course.

Second generation frameworks for the Supply and Delivery of Fresh Bread, Rolls and Bakery Products and Fire Safety Equipment went live in early October, with supporting documentation available via the Scotland Excel website members area.

Scotland Excel is in the final stages of development for tenders for Signage, Cleaning Equipment and Civic Supplies (Previously known as Alcoholic Beverages). Contract notices for all tenders will be published through Public Contracts Scotland (PCS) in the coming weeks. Initial development is also underway for the tender relating to Sheriff Officer Services with a prior information notice (PIN) published on PCS.

3.2 Care Services – Adult and Older Peoples Care

National Care Service (NCS) Update

The first meeting of the NCS Ethical Procurement and Commissioning Working Group took place in October to discuss potential ministerial powers to be included with the NCS framework legislation in relation to procurement and commissioning. Further meetings are likely to be required before the end of year to help inform this work. Scotland Excel also continues to participate in the Adult Social Care Ethical Commissioning (ASCEC) working group and will be leading a session on ethical commissioning in December.

National Care Home Contract (NCHC)

Work is underway in relation to the 2024/25 negotiations. In collaboration with Scottish Care, a review of the cost model will take place in order to update the model to accurately reflect cost pressures. Once this work has been concluded a joint exercise will be undertaken to consider variations to the current single rate model. This will examine the economies of scale and diseconomies of scale experienced by care homes which are larger or smaller than the 50-bed care home on which the cost model is based. This work will reflect the first phase of the redesign which will continue during 2024.

Residential Rehabilitation (alcohol and drugs)

The tender for the first national flexible framework for residential rehabilitation is due to be published in early November and is scheduled to commence in April 2024.

The development work has been funded by the Scottish Government as part of the national mission to reduce drug deaths and harms through improvements to treatment, recovery, and other support and as a contribution to the delivery of the Alcohol Framework.

Framework Renewals

Work is underway to redevelop several significant, existing service contracts. This includes the second-generation care and support framework which is due to commence in April 2024. Lessons learned from the original framework have been incorporated as improvements into the new arrangement. The flexible framework will be in place for 6 years, enabling a greater degree of certainty for the market whilst maximising participation by enabling new entrants to join on an ongoing basis at any point.

At the request of local government colleagues, the framework for care homes for adults with learning disabilities is being reviewed with a view to increasing the scope of services covered. It is anticipated that the new generation of this framework will encompass a wider range of care homes for adults. This is expected to include care homes which support people with physical disabilities, mental health issues and sensory impairment as well as a range of other specialist residential services. The new arrangement is scheduled to commence in September 2024.

The existing framework for the provision of community meals is also being redeveloped. The new arrangement will include a wider range of products and will be set up as a flexible framework to encourage new entrants throughout the lifetime of the framework.

3.3 Children's Services

The four secure care contracts have been extended until 31 March 2025. This is to enable the new generation contracts to reflect the legislative changes currently being developed. These changes are connected to 'Keeping the Promise,' many of which were identified as actions required as a result of the Independent Care Review (The Promise). It is also enabling necessary amendments to be considered and incorporated following the publication of Reimagining Secure Care report expected early next year.

Discussions with Scottish Government and other stakeholders are ongoing in relation to Scotland Excel leading a national approach to secure care transport. Currently, secure care transport is spot purchased from a limited market.

3.4 Construction Transport and Environment

Construction and transportation markets are still experiencing the impact of inflation and some levels of supply chain disruption still exist. However, signs of increasing stability are appearing across many of the affected commodity and service areas. Impacts of recent conflict in Gaza will continue to be monitored for an impact on oil prices and the effect that has on many markets.

Framework Update

The first-generation framework for Property Maintenance and Refurbishment has been mobilised with local authority stakeholders and suppliers. This framework will also be used by a number of associate members that have housing stock.

The Asbestos Related Works and Services framework was presented for award at the Executive Sub Committee on 20th October, with the legal standstill period following immediately after. The framework is expected to be awarded in early November and mobilisation work will progress throughout the month.

The evaluation of the consolidated Grounds and Plant Equipment framework is now complete. This framework brings together two previous frameworks with common supply bases for efficiency and to reduce required resources for suppliers. The award recommendations for this framework are scheduled to be presented to the Executive Sub Committee in December.

The tender for Security Services and Cash Collection framework has now closed and the bids received are under evaluation. The majority of services sourced through this framework involve manned guarding and as such there has been a strong focus on licensing and payment of the Real Living Wage.

The consolidated Construction Materials framework procurement has been drafted and the tender is due to be published this month. This framework has experienced significant delays relating to the complexity of bringing together six frameworks. Extensions of as many of the current arrangements as possible have been made to minimise disruption and risk for councils and to ensure relationships and commercial arrangements with suppliers are maintained. This is scheduled to be in place by April 2024.

The first New Build Residential Construction framework is due to conclude on 31 January 2024. The team is developing a new framework that will also include pre-construction services agreements as well as Passivhaus and Gold standard specifications for build.

Development work on the renewal of Waste Disposal Equipment has begun. The procurement strategy is being drafted in consultation with the UIG (User Intelligence Group), the most recent meeting of which took place on 10th October. The UIG define the requirement and strategic approach for every framework.

Work continues to conclude the technical specification for the delayed framework for street lighting materials. In line with this, discussions are ongoing with the SCOTS group (Society of Chief Officers of Transportation in Scotland) to ensure that specifications are aligned with council requirements.

4. Contract Delivery Plan Update

At any given point there are around 70 frameworks in the Scotland Excel contract portfolio, with 6 further frameworks to be developed and added in the coming year, as well as a programme of renewals and extensions.

The following contracts have been approved at Executive Sub Committee since August 2023:

4.1 Provision of a Shared Alarm Receiving Centre (ARC) Technology solution

The Provision of a Shared Alarm Receiving Centre (ARC) Technology solution is a single supplier framework agreement that enables councils, Health, and Social Care Partnerships (HSCPs), Housing Associations and other organisations in their roles as Telecare Service Providers (TSPs) to deliver digital telecare services to their service users (citizens). The framework is a first-generation framework and has been developed with extensive engagement with councils and stakeholders, including the Digital Office for Scottish Local Government.

The framework was advertised as a single supplier framework and provides the participating members with a mechanism to procure a technology solution to contribute to a smooth transition from the current analogue connections to digital connections within their Alarm Receiving Centres. It is anticipated that the analogue network will be permanently switched off in December 2025. The framework agreement for a single supplier will help to ensure that the solution being delivered is a consistent and a co-ordinated approach is used across Scotland.

Framework benchmarking figures have not yet been produced for this new framework due to several factors. Councils utilising the framework will be changing the overall approach they take and the technological solution they use, therefore direct comparisons at this stage are not possible.

4.2 Supply and Delivery of Fresh Bread, Rolls & Bakery Products

The framework provides a mechanism for councils to procure a range of fresh bread, rolls & bakery products, which will include but is not limited to, brown bread, white bread, pittas, wraps, potato scones, cakes, pastries, and baguettes. Users of the framework are likely to include schools, nurseries, care homes, leisure centres, cafes, and office units.

Scotland Excel has conducted a benchmarking exercise comparing current pricing against the pricing submitted within the renewal tender. The projected average saving across all councils is 4.3%, which equates to an estimated total saving of approximately £84k per annum based on current forecast spend levels.

4.3 Supply, Delivery, Servicing and Maintenance of Fire Safety Products

The scope encompasses the provision of a range of fire safety products and services, including but not limited to fire extinguishers, fire blankets and associated products, as well as a range of services which will ensure that relevant fire safety equipment and products are suitably maintained which Councils may require.

Scotland Excel has conducted a benchmarking exercise comparing current pricing against the pricing submitted within the renewal tender. The projected average on cost across all councils is 7.7%, which equates to an estimated total increase of approximately £9,742 per annum based on current forecast spend levels. Given the market movement forecast of 22% over the period of the current framework, the impact through transition to the new framework is more tangible estimate at a saving of circa. 14%, or c.£81,600 across all councils.

5. Enhancing Value

5.1 Savings Opportunities

As previously reported, and recognising the difficult financial journey facing councils, Scotland Excel undertook a number of additional steps to support members in 2023.

Scotland Excel has set up a dedicated Savings Team with the sole purpose of identifying financial opportunities across all procurement spend for its members. The team is made up of commercial professionals with experience of delivering savings opportunities. The team has a number of opportunities in its savings pipeline, and these will be delivered and communicated throughout the year. The team has been targeted with identifying £5m of savings for the sector in the first year.

A number of national savings opportunities were identified and, in conjunction with the CEOMG, explored further to understand the financial opportunity and steps required to implement.

Central to savings methodologies are changes to product mixes, rationalising supply bases, reducing deliveries and transport costs.

Scotland Excel will also focus on its own portfolio of frameworks to further support these important aims. Work in this regard has taken two forms, those that focus on changing the commercial aspects of frameworks and those that support councils to make use of frameworks more effectively. Each of these shifts will require change management within council sourcing teams. A robust communications plan has been developed to support council teams to take up identified opportunities.

Scotland Excel has also been working with the Chief Executives Transformation Group and is undertaking a number of projects under the auspices of this group. A number of presentations and workshops on this were undertaken in 2023. An update on these and a number of recommendations and “asks” were presented at the August SOLACE meeting of Chief Executives.

A review of the groups contract registers was undertaken to identify savings opportunities and projects were initiated including in Occupational Health, Waste, Telephony, and Insurance Services. These are now led by the savings team.

The review of contract registers indicated that an adoption of some standard approaches would benefit local and national collaboration. These recommendations would not make any material changes but would include recommendations such as a common approach to the value that is shown on the register. A proposal for implementation is in development.

Scotland Excel works closely with Crown Commercial Services (CCS) and has been undertaking detailed analysis of member utilisation of their frameworks. This has already provided real financial opportunities for councils. CCS has indicated that a brief authorisation letter from councils to Scotland Excel allowing to ask commercial questions of its suppliers would make this process quicker. It was agreed to issue this to Chief Executives for their consideration.

The identification of savings will be a key focus for the foreseeable future for Scotland Excel. Regular updates will be provided through our numerous fora, committees and through dedicated savings communications.

5.2 Climate Change and Net Zero Strategy

The Scotland Excel Net Zero strategy was approved at Executive Sub Committee on 17 March 2023 and subsequently published on the Scotland Excel website. The strategy focuses on broadening the type of support offered to member councils, including additional sustainability-driven tender considerations, focused contract and supplier management and flexible provision of contracts, with options aligned to net zero ambitions. It also focuses on internal activities and how these can be improved to mitigate against climate change and help in some way towards a net zero environment.

Objectives and associated actions across all teams within Scotland Excel were identified in the strategy and to deliver on these, Scotland Excel established a Net Zero Strategy Delivery Group in August 2023. This working group will act as the

driving force to deliver those actions to ensure objectives detailed within the Strategy are achieved in a timely and effective manner.

To date, progress has focused on:

- identifying future frameworks with a high carbon reduction potential
- improved use of circularity in supply
- improving the number of plant-based and meat-free options
- decarbonisation in social care.

Scotland Excel has hosted a collaborative session on sustainable procurement tools attended by c.70 representatives from the sector. The purpose of this was to provide attendees with an insight into how other organisations use the tools to achieve the best outcomes. Plans are now underway to deliver training in late November on Procuring a Sustainable Future for People and Planet.

5.3 Supply Chain Disruption

Scotland Excel has been producing reports on market conditions to assist councils to respond since early 2017 as the UK were preparing to leave the European Union. The preparation of reports has continued and has broadened to pick up on issues arising from global shock events including the coronavirus pandemic of 2019 and beyond.

As the impact of widespread supply chain disruption became apparent in 2020 an analysis of the impact of these factors was included in the reports. Reports are now quarterly and include inflationary pressures, financial trends, and market conditions.

The final report for 2023 was issued at the end of October and included a survey to test the level of uptake and seek feedback on content.

6. The Academy

The Scotland Excel Academy delivers accredited and unaccredited people development and organisational development programmes and workshops through a blended delivery of face-face, online and self-directed learning using the Academy's Moodle platform and Microsoft Teams.

The Academy has 2,223 registered learners accessing content on the Moodle platform, with fifty-one learners participating in eight accredited cohorts - one in procurement, two in leadership & management, three in project management and two in business analysis and innovation. In addition, 62 learners are participating in two unaccredited hybrid procurement and leadership development programmes across five NHS health boards.

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

The Academy has awarded 334 accredited qualifications and 20 Chartered Managers.

In response to customer requests for lower-priced, short duration development programmes, the Academy continues to evolve its strategy and learning portfolio. A series of new learning provision has been launched, other new learning provision is being explored and some learning provision is being sustained from the earlier strategy. These are illustrated below -

Procurement

The Academy continues to explore, design and implement new procurement programmes in consultation with our stakeholders' continually evolving needs.

SQA Procurement Programmes

The new SQA accredited Practitioner HND SCQF8 level and Expert Practitioner Degree SCQF9 level programmes progressed to the point of credit rating design with the SQA.

Scottish Government Procurement and Commercial Training Framework

The Academy is delivering the Scottish Government procurement and commercial training framework nationally across public-sector. This comprises one-day and half-day procurement development workshops. 665 people have attended sixteen workshops over January to September 2023. In total across the whole framework to date 1,118 people have attended forty-eight workshops.

CIPS Self Study Support (CS3) Workshops

The Academy has launched new CIPS self-study support (CS3) workshops to help people self-studying towards CIPS exams. The Academy is facilitating discussion, coaching, and sharing practice relevant to the CIPS exam content. These CS3 workshops are free to local authority customers. Six workshops have been delivered in Q2 and eight workshops are scheduled to be delivered in Q3.

Graduate Apprenticeship in Business Management with Procurement and Supply Chain Management

The Academy has codesigned a new Graduate Apprenticeship in Business Management with Procurement and Supply Chain Management, with a tentative launch date of September 2024. This is a tripartite approach by the Academy, Glasgow Caledonian University and the Scottish Government Commercial and Property Directorate.

Procurement Lifelong Learning Pathway

The Academy and the Scottish Government Procurement and Property Directorate have initiated exploratory discussions with City of Glasgow College and Glasgow Caledonian University to establish a lifelong learning pathway across modern apprenticeships, SVQs, HNC/HND and Graduate Apprenticeships.

Leadership and Management

Two new programmes have been launched responding to requests for lower priced short duration development programmes. These comprise - SQA accredited PDA in Operational Leadership & Management programme at HND SCQF8 level.

SQA accredited PDA in Strategic Leadership & Management programme at Degree SCQF9 level.

Both programmes satisfy the eligibility criteria for the Chartered Manager assessment, awarded through the Academy's Chartered Manager Assessment Centre (the first in Scotland).

Chartered Manager

Chartered Manager is the highest award in the leadership and management profession and commits people to progressive work practice. The Academy has awarded Chartered Manager to twenty people, spanning ten local authorities and ten public-sector organisations.

Six people are currently working on their Chartered Manager submission.

Project Management

The Academy continues to deliver the SQA accredited PDA in Project Management at HND SCQF8 level.

People to self-study progressive project management practice.

The Academy is scoping an opportunity to explore becoming a Chartered Association of Project Management (APM) centre. This can facilitate opportunities to support peoples' progressive project management expertise across the Scottish public-sector.

Business Analysis, Decision Making and Innovation

The Academy continues to deliver the combined SQA accredited Business Analysis unit at HND SCQF8 level and PDA in Decision Making and Innovation at Degree SCQF9 level.

Stay Connected Workshops

The Academy is delivering Stay Connected one-hour online workshops.

Spanning all disciplines within the Academy portfolio these workshops serve as concise snapshot online learning.

293 people have attended 11 workshops over February to September 2023. In total across all phases of Stay Connected, 1,597 people have attended 69 online workshops.

Serious Organised Crime Prevention Workshops

The Academy previously designed and delivered the Serious Organised Crime Prevention pilot programme coworking with a number of national stakeholders. Having acquired and analysed participant feedback, the Academy is now working on a rationalised one-day workshop provision for Serious Organised Crime Prevention.

7. Projects Update

7.1 Dumfries and Galloway Council

'Mop up' training sessions have now been completed with the members of staff with delegated procurement authority who were unable to attend the previously arranged sessions. We will now be seeking feedback through a series of questions with those who took part in the training to test that the knowledge

provided has been successfully transferred and to highlight any remaining training gaps.

Discussions are also continuing with the Procurement and Commissioning Manager to establish any further involvement of Scotland Excel Flexible Procurement Service to support the delivery of the council's procurement pipeline activity.

7.2 Dundee City Council

The transformation programme with Dundee City Council is continuing to progress. Category Officers within the corporate procurement team are working with service departments to address the forward plan that is now in place, refreshing contracts as required.

A savings plan has now been put in place to coincide with the revenue budget preparation work for 2024/25 and this will be considered by the Corporate Leadership Team, prior to implementation through the remainder of the financial year. A more general set of principals will be agreed for implementation before financial year 2025/26.

7.3 South Lanarkshire Council

The two-year transformation programme with South Lanarkshire Council is due to end on 14th November 2023. This savings programme has been very successful with full targeted savings achieved within the first year. Now nearing the end of the programme phase's 1 - 5 projects have been approved. The savings target set at the start of the 2-year programme was £1.3m, savings approved by CMT are £1.9m, with a further £500k under evaluation.

The final phase will be presented to CMT in October 2023 with savings proposed to the value of £1m. If approved this would bring the total savings achieved by South Lanarkshire to around £3.4m.

7.4 Stirling Council

Scotland Excel is continuing to provide support to Stirling Council one day a week until December 2023. This is primarily to focus on supporting, mentoring, and coaching the new interim Corporate Procurement Manager, support for recruitment activity and specific support on savings and efficiencies going forward. In addition, work will continue to support the Community Wealth Building objectives.

Within the Community Wealth Building workstream, planning is underway for a series of thematic or spend area specific events in the coming months. It is intended that this becomes an annual Community Wealth Building event. The next event that is being planned will be thematic and will focus on the Council's Net Zero aspirations.

7.5 East Renfrewshire Council

Engagement continues with the Council's Chief Procurement Officer and the Assistant Economic Development Manager to develop a Community Wealth Building Programme that supports the Council's developing Community Wealth Building strategy.

7.6 Flexible Procurement Services

The demand for Scotland Excel's flexible procurement services continues to grow in particular where organisations have limited procurement resource or a gap in knowledge/expertise has been identified. Councils and other organisations such as the Improvement Service and Crown Estate Scotland are already engaged with this service with their individual procurement needs varying in scale, value, complexity, and duration.

The Flexible Procurement Services team will continue to evolve to respond to customers' needs and demands.

8. Associate Membership including new Members

There has been six new associate members since the last CEOMG:

Accountant in Bankruptcy
Blairtummock Housing Association
Cassiltoun Housing Association
Knowes Housing Association
New Gorbals Housing Association
University of Dundee

Since the last reporting period, Scotland Excel continues to work with developing housing associations that are required to participate in the Scottish Government continuous improvement programme. To date, there are twenty-eight housing associations engaged with Scotland Excel at various stages in the process including five completed assessments. Associate members continue to show interest in the newly awarded Property Maintenance and Refurbishment contract with potentially three new associate members being considered by members in November.

Scotland Excel**To: Executive Sub-Committee****On: 17 November 2023****Report by:
Chief Auditor****Internal Audit Engagement – Social Care Contracts****1. Summary**

- 1.1 In line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Committee.
- 1.2 The Chief Auditor will report summaries of completed audit engagements to the Executive Sub Committee on the conclusion of each engagement for formal consideration by members in line with the best practice referred to above.
- 1.3 This report provides detail of the audit engagement completed in September 2023 with the overall assurance rating and the number of recommendations in each risk category. The detailed committee summary for the report is also attached.

2. Recommendations

- 2.1 Members are invited to consider and note the summary for the Internal Audit engagement of social care contracts processes.
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Appendix 1

Scotland Excel

Internal Audit Service

Summary of Internal Audit Reports issued

Category	Engagement	Assurance Rating	Recommendation Ratings			
			Critical	Important	Good Practice	Service Improvement
Assurance	Social Care Contracts	Substantial	0	0	0	0

Assurance Level	
Substantial Assurance	<ul style="list-style-type: none"> There is a sound system of internal control designed to achieve the objectives of the area being reviewed. The control processes tested are being consistently applied.
Reasonable Assurance	<ul style="list-style-type: none"> The internal control processes are generally satisfactory with some areas of weakness being identified that could put some objectives of the area being reviewed at risk There is evidence that the level of non-compliance with some of the control processes may put some of the objectives of the area being reviewed at risk.
Limited Assurance	<ul style="list-style-type: none"> Weaknesses in the system of internal controls are such as to put the objectives of the area being reviewed at risk. The level of non-compliance puts the objectives of the area being reviewed at risk.
No Assurance	<ul style="list-style-type: none"> Control processes are generally weak with significant risk to the achievement of the objectives of the area being reviewed. Significant non-compliance with control processes leaves the processes/systems open to error or abuse.

Recommendation Rating	
Service Improvement	Implementation will improve the efficiency / housekeeping of the area under review.
Good Practice	Implementation will contribute to the general effectiveness of control.
Important	Implementation will raise the level of assurance provided by the control system to acceptable levels.
Critical	Addresses a significant risk, impacting on the objectives of the area under review.

Internal Audit Report

Scotland Excel

Social Care Contracts (A0008/2023/001)

Date: September 2023

COMMITTEE SUMMARY

Audit Objectives
<p>The objectives of the audit were to: -</p> <ol style="list-style-type: none">1. Evaluate the extent to which Scotland Excel's care contracts support the principles relevant to commissioning and procurement as set out in the recommendations detailed in the Feeley Review.2. Identify any areas for improvement and outline actions to address these.

Audit Scope
<ol style="list-style-type: none">1. Obtained a copy of the publication, 'An Independent Review of Adult Social Care in Scotland', by Derek Feeley.2. Interviewed relevant officers within Scotland Excel and obtained information relating to social care contracts.3. Prepared a series of tests to meet the detailed audit objectives.

Key Audit Assurances
<ol style="list-style-type: none">1. Scotland Excel were able to evidence that for the contracts selected for testing, work has been undertaken to ensure that, where possible, the commissioning and procurement recommendations as set out in the Feeley Review have been or will be implemented.2. Stakeholder engagement and market research, including service users and people with lived experience has been carried out to ensure that there has been a collaborative, rights based and participative approach.3. The Procurement Strategy and Service Specifications documentation also include ethical and fair work requirements as set out in the Feeley Review recommendations.

Key Risks
<p>There were no key risks arising from the audit review.</p>

Overall Audit Opinion
<p>In the care frameworks currently being created by Scotland Excel, the commissioning and procurement recommendations set out in the Feeley Review have been incorporated, where possible, to include areas such as a collaborative, rights based and participative approach and ethical and fair work requirements. Work has been undertaken to ensure that the additional processes outlined in the Feeley Review will be included in future frameworks.</p>

Scotland Excel

To: Executive Sub-Committee

On: 17 November 2023

Report by:
Chief Executive of Scotland Excel

Update on the Contract Delivery Plan

1. Progress to Date

This report provides a progress update on the 2023/ 2024 contract delivery plan.

Appendices 1 – 4 of this report on the 2023/ 2024 Contract Delivery Plan detail new framework developments and renewals, flexible frameworks, framework extensions and frameworks with ongoing contract management activity.

At any given point there are around 70 frameworks in the Scotland Excel contract portfolio. It is intended that 5 further frameworks will be developed and added to the portfolio in the coming year, with 13 frameworks remaining to be renewed during 2023/2024 (Appendix 1).

A further 14 of the frameworks on the current portfolio have extension options that are available to be exercised in 2023/ 2024, with 6 of these extensions already being approved (Appendix 3).

The estimated forecast value of the Scotland Excel framework portfolio is approximately £2Billion.

Overall, efficiencies created by frameworks awarded so far during 2023/2024 are benchmarked at 1.61%. As noted in the paper presented to Executive Sub Committee in April 2023, an update to Scotland Excel's methodology for calculating efficiencies is now being embedded. This additional data will support councils to interpret the value achieved through working collaboratively across the local government sector. These savings are summarised in Appendix 5 in accordance with the [Scottish Government procurement benefits reporting guidance](#).

A summary of spend per council between across the portfolio between July 2022 and June 2023 can be found in Appendix 6.

In December 2022 the Contract Delivery Update presented to the Joint Committee recognised the impact of the economic downturn. This included a higher number of bidders, greater complexity of lotting structures and new ways of working. In response

to these factors the need for greater safeguards to Scotland Excel processes was cited. In August 2023 the revised Format of Contract Approval Reports paper was approved by the Executive Sub Committee concluding the first of these process improvement initiatives.

The next stage is underway, with a focus on pre-tender activity including early engagement, decision logging and ways of working during the tender development phase. This is to deliver further safeguards to contract delivery planning.

Social Care

The **Residential Rehabilitation** project was commissioned by the Scottish Government with the remit of researching and developing national approaches for commissioning of alcohol and drug residential rehabilitation. Following completion of the documentation and internal governance processes, it is proposed to progress to establishment of the framework agreement through a tendering process in autumn 2023. Subject to Scottish Government approval, it is anticipated that the framework agreement will be in place by 1 April 2024.

The **Care and Support** Flexible Framework Procurement Strategy was formally approved at the Contract Steering Group on 30 August 2023. It is anticipated that the renewal framework agreement will be in place by 1 April 2024

The **Care Homes for Adults** flexible framework renewal is at development stage. Market scoping work is in progress to inform strategic development activity. It remains the expectation that the new framework will be awarded on or around September 2024.

The Adult Social Care Uplift and Price/Fee review continues to be the focus of contract supplier management activity. The Scottish Government increase for commissioned services for the workforce element of the contract price is determined by the Fair Work in Social Care Implementation Group. The business overhead costs continue to be met by local commissioners. It is anticipated that costs will continue to increase for the foreseeable future as these elements are impacted by inflationary pressures. Scotland Excel will closely monitor costs and restructure the annual price review processes to support local authorities to understand the impact, mitigate risk and support forecast price/fee projections and increases where appropriate.

The **Social Care Agency Workers** flexible framework is at contract and supplier management stage and a programme of User Intelligence Groups (UIG) and supplier meetings is in place. Further meetings are planned through to January 2024. The emphasis of these meetings will be to discuss and monitor uptake and spend, mobilisation issues and risk mitigation.

On the National care Home Contract (NCHC), discussions are currently taking place on a review of the cost of care model used to determine placement fees. It is likely that this will result in the implementation of a small change to the model. Negotiations for the 2024/25 increase are about to take place with provider representatives following dialogue with CoSLA and Local Authorities.

Work will then begin on the redesign of the NCHC which will review the current cost model and establish whether a wider review of the model is required.

Scotland Excel continues to engage in contract management activities on the **Children's Residential and Education, including Short Breaks, Services** flexible framework that went live on 1st October 2022. This includes gathering of regular Management Information, through the new streamlined process, and the evaluation of new bids and variations.

Scotland Excel is engaging with stakeholders regarding the renewal contracts for **Secure Care Services**. The current contracts have been extended to 30th March 2025 under Regulation 72, due to the policy work ongoing in this area including the "Reimagining Secure Care" work. Work on the next generation contracts will continue throughout 2024, to ensure that the contracts are fit for purpose, meet the needs of children and young people and align with the policy direction.

In addition, across the Children's team, the fee uplift process for 2024/2025 fees is currently being developed and Scotland Excel is planning work with a range of stakeholders regarding this, including the strategic purchaser's representative group alongside UIG members.

Construction, Transport and Environmental Services

Construction and transportation markets are still experiencing the impact of inflation and some levels of supply chain disruption still exist. However, signs of increasing stability are appearing across many of the affected commodities. Impacts of the recent conflict in the Middle East will continue to be monitored for an impact on oil prices and the knock-on effect that has on many markets.

In respect of the contract delivery plan, there are three frameworks that have recently been tendered and are in differing stages of their evaluation and award status.

Firstly, the **Asbestos Related Works and Services** framework was presented for award at the Executive Sub Committee on 20th October, with the legal standstill period following thereafter. The framework is expected to be awarded in November and mobilisation work will progress throughout the month.

The evaluation of the consolidated **Grounds and Plant Equipment** framework is now being concluded. This framework brings together two previous frameworks with common supply bases for efficiency and to reduce required resources for suppliers. It is expected that the award recommendations for this framework will be presented to the December Executive Sub Committee.

The tender for **Security Services and Cash Collection** framework has now closed and the bids received are now being evaluated. The majority of services sourced through this framework involve manned guarding and as such a strong focus on licensing and payment of the Real Living Wage has been fundamental.

In terms of contract framework developments, there are several frameworks that are currently under development within the CTE team:

The consolidated **Construction Materials** framework brings six mature goods-based frameworks together, creating efficiencies for Scotland Excel's stakeholder groups. The procurement development work has been completed and final legal review of the Terms and Conditions is underway to facilitate tendering of this commodity.

The CTE team are progressing the delivery of the second generation of **New Build Residential Construction** framework which brings together the experience of the first generation of the framework with updated and innovative specifications to include bronze, silver, gold, Passivhaus and Net Zero standards. The renewal framework will enable members to manage the design and build of new residential properties through the inclusion of an option to contract for pre-construction services as well as the build RIBA (Royal Institute of British Architects) stages. The framework continues to provide a local authority centred mechanism key to meeting policy objectives on housing.

Development work continues on a new framework for the provision of services for Scottish local authorities and the Scottish Government related to **Local Heat and Energy Efficiency Strategies (LHEES)**, heat network zoning and Local Area Energy Planning (LAEP). Work is underway with construction legal specialists to review and conclude the framework contract to facilitate tendering.

The status of **Street Lighting Materials** has not changed since the last report was published and is still under consultation and review, particularly to secure technical input to conclude the specification. As a recap, Street Lighting was prepared for submission to the Executive Sub Committee but was subject to judicial interruption. An abandonment notice, in line with regulations 85(7) and (8) of the Public Contracts (Scotland) Regulations 2015, was published to all tenderers, through the PCS-T message board facility, for this tender exercise.

Development work is now underway for the renewal of **Waste Disposal Equipment**. This framework will replace the current framework for the supply and delivery of waste disposal equipment including large containers, skips, compactors, balers and roll packers. The CTE team are progressing the development of the procurement strategy and a strategy UIG took place on 10th October to define the requirement and strategic approach.

In respect of some of the more recently awarded frameworks, the **Energy Efficiency Contractors (EEC)** framework continues to grow with well over one hundred projects for energy efficiency measures awarded to date by local authorities which will assist members with a pathway to upgrade Scotland's existing housing stock (c.660,000 homes) and buildings, with innovative energy efficiency measures to reduce carbon output and household bills.

The CTE team have also recently hosted an Energy Efficiency Contractors framework working group session with Councils.

The **Electric Vehicle Charging Infrastructure (EVCI)** framework provides members with a mechanism to procure a range of works, products and services, to supply, install and maintain electric vehicle charging equipment and associated items. Local authorities are seeking investment from the private sector to help build upon their

network of public charge points across the country and procurement support in this area may be required.

Early-stage discussions are ongoing with local authority colleagues and agencies such as Scottish Futures Trust and Transport Scotland on potential concession type procurement solutions for Electric Vehicle Charging Infrastructure.

The **Property Maintenance and Refurbishment** framework is now successfully awarded and mobilised with local authorities. This framework gives local authorities a route to market for a broad range of repair, maintenance, and refurbishment services.

Corporate, ICT and Operational Supplies and Services

Food prices dropped in the UK in September for the first month in almost two years, according to retail industry figures. The British Retail Consortium (BRC) said price reductions for dairy, margarine, fish, and vegetables, coupled with elevated competition, helped to bring down the cost of an average food basket by 0.1% compared with the previous month. However, the price of many kitchen staples continues to rise, while overall food prices are still 9.9% higher than a year ago.

Inflation as measured by the CGA Prestige Foodservice Price Index decreased for a third consecutive month in August but remains above 20% year-on-year.

All 11 categories of the Index from CGA and Prestige remained in double-digit inflation, though some saw prices drop month-on-month, including fish, fruit, and sugars. Meat prices increased again, by 1.7%, and the vegetables category recorded the highest year-on-year inflation of any category at 33.5%.

These reductions in food inflation have been reflected in recent pricing variation requests across the Scotland Excel Food portfolio. Negotiations on requests are ongoing and members will be notified of the outcomes in due course.

Second generation frameworks for the **Supply and Delivery of Fresh Bread, Rolls and Bakery Products** and **Fire Safety Equipment** went live in early October, with supporting documentation available via the Scotland Excel website members area.

Development work is under way for the second-generation framework for **Fresh Fruit and Vegetables**. Work will also commence on the renewal frameworks for **Groceries and Provisions** and **Catering Sundries** in the coming weeks.

Scotland Excel is in the final stages of development for tenders for **Signage, Cleaning Equipment** and **Civic Supplies** (Previously known as Alcoholic Beverages). Contract notices for all tenders will be published through Public Contracts Scotland (PCS) in the coming weeks. Initial development is also underway for the tender relating to **Sheriff Officer Services** with a prior information notice (PIN) published on PCS.

The ICT team continues to develop the tender documents for **Technology Enabled Care** frameworks with specifications currently being reviewed by partner the Scottish Local Government Digital Office. The **National Shared Digital ARC** project was approved by executive subcommittee in August 2023 and will go live in the coming weeks.

The team is engaged in several projects in partnership with the Scottish Local Government Digital Office, including **Office 365** and a new arrangement for a **Security Operation Centre**.

The team regularly attends and provides procurement input for the following boards – Digital Assurance, Public Sector Innovation, the Department for Education four nations roundtable on commercial themes in schools and Telecare Steering Group. The team is also working with the Improvement Service to deliver three key projects on their behalf throughout 2023.

2. Conclusion

Members are invited to note the progress made to date.

Appendix 1 – List of New or Renewal Contracts during 2023/2024

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
Contracts Approved since April 2023									
2023/24 Executive Sub Committees									
Commercial Catering Equipment	£4,000,000.00	Renew	Oct-22	Mar-23		Apr-23	2%-4%	-13.80%	Approved by Executive Sub Committee April 2023
Property Maintenance and Refurbishment	£75,000,000.00	New Contract	Dec-22	Apr-23		May-23	2%-4%	0%	Approved by Executive Sub Committee May 2023. Framework now fully mobilised and operational.
National Shared Digital Alarm Receiving Centre	2,500,000	New Contract	Aug-22	Dec-22		Aug-23	2%-4%	0%	Approved by Executive Sub Committee August 2023
Fire Safety Products	£2,500,000.00	Renew	Apr-23	Apr-23		Sep-23	2%-4%	4.30%	Approved by Exec Sub Committee September 2023
Bread and Rolls	£1,500,000.00	Renew	Oct-23	Aug-23		Sep-23	2%-4%	-7.90%	Approved by Exec Sub Committee September 2023
Asbestos related works and services	£7,000,000.00	Renew	Jul-23	Sep-23		Oct-23	2%-4%		Approved by Exec Sub Committee October 2023
December 2023 Executive Sub Committee									
Grounds and Plant Equipment	£5,000,000.00	Renew	Mar-23	Nov-23		Dec-23	2%-4%		The evaluation of the consolidated Grounds and Plant Equipment framework is now being concluded. It is expected that the award recommendations for this framework will be presented to the December Executive Sub Committee.

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
Future 2023/24 Executive Sub Committee									
Security Services and Cash Collection	£15,000,000.00	Renew	Jun-23	Aug-23		Jan-24	2%-4%		The tender for Security Services and Cash Collection framework has now closed (30th October) and the bids received are now being evaluated.
Technology Enabled Care Goods	£9,000,000.00	Renew	Dec-22	Dec-22		TBC	2%-4%		Specification with Digital Office partners for review prior to tender publication.
Street Lighting Materials	£15,000,000.00	Renew	Aug-22	Aug-23		TBC	2%-4%		The status of Street Lighting Materials has not changed since the last report was published and is still under consultation and review. As a recap, Street Lighting was prepared for submission to the Executive Sub Committee but was subject to judicial interruption. An abandonment notice, in line with regulations 85(7) and (8) of the Public Contracts (Scotland) Regulations 2015, was published to all tenderers, through the PCS-T message board facility, for this tender exercise.

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
Future 2023/24 Executive Sub Committee									
LHEES (Local Heat and Energy Efficiency Strategies)	1,000,000	New Contract	Sep-23			TBC	0%		Development work continues on a new framework for the provision of services for Scottish local authorities and the Scottish Government related to Local Heat and Energy Efficiency Strategies (LHEES)
Construction Materials	£70,000,000.00	Renew	Apr-23	Sep-23		End March 2024	2%-4%		Procurement development work has been completed and final legal review of the Terms and Conditions is due to conclude to facilitate tendering of this commodity.
Civic Supplies (OSS)	£1,250,000.00	Renew	Renew	Aug-23		TBC	2%-4%		Prior Information Notice Issued. Evaluation Methodology Under Development
Residential Rehabilitation and Detoxification (Alcohol and Drugs) Services	15,000,000	New Contract	Oct-23			Mar-24	n/a		In final review prior to publication, contract notice will be published November 2023.
Road Signage	£1,250,000.00	Renew	Nov-22			TBC	2%-4%		Prior Information Notice Issued. Evaluation Methodology Under Development
Cleaning Equipment	£2,000,000.00	Renew	Mar-23			TBC	2%-4%		Prior Information Notice Issued. Evaluation Methodology Under Development

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
Future 2023/24 Executive Sub Committee									
Sheriff Officers	£1,100,000.00	Renew	Nov-23			TBC	2%-4%		Prior Information Notice Issued. Strategy and Evaluation Methodology Under Development
New Build Residential Construction	£375,000,000.00	Renew	Jun-23	Dec-23		TBC	2%-4%		Development work on the Terms and Conditions to be agreed and finalised prior to tendering.
Care Homes For Adults	£121,689,746.00	Renew	Oct-23			Aug-24	n/a		Early stages of development, market scoping work underway.
Care and Support	£159,469,383.00	Renew	Mar-24			Mar-24	n/a		Strategy approved, evaluation methodology under development.
Community Meals	£4,000,000.00	Renew	Aug-23			Mar-24	2% - 4%		Market and UIG engagement underway
Secure Care	£17,500,000.00	Renew	Mar-24			Mar-25	n/a		Regulation 72 extension approved until March 2025. Early provider, UIG and policy team engagement underway
Waste Disposal Equipment	£1,250,000.00	Renew	Feb-24				2% - 4%		Framework Renewal. Strategy development in progress.
Fresh Fruit and Vegetables	£2,000,000.00	Renew	Feb-24				2% - 4%		Prior Information Notice Issued. Strategy and Evaluation Methodology Under Development
Security Operating Centre	TBC	New Contract	Nov-22			TBC	2%-4%		Pending

Appendix 2 – Flexible Contracts

Service	Estimated Annual Collaborative Contract Opportunity	Activity	Anticipated Re-Opening Date	Comments
Care and Support	£140,000,000	Flexible Framework Agreement	N/A	New entrants may be approved on a 6 monthly basis during the lifetime of the Flexible Framework dependent on the circumstances and demand. Progressing with a renewal framework.
Social Care Agency Workers	£20,000,000	Flexible Framework Agreement	N/A	New entrants may be approved at any point during the lifetime of the Flexible Framework dependent on the circumstances and demand for suppliers to be added on either a National or Regional basis.
Care Homes for Adults with Learning Disabilities Including Autism	£26,500,000	Flexible Framework Agreement	N/A	New entrants may be approved on an annual basis during the lifetime of the Flexible Framework dependent on the circumstances and demand. Progressing with a renewal framework.
Bikeability Scotland Training Providers	£300,000	Dynamic Purchasing System (DPS)	N/A	New entrants may be approved at any point during the lifetime of the DPS
Recyclable and Residual Waste	£40,000,000	Dynamic Purchasing System (DPS)	N/A	New entrants may be approved at any point during the lifetime of the DPS
Digital Telecare	£4,000,000	Dynamic Purchasing System (DPS)	N/A	New entrants may be approved at any point during the lifetime of the DPS
Employability Services	£20,000,000	Dynamic Purchasing System (DPS)	N/A	New entrants may be approved at any point during the lifetime of the DPS
Children's Residential	£158,300,000	Flexible Framework Agreement	N/A	New entrants may be approved at any point during the lifetime of the Flexible Framework

Appendix 3 – Contracts with extension options and contract management activity ongoing during 2023/2024

Contract Description	Est Annual Value
Groceries and Provisions	£30,000,000
Demolition Services	£18,000,000
Catering Sundries	£6,000,000
Secure Care Services	£17,500,000
Musical Instruments	£1,750,000
Education Materials	£17,500,000
Domestic Furniture and Furnishings	£26,000,000
Heavy Vehicles	£25,000,000
Vehicle and Plant Hire	£15,000,000
Organic Waste	£12,000,000
Outdoor Play and Sports Facilities	£15,000,000
Electric Vehicle Charging Infrastructure	£20,000,000
Vehicle Parts	£12,000,000
Bitumen	£14,000,000

Contracts which are shaded have been approved for extension

Appendix 4 - Contracts with no renewal or extension activity and contract management activity ongoing during 2023/2024

Contract Description	Est Annual Value	Contract Description	Est Annual Value
Waste Composition Analysis	£750,000	Social Care Case Management Solutions	£7,000,000
Fostering and Continuing Care	£34,000,000	Vehicle Purchase RM6244	£10,000,000
Salt	£17,500,000	Supply Teacher Booking System	£300,000
Engineering and Technical Consultancy	£17,125,000	Roadstone	£25,000,000
Energy Efficiency Contractors	£200,000,000	Recycle and Refuse Containers	£12,500,000
Tyres for Vehicles and Plant	£6,500,000	Education and Office Furniture	£8,000,000
Frozen Foods	£25,000,000	Milk	£8,000,000
Online School Payments	£2,000,000	Building Construction Consultancy	£25,000,000
Pest Control	£1,000,000	Janitorial	£12,000,000
Fresh Meats	£10,000,000	PPE	£15,000,000
Washroom Solutions	£6,000,000	First Aid	£2,000,000
Audio Visual	£9,000,000	Repair and Maintenance of Catering Equipment	£1,500,000
Water Coolers	£1,000,000	Digital Publications	£1,000,000
Library Books	£14,000,000		

Appendix 5 – Savings Summary

Savings Reference/Type	BT1 - Direct price-based savings	BT2 - Price versus market savings	BT3 - Process savings from use of collaborative arrangements
Framework			
Supply and Delivery of Fresh Bread, Rolls & Bakery Products	£83,725	12%	£150,000
Supply, Delivery, Servicing and Maintenance of Fire Safety Products	-£9,742	22%	£62,500
Asbestos related Works and Services	£0	20%	£129,000

Appendix 6 – Expenditure summary per Council: July 2022 – June 2023

Member Organisation	Actual Spend	Forecast Spend	Variance	% of Total Actual Spend
Aberdeen City Council	£53,968,059	£26,496,805	203.7%	6.11%
Aberdeenshire Council	£47,543,134	£31,895,784	149.1%	5.39%
Angus Council	£11,141,140	£21,830,319	51.0%	1.26%
Argyll and Bute Council	£12,486,590	£8,410,091	148.5%	1.41%
Associate Members	£38,487,793	£65,759,701	58.5%	4.36%
Clackmannanshire Council	£19,456,894	£9,765,161	199.2%	2.20%
Comhairle nan Eilean Siar	£2,886,493	£3,000,418	96.2%	0.33%
Dumfries and Galloway Council	£43,115,605	£8,459,829	509.7%	4.88%
Dundee City Council	£21,379,782	£23,755,311	90.0%	2.42%
East Ayrshire Council	£15,776,441	£8,289,196	190.3%	1.79%
East Dunbartonshire Council	£30,293,405	£8,678,104	349.1%	3.43%
East Lothian Council	£15,307,910	£11,018,466	138.9%	1.73%
East Renfrewshire Council	£26,812,076	£8,343,122	321.4%	3.04%
Falkirk Council	£38,436,774	£44,325,893	86.7%	4.35%
Fife Council	£47,537,811	£101,154,970	47.0%	5.38%
Glasgow City Council	£43,618,574	£37,231,423	117.2%	4.94%
Inverclyde Council	£19,368,078	£6,178,092	313.5%	2.19%
Midlothian Council	£13,077,309	£7,264,858	180.0%	1.48%
North Ayrshire Council	£26,632,853	£42,930,148	62.0%	3.02%
North Lanarkshire Council	£53,203,938	£47,695,213	111.5%	6.03%
Orkney Islands Council	£3,327,428	£1,881,888	176.8%	0.38%
Perth and Kinross Council	£11,121,908	£10,328,081	107.7%	1.26%
Renfrewshire Council	£27,198,866	£37,914,493	71.7%	3.08%
Scottish Borders Council	£15,015,991	£10,940,113	137.3%	1.70%
Shetland Islands Council	£3,520,395	£1,766,770	199.3%	0.40%
South Ayrshire Council	£14,876,065	£12,499,567	119.0%	1.68%
South Lanarkshire Council	£48,292,864	£64,747,808	74.6%	5.47%
Stirling Council	£25,621,546	£6,950,351	368.6%	2.90%
Tayside Contracts	£15,004,408	£9,701,288	154.7%	1.70%
The City of Edinburgh Council	£45,005,527	£37,963,116	118.6%	5.10%
The Highland Council	£24,486,192	£16,192,260	151.2%	2.77%
The Moray Council	£13,926,922	£29,159,122	47.8%	1.58%
West Dunbartonshire Council	£28,625,816	£23,340,284	122.6%	3.24%
West Lothian Council	£26,284,362	£18,522,482	141.9%	2.98%
Total	£882,857,848	£804,390,528	109.8%	100.00%

Scotland Excel

To: Executive Sub-Committee

On: 17 November 2023

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

Strategic Risk Register Update

1. Introduction

- 1.1 This report provides the Executive Sub Committee with an update on the Strategic Risk Register which is maintained to assess threats/risks that could impact on the delivery of Scotland Excel's 5 Year Strategy and to identify controls that are in place to mitigate these risks.

2. Background

- 2.1 The Strategic Risk Register has been developed using the revised methodology set out in the Strategic Risk Strategy, approved by Joint Committee in December 2022. The Strategic Risk Register identifies risks that may impact upon operations and the delivery of Scotland Excel's 5-year strategy. Specific and separate operational risk management will continue to be undertaken as part of day-to-day activities such as framework management and project management.

3. Risk Management update

- 3.1 The Strategic Risk Register is maintained and reviewed regularly by the Senior Management Team (SMT) and key officers with particular expertise in certain risk areas. The register continues to be a focus for the organisation with actions being undertaken in mitigation of the risks on-going throughout the year.
- 3.2 There are currently 12 strategic risks identified within the Strategic Risk Register ranging in assessed risk score from 9 to 20. A summary of key elements in relation to each identified risk is shown in Appendix 1 to this report.
- 3.3 The on-going impact of the COVID-19 pandemic, the emerging impact of Brexit on markets and suppliers, the impact of the wars in Ukraine and the middle east, the increasing financial pressures on local government bodies, continuing recruitment difficulties, demographic challenges within Scotland and Europe and the on-going uncertainty in relation to public sector service redesign are the key influences on the November Strategic Risk Register.
- 3.4 The newest risk added to the Strategic Risk Register relates to ICT and Cyber Security. There are increasing incidences of ICT breaches across sectors resulting in catastrophic repercussions for each organisation concerned. While Scotland Excel has a range of defences already in place, along with an on-going staff training programme, these will continue to be developed and improved to

further mitigate the risk of a breach. Work will also continue to develop and implement a disaster recovery plan which will be aimed at getting the organisation up and running in as short a time as possible, should a breach occur.

- 3.5 In line with the approved Strategic Risk Strategy, an organisational action plan will run alongside the risk register. On completion of each action, the resultant mitigation will be added to the Current Risk Controls area of each risk template and will be taken into consideration at the next review meeting when assessing the Residual Risk Score.
- 3.6 The Strategic Risks with the highest residual risk score (20) relate to Supply Chain Resilience (SXL005-22/23) and, Political, Legislative and Policy Change (SXL003-23/24). The risk in relation to Supply Chain Resilience has been assessed at 20 at the past 4 review meetings due to the continuing uncertainty and market volatility post Brexit, post pandemic, in light of growing demographic challenges in Scotland and Europe and, in light of the continuing wars in Ukraine and the middle east.
- 3.7 The residual risk score in relation to Political, Legislative and Policy Change was amended upwards at the last risk review meeting to reflect increasing uncertainty across the Scottish and UK political environment, the pending general election in 2024 and policy changes at the Scottish Government in relation to management fee charges on category A frameworks.
- 3.8 Residual risk scores of Managing Growth and Diversity (SXL002-23/24), Reputational Risk (SXL004-23/24) and Meeting Member and Stakeholder Expectations (SXL008-23/24) were also amended upwards at the recent risk review meeting to reflect on-going issues in relation to the contract delivery plan and the emerging challenge of identifying sector wide savings to member authorities.
- 3.9 While most identified risks have maintained their current residual score, one has been assessed downwards; Redesign of Scottish Public Services (SXL011-23/24) in light of the slow progress being made in relation to creation of the NCS and the signing of the Verity House Agreement between COSLA and the Scottish Government.
- 3.10 In relation to those risks remaining unchanged following the recent review, it was decided that external factors affecting each risk had not changed and that existing controls were sufficient to maintain residual risk at current levels.
- 3.11 Following review of external factors, the Scotland Excel Risk Register as at November 2023 is shown in appendix 1.

4. Recommendation

Members are invited to note the Strategic Risk Register and provide any feedback in relation to any of the risks identified.

Strategic Risk Register

November 2023

Professional – Respectful – Courageous - Integrity

Background

This Strategic Risk Register has been developed using the revised methodology set out in the Strategic Risk Strategy for managing strategic risks that may impact upon operations and the delivery of Scotland Excel's 5-year strategy. Specific and separate operational risk management will continue to be undertaken as part of operational activities such as framework management and project management.

Risk Management

Risk is a quantifiable level of exposure to the threat of an event or action that could adversely affect Scotland Excel's ability to achieve its strategic goals successfully. The task of management is to respond to these risks effectively to maximise the likelihood of Scotland Excel achieving its objectives and ensuring the best use of resources. Scotland Excel uses its risk management methodology to systematically identify, record, monitor and report risks to committee to enable the organisation to meet its objectives and to plan actions to mitigate risks.

Strategic Risk Register Review Schedule

Scotland Excel reports its strategic risk register to the Exec Sub Committee on a 6 monthly basis. A report will also be brought annually to Joint Committee.

The Scotland Excel Strategic Risk Register will be reviewed internally by the Senior Management Team (SMT) and other key officers as scheduled below:

Table 1: Strategic Risk Register Review Schedule

Document Control	
Review Dates:	May 2023
Joint Committee	June 2023
Review Dates:	August 2023
Review Dates:	November 2023
Joint Committee	December 2023
Review Dates:	March 2024

Ranked Strategic Risk Register

Table 2 summarises risks identified within the Scotland Excel Risk Register and orders them according to their Residual Risk Score as of November 2023. The Residual Risk Score represents the assessed risk score taking into consideration all risk controls and mitigations in place in relation to that specific risk on that date.

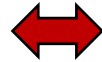











Table 2: Risk – Highest to Lowest Risk Score, November 2023

Risk Ref.	Risk Title	Residual Risk Score
SXL005 - 23/24	Supply Chain Resilience	20
SXL003 - 23/24	Political, Legislative and Policy Change	20
SXL006 - 23/24	Staff Recruitment and Retention	16
SXL012 - 23/24	ICT and Cyber Security	16
SXL002 - 23/24	Managing Growth and Diversity	16
SXL004 - 23/24	Reputational Risk	16
SXL008 - 23/24	Meeting Member and Stakeholder Expectations	16
SXL001 - 23/24	Organisational Sustainability	15
SXL011 - 23/24	Redesign of Scottish Public Services	12
SXL010 - 23/24	National Emergency Including Pandemic	12
SXL009 - 23/24	Environmental Impact and Climate Change	12
SXL007 - 23/24	Corporate Social Responsibility	9

Quarterly Risk Trend Movements

Table 3 charts risk score movement and trends over the past year in relation to each risk identified within the Scotland Excel Risk Register.

Table 3: Quarterly Risk Trend Movements

Risk Ref.	Risk Title	Period				Trend
		Q1 23	Q2 23	Q3 22	Q4 23	
SXL005 - 23/24	Supply Chain Resilience	20	20	20	-	
SXL003 - 23/24	Political, Legislative and Policy Change	16	16	20	-	
SXL006 - 23/24	Staff Recruitment and Retention	16	16	16	-	
SXL012 - 23/24	ICT and Cyber Security	16	16	16	-	
SXL002 - 23/24	Managing Growth and Diversity	12	12	16	-	
SXL004 - 23/24	Reputational Risk	12	12	16	-	
SXL008 - 23/24	Meeting Member and Stakeholder Expectations	12	12	16	-	
SXL001 - 23/24	Organisational Sustainability	15	15	15	-	
SXL011 - 23/24	Redesign of Scottish Public Services	16	16	12	-	
SXL010 - 23/24	National Emergency Including Pandemic	12	12	12	-	
SXL009 - 23/24	Environmental Impact and Climate Change	12	12	12	-	
SXL007 - 23/24	Corporate Social Responsibility	9	9	9	-	

Consolidated Risk Matrix

Diagram 1 sets out the position of Scotland Excel Strategic Risks in the context of their likelihood of occurring and potential impact.

Diagram 1: Consolidated Risk Matrix (November 2023)

Impact	5			SXL001		
	4			SXL009 SXL011	SXL002 SXL004 SXL006 SXL008 SXL012	SXL003 SXL005
	3			SXL007	SXL010	
	2					
	1					
		1	2	3	4	5
		Likelihood				

Strategic Risk Register

SXL001 – 23/24	Organisational Sustainability
SXL002 – 23/24	Managing Growth and Diversity
SXL003 – 23/24	Political, Legislative and Policy Change
SXL004 – 23/24	Reputational Risk
SXL005 – 23/24	Supply Chain Resilience
SXL006 – 23/24	Staff Recruitment and Retention
SXL007 – 23/24	Corporate Social Responsibility
SXL008 – 23/24	Meeting Member and Stakeholder Expectations
SXL009 – 23/24	Environmental Impact and Climate Change
SXL010 – 23/24	National Emergency Including Pandemic
SXL011 – 23/24	Redesign of Scottish Public Services
SXL012 – 23/24	ICT and Cyber Security

Alignment with 5-Year Strategy Goals

Whilst all strategic risks have been reviewed and developed in line with Scotland Excel's 5-year strategy, Table 4 identifies key risks that may affect the achievement of each strategic objective.

Table 4: Alignment With 5-Year Strategy Goals

Reference	Risk	Risk Score
Goal 1 - Journey towards a net zero Scotland by 2045.		
SXL003 - 23/24	Political, Legislative and Policy Change	20
SXL009 - 23/24	Environmental Impact and Climate Change	12
Goal 2 - Drive for efficiency to support the financial sustainability of public services.		
SXL012 - 23/24	ICT and Cyber Security	16
SXL001 - 23/24	Organisational Sustainability	15
SXL004 - 23/24	Reputational Risk	16
SXL002 - 23/24	Managing Growth and Diversity	16
SXL008 - 23/24	Meeting Member and Stakeholder Expectations	16
Goal 3 - Community wellbeing with equal access to services, economic development and fair work jobs across Scotland.		
SXL011 - 23/24	Redesign of Scottish Public Services	12
SXL007 - 23/24	Corporate Social Responsibility	9
Goal 4 - Development of resilient supply chains that maximise opportunities for Scottish businesses and the third sector.		
SXL005 - 23/24	Supply Chain Resilience	20
SXL010 - 23/24	National Emergency Including Pandemic	12
Goal 5 - Advancement of skills to deliver Scotland's economic transformation.		
SXL006 - 23/24	Staff Recruitment and Retention	16

Appendix 1: Strategic Risk Scoring Methodology and Definitions

Scotland Excel uses a robust methodology to manage its strategic risks. The methodology is derived from prior risk management experience and after consulting risk management experts within the public sector.

The risk template utilised in Appendix 2 provides a summary of the risk and its associated information. Each risk is defined in a statement, context provided, and an owner assigned. Any controls implemented to mitigate the risk will be updated on a quarterly basis if required.

When a risk is identified, the team will consider the likelihood and impact of the risk. Each will be assigned a score of 1-5 with 5 as the maximum. Both numbers are multiplied to get the original evaluated risk score. This number will not change throughout the life of the risk.

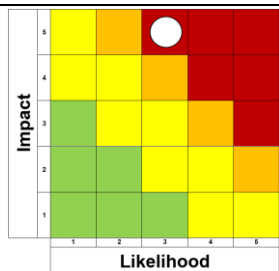
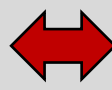
On a periodic basis, the risk will be reviewed, and any required adjustments will be made to the likelihood, impact, and residual risk score. This is the key metric of risk based on the control measures undertaken to reduce any impact from the risk. The residual risk score will be monitored each quarter and the direction of travel provided between the current and previous quarters.

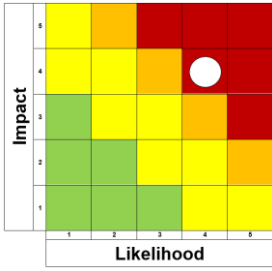

Appendix 2 presents identified Strategic Risks in the Scotland Excel risk template format. An explanation of each element of the risk template is shown in Table 5.

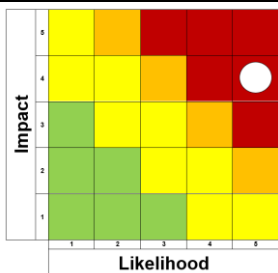

Table 5: Descriptions of Risk Template Elements

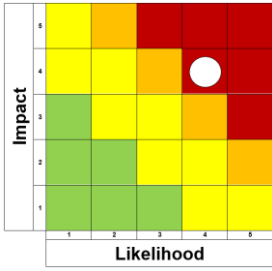

Element	Description
Reference	Unique risk identifier and risk title
Context	Context of identified risk
Risk Statement	Description of identified risk
Risk Owner	Executive team risk owner
Current Risk Controls	Specific risk controls currently in place
Risk Score	Risk assessment detail
Likelihood	How likely is it that the risk occurs (1-5)
Impact	Impact on SXL if the risk occurs (1-5)
Evaluation	Likelihood * Impact = Evaluation Score
Trend	Evaluation of movement over past 4 periods
Residual	Current Residual Risk Evaluation after Controls

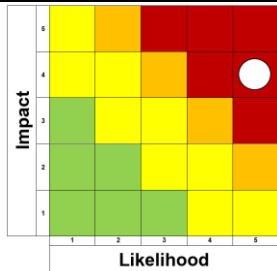

Appendix 2: Scotland Excel Risk Register (November 2023)

Organisational Sustainability				
Reference	SXL001-23/24			<div>Risk Matrix Position</div> 
Owner	JW			
Original Evaluated Risk Score				
Likelihood	Impact	Evaluation	Trend	
4	4	16		
Residual Risk Score				
Likelihood	Impact	Residual		
3	5	15		
Context				
As a membership organisation, Scotland Excel must constantly evidence its value to members and stakeholders during challenging financial, environmental, and socio-economic times. Organisational sustainability depends on meeting and exceeding member and stakeholder expectations.				
Risk Statement				
<p>Risks caused by the membership nature of Scotland Excel include:</p> <ul style="list-style-type: none">• Failure to maintain excellent customer service and satisfaction levels across membership.• Failure to clearly evidence the Value of Scotland Excel and meet expectations of members.• Failure to meet varying and expanding expectations and requirements of members. <p>Risks associated with continuous public sector financial pressures:</p> <ul style="list-style-type: none">• Reduced utilisation of Scotland Excel frameworks.• Reluctance of members to increase requisition fees in light of challenging financial environment.• Reduced real terms operational budget impacting existing service delivery.• Failure to diversify and generate financial income from alternate sources to reduce financial reliance on membership requisition/fees.				
Current Risk Controls				
<ul style="list-style-type: none">• Continuing focus on delivering and evidencing Core Value for all member Councils and Associate Members.• Continuing development of Sectoral Savings Options for Councils and Associate members.• Creation of Scotland Excel Savings Team to identify Sectoral Savings Opportunities for Local Authority Members.• On-going development of projects offering new services and increased benefits for stakeholders.• Identification of new opportunities to provide additional chargeable services based on customer demand.• Ongoing robust market testing of all new shared service propositions.• Ongoing robust business model is in place for all new services.• Regular engagement with Chief Execs, Finance Directors, Corporate Procurement Leads and Elected Members demonstrating the value added by Scotland Excel.				

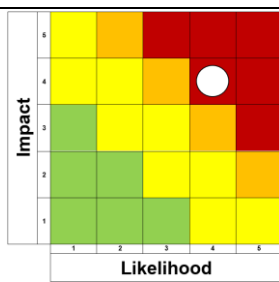

Managing Growth and Diversity				
Reference	SXL002-23/24			<div>Risk Matrix Position</div> 
Owner	SB			
Original Evaluated Risk Score				
Likelihood	Impact	Evaluation	Trend	
3	4	12		
Residual Risk Score				
Likelihood	Impact	Residual		
4	4	16		
Context				
Changing and competing demands from members require Scotland Excel to grow and diversify its framework portfolio and services within a changing financial, environmental, social and political environment.				
Risk Statement				
<p>Potential barriers to the diversification of Scotland Excel's framework portfolio and services include:</p> <ul style="list-style-type: none">Financial, legal and other restrictions impacting ability to evolve framework and service offering.Failure to recruit and retain staff with expertise required to deliver member requirements and grow the organisation.Failure to source suppliers with capability, capacity and expertise required to deliver member demands.Failure to identify and manage emerging opportunities and threats to organisation. <p>Risks caused by failure of Scotland Excel to diversify its framework portfolio and services include:</p> <ul style="list-style-type: none">Negative reputational impact and reduced confidence in the organisation.Inability to clearly evidence the value of Scotland Excel to members.Reduced utilisation of Scotland Excel's framework portfolio by councils and associate membersReduced ability to generate income out with member requisition and associate member fees.				
Current Risk Controls				
<ul style="list-style-type: none">Stakeholder engagement will continue to be used to identify market development and project opportunities.People Strategy and workforce planning tools used to ensure that Scotland Excel has staff with relevant expertise to deliver and grow a quality service offering.Ongoing development and identification of non-requisition income streams.Approval and implementation of Scotland Excel Carbon Net Zero Strategy.Measures such as fixed-term contracts and council placements ensure that the Scotland Excel workforce can adapt to changing demands of members.Development and implementation of diversified workforce training to ensure that Scotland Excel staff have relevant expertise to deliver and grow service offering.Regular engagement with Chief Execs, Finance Directors, Corporate Procurement Leads and Elected Members demonstrating the value added by Scotland Excel.Creation of Scotland Excel Savings Team to identify Sectoral Savings Opportunities for Local Authority Members.				

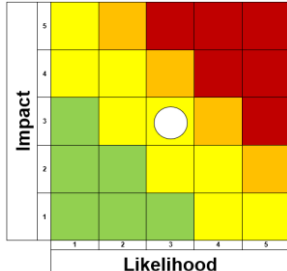
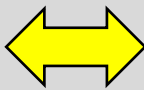
Political, Legislative and Policy Change				
Reference	SXL003-23/24			<div>Risk Matrix Position</div> 
Owner	SB			
Original Evaluated Risk Score				
Likelihood	Impact	Evaluation	Trend	
4	4	16		
Residual Risk Score				
Likelihood	Impact	Residual		
5	4	20		
Context				
Political, Legislative and Policy changes at local, national, UK and international levels impact Scotland Excel operations and practice.				
Risk Statement				
<p>Challenges caused by political change may include:</p> <ul style="list-style-type: none">• Brexit impacting delivery of Scotland Excel frameworks and suppliers.• Increasing focus on Carbon Net Zero issues which Scotland Excel must respond to.• Conflict around the world impacting supply chains across Scotland Excel frameworks.• Changes in political direction causing changes to procurement guidelines.• Changes in political direction causing changes to local government policy in Scotland. <p>Challenges caused by legislative changes may include:</p> <ul style="list-style-type: none">• Changes to procurement guidelines and best practice impacting framework development and relevance.• Changes to legislation impacting framework utilisation, for example: food standards, care guidance, building standards.• Changes to environmental objectives impacting supplier resilience and framework development. <p>Challenges caused by policy changes may include:</p> <ul style="list-style-type: none">• Local policy changes such as community wealth building, budget allocation, school meal menus and capital expenditure plans impact utilisation of Scotland Excel frameworks.• Requirement for Scotland Excel to continuously adapt their frameworks to adhere to policy changes.• Requirement for Scotland Excel to deliver against competing policy priorities.• Centralisation and commercialisation of services impacting the demand for Scotland Excel services.				
Current Risk Controls				
<ul style="list-style-type: none">• An effective and properly resourced public affairs strategy is in place.• Effective research, engagement, partnership working and briefings ensuring the organisation is aware of and able to respond to challenges and opportunities in the external environment.• Active participation by the organisation in various groups and boards influencing policy developments.• Active participation by the organisation in collaborative procurement opportunities.• Active engagement with the Scottish Government to influence and support policy development.• Development of Business Intelligence function in Scotland Excel to give early warning of pending change and support future development.• Monitoring of outcomes of The Procurement Reform (Scotland) Act 2014 on public procurement, response to reform approved by Scotland Excel's Executive Sub Committee.				

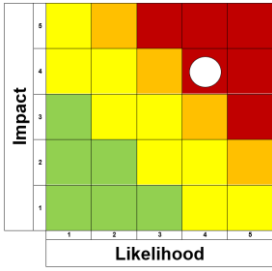

Reputational Risk				
Reference	SXL004-23/24			<div>Risk Matrix Position</div> 
Owner	JW			
Original Evaluated Risk Score				
Likelihood	Impact	Evaluation	Trend	
2	4	8		
Residual Risk Score				
Likelihood	Impact	Residual		
4	4	16		
Context				
Negative publicity caused by a service issue or failure damages the organisational reputation of Scotland Excel and may adversely impact the reputation of members and stakeholders.				
Risk Statement				
Reputational damage may adversely impact: <ul style="list-style-type: none">Scotland Excel's ability to recruit staff and retain members.Utilisation of Scotland Excel's framework portfolio by member organisations.Scotland Excel's ability to recruit and retain staff.Supplier participation in Scotland Excel frameworks.Ability to attract new projects and meet funding requirements.Scotland Excel's ability to meet conflicting demands of stakeholders.Success/Uptake of Scotland Excel savings projects.Confidence in Scotland Excel's ability to deliver its Social Care portfolio.				
Current Risk Controls				
<ul style="list-style-type: none">Clear processes and procedures in relation to potential media issues are in place.Pro-active monitoring of press coverage carried out by Marketing Team and wider organisation.Pro-active and robust engagement with press organisations to ensure positive relationships and coverage.Development and maintenance of easier to use and accessible corporate website.Organisational promotion of corporate values to ensure individuals, teams and the organisation operates in line with its Values.Ongoing and pro-active engagement with members and suppliers to develop constructive relationships.Delivery of periodic events and enhanced marketing campaigns in support of recruitment.Ongoing support of 'Meet the Buyer' events across Scotland.Ongoing marketing campaigns in support of project delivery, The Academy, savings and frameworks.Development and implementation of Value Project aimed at communicating the wider value of Scotland Excel to its members and stakeholders.Creation of Scotland Excel Savings Team to identify Sectoral Savings Opportunities for Local Authority Members.Supported Business and Construction events to be hosted by Scotland Excel.Attendance and presentation at sectoral events such as Procurex, CIPFA, COSLA and Solace conferences.				

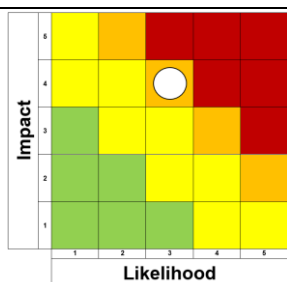

Supply Chain Resilience				
Reference	SXL005-23/24			<div>Risk Matrix Position</div> 
Owner	HC			
Original Evaluated Risk Score				
Likelihood	Impact	Evaluation	Trend	
3	4	12		
Residual Risk Score				
Likelihood	Impact	Residual		
5	4	20		
Context				
<p>Suppliers on Scotland Excel frameworks are required to navigate changeable and increasingly challenging supply chains circumstances. These challenges include high energy costs, inflation, recruitment and resourcing barriers, policy changes and maintaining positive employee relations.</p> <p>Suppliers are increasingly required to innovate or resource more efficient and environmentally aware products, services and materials to meet the changing demands of market.</p> <p>Failure of a service provider, or breakdown within the supply chain of a Scotland Excel framework could have significant implications for service provision within member council areas.</p>				
Risk Statement				
<p>Financial and socio-economic factors impacting the resilience of Scotland Excel framework suppliers include:</p> <ul style="list-style-type: none">National emergencies i.e., Covid pandemic.Strikes and recruitment challenges.Rising energy costs.International conflict.Policy changes including Brexit.Technological failures and challenges.The impact of demographic change on utilisation of Scotland Excel frameworks. <p>Environmental and carbon net zero factors impacting the resilience of Scotland Excel framework suppliers include:</p> <ul style="list-style-type: none">Disruption caused by Climate Change.Demand for environmentally aware products outstripping supply across framework.Failure to develop and provide environmentally aware product/service options.Seasonal changes impacting both the supply and demand for social care services. <p>Impacts of supplier failure on Scotland Excel include:</p> <ul style="list-style-type: none">The failure to deliver goods and services to customers through frameworks resulting in reduced confidence in Scotland Excel.Negative reputational damage to Scotland Excel.Reduction in member confidence in the resilience of Scotland Excel frameworks.				
Current Risk Controls				
<ul style="list-style-type: none">Robust processes for monitoring financial stability of suppliers are carried out prior to award and throughout the life of a contract.Utilisation of external advice as required and a tailored approach for high-risk contracts is in place.Specific measures are in place to meet the management of Social Care contracts and these key areas of risk.“Step-in Right” within relevant and appropriate social care contracts maintained.				

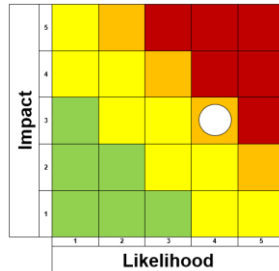

- Participation in multi-sector groups aimed at supporting provider sustainability and supply chain development.
- Robust Market Analysis Strategy practiced across procurement categories.
- Frameworks are established with lotting structures developed to provide variety and capacity for each local authority area, providing resilience in local supply chains.
- Scotland Excel monitors and reviews key supply chains across its frameworks and distributes quarterly supply chain resilience reports to customers.
- Development and implementation of Carbon Net Zero strategy.
- Roll out of Sustainable Procurement training across procurement teams.
- On-going monitoring of factors affecting suppliers and issue of quarterly “Scotland Excel Supply Chain Intelligence Report”.
- Agreement of 6% fee for National Care Home Contract.

Staff Recruitment and Retention				
Reference	SXL006-23/24			<div>Risk Matrix Position</div> 
Owner	SB			
Original Evaluated Risk Score				
Likelihood	Impact	Evaluation	Trend	
3	3	9		
Residual Risk Score				
Likelihood	Impact	Residual		
4	4	16		
Context				
Failure to recruit and retain staff of suitable skill, quality, and experience may negatively impact Scotland Excel's ability to deliver its operating plan, five-year strategy and meet increasing customer expectations.				
Risk Statement				
Factors impacting Scotland Excel's ability to recruit and retain staff include: <ul style="list-style-type: none">• High demand in the competitive public sector market for experienced procurement staff.• Demographic changes including a reducing workforce population impacting ability to recruit staff and, aging population impacting staff retention as more staff approach retirement age.• Changing expectations in relation to hybrid working.• Scotland Excel's terms and conditions of employment and salary scales must be kept in line with local authority guidelines limiting flexibility within the recruitment and retention process.• Staff turnover adversely impacting service delivery and increasing costs in relation to recruitment.• Employment market uncertainty about the procurement profession adversely impacts Scotland Excel's ability to recruit staff.• Language used in job advertisements impacting Scotland Excel's ability to recruit social care professionals.				
Current Risk Controls				
<ul style="list-style-type: none">• People Strategy and workforce planning tools (recruitment, PDP etc.) are used to ensure that Scotland Excel staff have the appropriate mix of skills and experience to deliver and grow a quality service.• Recruitment and retention processes constantly reviewed and updated.• PDP process reviewed and updated in consultation with Scotland Excel staff.• Delivery of periodic events and enhanced marketing campaigns in support of recruitment.• Investors in People Gold accreditation achieved and maintained.• Staff turnover figures collated and presented to SMT on a regular basis.• Ongoing investment in staff learning and development programme.• Development and implementation of a successful graduate training programme.• Participation in relevant graduate apprenticeship opportunities• Participation in relevant modern apprenticeship opportunities.• Development and implementation of a Scotland Excel Employee Journey procedure.• Broad range of flexible working options and patterns available to staff.• Extensive range of employee benefits available to staff.• Development and implementation of Recruitment Strategy.				

Corporate Social Responsibility				
Reference	SXL007-23/24			<div>Risk Matrix Position</div> 
Owner	HC			
Original Evaluated Risk Score				
Likelihood	Impact	Evaluation	Trend	
2	3	6		
Residual Risk Score				
Likelihood	Impact	Residual		
3	3	9		
Context				
The growing importance of corporate social responsibility among members and stakeholders requires Scotland Excel to evidence contribution to this shared priority across their framework portfolio and operational services.				
Risk Statement				
Risks associated with evolving corporate social responsibility commitments include: <ul style="list-style-type: none">Underutilisation of Scotland Excel frameworks due to failure to promote, include and deliver community benefits.Challenges exist relating to how to deliver Community Benefits within a financially challenging environment.Reputational damage and reduced utilisation of Scotland Excel's frameworks due to failure to promote ethical sourcing of products and suppliers across portfolio supply chains.Reputational damage caused by failure to ensure that Scotland Excel delivers Community Benefits in its day-to-day operations.Scotland Excel's ability to recruit and retain staff and members being negatively impacted by failure to evidence measures taken to deliver corporate social responsibility.				
Current Risk Controls				
<ul style="list-style-type: none">Management and Reporting of Community Benefits developed and embedded within established reporting cycle.Community benefit requirements issued to suppliers at tender stage. Active promotion of community benefits is delivered through contract management.Living Wage Employer accreditation secured and promoted across stakeholders and framework suppliers.Workforce elements and living wage considerations are built into each procurement exercise at strategy stage.Ethical sourcing strategies provided by suppliers as part of the tender process.Staff have become mentors for children in schools under MCR Pathways.Partnership with Founders 4 Schools supporting CV writing, mock interviews etc.Incorporation of "Fair Work First" into Scotland Excel frameworks.Establishment of Scotland Excel Employee Forum which carries out an annual programme of charitable activities.Participation in relevant modern apprenticeship / graduate apprenticeship opportunities.Delivery of Community Wealth Building Workshops.Hosting of Supported Business event.				

Meeting Member and Stakeholder Expectations				
Reference	SXL008-23/24			<div>Risk Matrix Position</div> 
Owner	SB			
Original Evaluated Risk Score				
Likelihood	Impact	Evaluation	Trend	
2	4	8		
Residual Risk Score				
Likelihood	Impact	Residual		
4	4	16		
Context				
As a membership organisation it is important for Scotland Excel to meet the varying and competing political, social, environmental, and financial expectations of its members.				
Risk Statement				
Risks associated with changing stakeholder and member expectations include: <ul style="list-style-type: none">• Loss of confidence in Scotland Excel due to failure to meet the expectations of members and stakeholders.• Challenges exist relating to how meet stakeholder expectations within a financially challenging environment.• Failure to perform and meet delivery targets in line with member and stakeholder expectations.• Failure to ensure appropriate mechanisms are in place to support operational performance and adaptability.• Insufficient resource available to Scotland Excel to meet evolving member and stakeholder expectations.• Failure to clearly evidence the value of Scotland Excel and meet expectations of members.				
Current Risk Controls				
<ul style="list-style-type: none">• Continuing focus on delivering and evidencing core value for all member Councils and Associate Members.• Continuing development of Sectoral Savings Options for Councils and Associate members.• Approved 5-year strategy and one-year operating plan in place addressing current member expectations.• Regular operating plan updates given to Executive Sub Committee to ensure robust governance.• Regular financial period review and reporting across core and projects.• Regular infrastructure reviews undertaken to support operational delivery in line with member and stakeholder expectations.• Ongoing development of services in response to changing member and stakeholder demands.• Creation of Scotland Excel Savings Team to identify Sectoral Savings Opportunities for Local Authority Members.• Development of Business Intelligence Strategy.• Attendance and presentation at sectoral events such as Procurex, CIPFA, COSLA and Solace conferences.				

Environmental Impact and Climate Change				
Reference	SXL009-23/24			<div>Risk Matrix Position</div> 
Owner	JW			
Original Evaluated Risk Score				
Likelihood	Impact	Evaluation	Trend	
2	3	6		
Residual Risk Score				
Likelihood	Impact	Residual		
3	4	12		
Context				
<p>Members and stakeholders demand best value contracts that support their aspirations to achieve net zero carbon emissions and tackle climate change.</p> <p>Scotland Excel must demonstrate how their own operations are driving down emissions and reducing environmental impact.</p>				
Risk Statement				
<p>An ineffective environmental response from Scotland Excel may result in:</p> <ul style="list-style-type: none">• Organisational activity having an adverse impact on the environment.• Current and future frameworks and services having an adverse impact on the environment.• Failure to maximise influence and impact on environmentally friendly public service delivery.• Measurement and reporting of environmental performance that is not representative of true impact on the environment.• Failure to deliver services to member organisations.				
Current Risk Controls				
<ul style="list-style-type: none">• Review and ongoing adoption of environmentally aware operating practices within Scotland Excel.• Ongoing review of Scotland Excel frameworks and their impact on the environment.<ul style="list-style-type: none">○ Requirement for Environmental Policy, ISO certification or equivalent for access to certain frameworks.○ Actions in relation to reducing carbon footprint scored in assessment for certain frameworks.○ Information in relation to environmental practices and plans requested across all applicable frameworks.○ Sustainability testing carried out as appropriate.• Launching of Next Zero Strategy Team.• Exploration of options linked to accurate carbon measurement.• Ongoing training of Scotland Excel staff on environmental impact and climate change issues.				

National Emergency Including Pandemic				
Reference	SXL0010-23/24			<div>Risk Matrix Position</div> 
Owner	JW			
Original Evaluated Risk Score				
Likelihood	Impact	Evaluation	Trend	
5	5	25		
Residual Risk Score				
Likelihood	Impact	Residual		
4	3	12		

Context

A National Emergency or Pandemic being declared by the Scottish Government and/or the UK Government will impact the day-to-day operations of Scotland Excel.

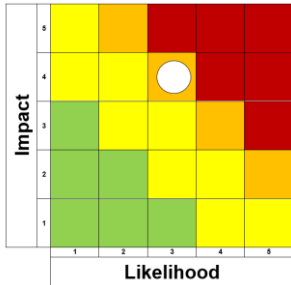

Risk Statement

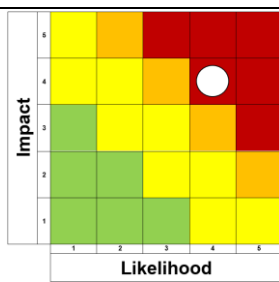
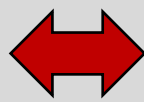
A National Emergency or Pandemic may result in:

- Impeded ability of Scotland Excel to deliver services to members and stakeholders.
- Reputational damage to Scotland Excel caused by failure to deliver services to and stakeholders.
- Negative impact on health and wellbeing of Scotland Excel employees.
- Failure to offer flexible working arrangements limiting organisational ability to adapt service delivery and operational processes following/during National Emergency or Pandemic.
- Failure to ensure supply chain resilience in case of National Emergency or Pandemic impacting the supply of goods and services through Scotland Excel frameworks impacting organisational reputation, member confidence and customer satisfaction levels.
- Impacts specific to social care/NHS – pressure on services.

Current Risk Controls

- Hybrid and ICT working arrangements are flexible allowing easy adaptability in case of National Emergency or Pandemic.
- ICT and Business Continuity Strategy and Plan in development.
- Employee support mechanisms (Occupational Health, Time to Talk, Mental Health First Aiders etc.) remain in place during flexible working scenarios.
- Access to a range of video communication software allows business meetings to take place online and ensures employees living alone or experiencing difficulties can be supported.
- Governance of the organisation can be maintained in line with governing documents.
- Framework nature of managed contracts ensure minimum dependence on single suppliers.
- Adaptability of organisational resources ensures flexibility in the allocation of resources to meet demand and changing priorities. E.g., PPE and Food during Covid pandemic.
- Review of framework contract terms and conditions every 2 years.
- Issuing quarterly Scotland Excel Supply Chain Intelligence Report.

Redesign of Scottish Public Services				
Reference	SXL0011-23/24			<div>Risk Matrix Position</div> 
Owner	HC			
Original Evaluated Risk Score				
Likelihood	Impact	Evaluation	Trend	
5	4	20		
Residual Risk Score				
Likelihood	Impact	Residual		
3	4	12		
Context				
Redesign of public services may adversely impact the ongoing operations, framework delivery and future service development plans of Scotland Excel.				
Risk Statement				
Redesign of Scottish Public Sector services may: <ul style="list-style-type: none">• Require Scotland Excel to adapt their current service offering to members.• Broaden the risk of under-utilisation of Scotland Excel frameworks and services.• Create conflict between national and local priorities complicating framework development.• Adversely impact the spend across a broad range of Scotland Excel frameworks.• Potentially impact the financial viability of Scotland Excel through recalculation of requisition requirements.• Adversely impact Scotland Excel's position as a centre of excellence for procurement.				
Current Risk Controls				
<ul style="list-style-type: none">• On-going liaison with key organisational stakeholders in relation to public service delivery.• Participation in key Scottish Government working groups relating to public service redesign.• Supplier and customer trust and utilisation of existing Scotland Excel frameworks.• Consultation with key stakeholders in relation to Parliamentary Process and responding to the Call for Views and co-design for the National Care Service (NCS).• Development of Scotland Excel Partnership Working Strategy.• Continued monitoring of implication of The Verity House Agreement on the delivery of public services.				

ICT and Cyber Security				
Reference	SXL0012-23/24			<div>Risk Matrix Position</div> 
Owner	SB			
Original Evaluated Risk Score				
Likelihood	Impact	Evaluation	Trend	
5	5	25		
Residual Risk Score				
Likelihood	Impact	Residual		
4	4	16		
Context				
<p>Scotland Excel is fully dependent on ICT to deliver its services to members. There has been an increase in both attempted and successful cyber-attacks across sectors which have been accelerated by socio-economic developments such as the introduction of hybrid working and conflict around the world. The growing threat of cyber-attacks to organisations requires preventative and mitigating cyber security measures to be implemented.</p>				
Risk Statement				
<p>Ineffective cyber security measures may result in:</p> <ul style="list-style-type: none">System or infrastructure failures impacting on the ability of the organisation to deliver services with resultant impacts on performance.Financial loss to Scotland Excel and its customers.Knock-on threat to the cyber security of member organisations and the public sector.Loss of control of confidential and commercially sensitive data impacting organisational reputation and member confidenceIncreased costs in relation to cyber security.				
Current Risk Controls				
<ul style="list-style-type: none">BitLocker encryption is enabled on all Scotland Excel computers.Conditional access policies are applied to limit access to Scotland Excel's cloud-based network via Renfrewshire Council's network, through which Scotland Excel's computers connect to the internet.Mobile Device Management (MDM) is carried out using MS Intune to support secure access and remote wiping of corporate data via personal/corporate mobiles.SPAM filtering is employed on Scotland Excel's MS Exchange server.Email authentication methods (SPF, DKIM) have been enabled to help prevent spam and spoofing.Regular manual back-ups taken of essential cloud-based data i.e., website, SQL databases.Regular cybersecurity training and simulated phishing attacks are carried out using the KnowBe4 Security Awareness Training platform.Cyber Security communications and guidance are regularly communicated to all Scotland Excel staff.Phish Alert add-in for Outlook is installed on all user devices to enable the quick and easy reporting of suspicious emails which can be analysed and deleted by IT to prevent future exposure.Automated back-ups in place for all Scotland Excel cloud-based Virtual Machines (servers)				

Scotland Excel

To: Executive Sub-Committee

On: 17 November 2023

Report by:

Chief Executive of Scotland Excel

Draft Operating Plan for 01 April 2024 – 31 March 2025

1. Summary

- 1.1 In December 2022, Scotland Excel's Joint Committee approved a five-year strategy covering the period from 01 April 2023 to 31 March 2028. The strategy is supported by annual operating plans which provide more detailed information on the actions and activities that Scotland Excel will undertake each year to deliver the strategy.
- 1.2 The purpose of this report is to provide the Executive Sub-Committee with an opportunity to review the proposed operating plan for 2024-25 in advance of its submission to the Joint Committee.

2. Background






- 2.1 Scotland Excel follows a robust process to develop its corporate strategy and operating plans as illustrated below.



- 2.2 The annual operating plan contains the actions and activities that Scotland Excel will undertake each year to work towards delivering the five-year strategy. These actions and activities are cascaded to all staff through an annual Personal Development Plan (PDP).
- 2.3 The annual operating plan approach provides the flexibility to respond to changes in the public sector landscape and/or member requirements. Following approval of the 2023-24 operating plan, further discussions with senior local authority stakeholders indicated that one of the five corporate goals – the drive for efficiency to support the financial sustainability of local public service – should be prioritised for the foreseeable future.
- 2.4 In response, Scotland Excel has been working to understand how it can grow and accelerate deliverables against this key goal. Activity has focused on implementing plans to increase savings and deliver other financial opportunities for local authorities. A dedicated team has been established to manage this work.
- 2.5 As a result, a small number of actions from the 2023-24 operating plan have been rescheduled and will now form part of future operating plans. Most of these actions have been incorporated within the operating plan for 2024-25, and further details of the rescheduled actions can be found in Appendix 1.
- 2.6 Changes continue to take place within Scotland Excel to underpin the delivery of the corporate strategy and, in particular, the drive to support the financial sustainability of public services. These include organisational restructuring and consideration of additional projects which benefit members. It is therefore possible that there may be some minor amendments to the draft operating plan for 2024-25 presented to the Joint Committee in December.

3. Reporting methodology

- 3.1 Progress reports are produced quarterly to track Scotland Excel's performance against operating plan commitments. Reports are produced at the end of each quarter and submitted to Executive Sub-Committee meetings. Half yearly and annual reports are also submitted to Joint Committee meetings.
- 3.2 The reports summarise the progress made against operating plan actions and use a 'traffic light' symbol to provide a guide to the status of each activity.

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

4. Recommendation

- 4,1 The members of the Executive Sub-Committee are invited to review and comment on the proposed Operating Plan 2024-25 in advance of its submission to the Joint Committee in December 2023.

Appendix 1: Rescheduled operating plan activities 2023-24

The following actions from the 2023-24 operating plan have been rescheduled to support an increased focus on a drive for efficiency to support the financial sustainability of local public services, as requested by senior stakeholders from member councils.

Area	Action	Notes
Value delivery: services	<ul style="list-style-type: none"> Explore alternative business models to support sustainable growth and reduce reliance on membership fees. 	<ul style="list-style-type: none"> Existing business model supports the delivery of current strategic priorities. This action may be revisited at a future date.
Value delivery: partnerships	<ul style="list-style-type: none"> Develop and implement a Scotland Excel partnership strategy which sets out objectives and plans for key partner relationships, assigns ownership, and prioritises activities that support the delivery of our five-year strategy. 	<ul style="list-style-type: none"> Scotland Excel's partnership strategy has been rescheduled to form part of the 2024-25 operating plan. In the meantime, all strategically important partnership relationships continue to be managed effectively.
Strategic enablers: corporate, finance and ICT	<ul style="list-style-type: none"> Provide legal and financial support for exploring new business model options. 	<ul style="list-style-type: none"> This strategic enabler links to the value delivery objective on business models and may be revisited alongside this at a future date.
	<ul style="list-style-type: none"> Implement a new five-year ICT strategy to support staff efficiency and increase digital delivery for customers. 	<ul style="list-style-type: none"> Scotland Excel's ICT strategy has been rescheduled to form part of the 2024-25 operating plan. Resources such as SharePoint are being rolled out to support the delivery of a new strategy.
Strategic enablers: organisational development	<ul style="list-style-type: none"> Develop an approach to succession planning which to support career development and create a steady pipeline of talent at all levels. 	<ul style="list-style-type: none"> An approach to succession planning will now be developed as part of the 2024-25 operating plan. Organisational restructuring currently taking place will provide foundations for this approach.
Strategic enablers: engagement and communication	<ul style="list-style-type: none"> Support the development and implementation of Scotland Excel's partnership strategy, including the use of stakeholder mapping and competitor modelling tools across the organisation. 	<ul style="list-style-type: none"> This strategic enabler links to the value delivery objective on partnership strategy and now forms part of the 2024-25 operating plan.
	<ul style="list-style-type: none"> Re-establish a customer satisfaction survey programme, and baseline satisfaction rates for future improvements. 	<ul style="list-style-type: none"> The delivery of a customer satisfaction programme has been rescheduled for 2024-25 to allow current operational and delivery changes to take effect. In the meantime, Scotland Excel continues to solicit and respond to customer satisfaction feedback.



Operating Plan

01 April 2024 – 31 March 2025

Introduction

Scotland Excel was established as the centre of procurement expertise for the local government sector in 2008. We are a leading non-profit organisation serving Scotland's 32 local authorities and around 150 associate members from across the public and third sectors.

Our portfolio of over 70 frameworks has an annual value of £2bn, and provides an effective route to market for goods and services that support the delivery of public services. Adopting a sustainable procurement approach, we consider the social, economic and environmental impact of all of our frameworks.

We have a range of services which help our members strengthen their own procurement teams. Sector-wide improvement projects enhance key areas of practice, while learning and development programmes enrich the skills and knowledge of practitioners. We also offer bespoke strategic resourcing and flexible procurement services.

Scotland Excel works with a broad range of stakeholders and partners across national and local government, enterprise and industry, and education to develop frameworks, services and solutions that deliver value for our members.

In 2023, we published a new five-year corporate strategy which builds on our past achievements and sets out our future ambitions within the context of the current political and economic environment. Developed in consultation with key stakeholders, the strategy seeks to increase the value delivered by Scotland Excel and support our members with the challenges and opportunities they will face over the next five years.

The strategy map on page 3 provides an overview of the strategic commitments we have made for the delivery of procurement and commissioning activities, services and partnerships. Delivery is supported by strategic enablers – key business activities that ensure the successful implementation of the strategy.

To support the strategy, we develop annual operating plans which record the actions we will undertake to achieve our strategic commitments for procurement and commissioning, services, partnerships and strategic enablers to meet the requirements and expectations of our members. This approach allows the flexibility to evolve our plans to meet our corporate goals within a changing public sector landscape.

This document records the actions we will take from April 2024 - March 2025 to deliver the second year of our strategy. It capitalises on actions undertaken during year one, and supports a focus on financial efficiency which has been highlighted as a priority by our members. Reports are issued quarterly to record our progress against these actions.

We recommend that you read the operating plan in conjunction with the full strategy document which is available to download from our website.

Strategy Map

Vision

To provide collaborative, innovative and transformative solutions that support social, economic and environmental wellbeing.

Mission

We will make the most of our expertise and experience by leading and collaborating on solutions that support local and national aims for fairer, wealthier and greener communities.

Corporate Goals

Through our experience, expertise, innovation and collaboration, we will create and deliver solutions which provide value to our members across key strategic areas:

- Journey towards a net zero Scotland
- Drive for efficiency to support the financial sustainability of local public service.
- Community wellbeing with equal access to services, economic development and fair work jobs.
- Resilient supply chains that maximise opportunities for Scottish businesses and the third sector.
- Advancement of skills to deliver Scotland's economic transformation.

Procurement & Commissioning

We will continue to develop and manage procurement solutions which provide an effective route to market for our members. Our frameworks will continue to deliver additional social, economic and environmental value for communities.

We will:

- Support our members with their drive for financial sustainability by helping them to maximise savings, efficiencies and benefits from our frameworks.
- Implement our new sustainable procurement and net zero strategies to support our members' net zero journey.
- Develop and deliver new and next generation contracts for key strategic areas including construction, digital and care.
- Respond to new policy and legislation that may impact the value delivered by our frameworks.

Services

We will continue to provide services for our members to help them strengthen their procurement capability, including through the Scotland Excel Academy.

We will:

- Develop proposals for growing our membership and expanding the market for our services.
- Identify and evaluate new service opportunities that provide value to our members.
- Explore alternative business models to support growth and reduce reliance on membership fees.
- Develop and implement new qualification and procurement training programmes based on member requirements.
- Champion public procurement talent through employment and training initiatives.

Partnerships

We will continue to work with the Scottish Government and other national public sector organisations to influence and support policies and programmes that deliver benefits for our members.

We will:

- Develop a partnership strategy to plan and prioritise engagement activity which maximises the value of our relationships.
- We will strengthen our relationships with other local government bodies to provide a unified connection between policy, finance and procurement.
- Develop mutually beneficial relationships with care and other third sector organisations.
- Explore opportunities to provide additional value for members through working in partnership with UK organisations.

Strategic Enablers: Corporate, Finance & ICT

We will continue to develop robust and cost-effective corporate, finance and ICT services which support all business operations and underpin the delivery of our five-year strategy.

We will:

- Explore the opportunities, benefits and risks of alternative business models.
- Enhance our income forecasting and rebate monitoring tools.
- Explore office and facilities solutions appropriate for hybrid and remote working.
- Develop and implement a new business intelligence strategy and plan.
- Develop and deliver a new five-year ICT strategy and plan to enhance business efficiency.
- Explore methods to reduce the carbon footprint of our business operations.

Strategic Enablers: Organisational Development

We will continue to implement our People Strategy and the recommendations of our Gold Standard Investors in People report to ensure that our staff fulfill their potential. A culture of performance management will support career development and underpin the delivery of effective and efficient services.

We will:

- Implement an employee journey that supports the recruitment and retention of talented staff.
- Undertake succession planning to support career development and create a steady pipeline of talent at all levels.
- Equip staff with the skills required to provide value to our customers, now and in the future.
- Support the wellbeing of our staff through flexible working, physical and mental health resources, and staff engagement platforms.

Strategic Enablers: Engagement & Communication

We will continue to develop and deliver engagement and communications plans which increase Scotland Excel's influence and ensure our members obtain maximum value from our services.

We will:

- Increase engagement with elected members and other senior stakeholders.
- Improve customer experience and increase satisfaction.
- Engage with partners and stakeholders on net zero strategies and other key policy areas.
- Provide advocacy and representation for our members within key national policy groups and programmes.

Value delivery: procurement & commissioning

Scotland Excel continues to develop, deliver and manage procurement solutions which provide an effective and efficient route to market for goods and services which support public services. In 2023-24, senior local authority stakeholders indicated that supporting the financial sustainability of local public service should be prioritised within procurement. Significant actions have been undertaken to support the delivery of this priority. A dedicated savings team has been established to identify savings opportunities for members, while refreshed category strategies focus on the specific areas of value delivered by each framework.

Social and environmental value delivered by frameworks will continue to form a core part of contract development, and this will be signposted to members to enable them to make informed decisions on contract usage aligned to their financial, net zero and/or community wealth-building policies.

Actions

- Continue to review and refresh Scotland Excel's approach to contract delivery planning to maximise the efficiency of collaboration, meet customer expectations, and signpost different aspects of value to support contract utilisation.
- Continue to develop Scotland Excel's approach to key supplier management (KSM) and contract and supplier management (CSM) to identify further savings and efficiency opportunities for members.
- Continue to identify and deliver savings opportunities to maximise the commercial value returned to members through optimal use of our frameworks.
- Continue to develop a methodology for assessing and presenting the total value of membership including framework savings, rebates, community benefits, service delivery, skills development, and other benefits.
- Continue to support local economic development through identifying and promoting supply chain opportunities for Scottish businesses.
- Continue to monitor payment of the Real Living Wage by suppliers, providing reports to members which enable them to evaluate and select suppliers on this basis.
- Continue to implement actions from Scotland Excel's net zero strategy, via a whole organisation approach, to support our members' net zero journey.
- Continue to work with cross-sector partners to develop positive carbon impact initiatives linked to procurement activities.
- Monitor, respond to, and report on national policy changes that affect Scotland Excel's procurement portfolio, including the National Care Service, seeking opportunities to contribute to policy discussions where appropriate.

Value delivery: services

Scotland Excel will continue to provide a range of services which support procurement capability and capacity across our member organisations. As well as sector-wide improvement projects to enhance key areas of practice, Scotland Excel will continue to meet growing demand for strategic resourcing and flexible procurement services.

The Scotland Excel Academy will continue to implement its strategy of delivering affordable options for developing and upskilling procurement practitioners including accredited learning programmes, support for professional study, short courses, and free workshops and seminars.

Action
<ul style="list-style-type: none">• Provide support to councils to help them respond to improvement opportunities identified through the 2023-24 Procurement & Commercial Capability improvement Programme (PCIPs) assessments.
<ul style="list-style-type: none">• Continue to deliver a range of services for councils and associate members which strengthen their procurement capability and resources.
<ul style="list-style-type: none">• Continue to develop Scotland Excel's Academy strategy to provide affordable training options for members.
<ul style="list-style-type: none">• Continue to explore the development of progressive, sustainable learning pathways, working with educational and/or cross-sector partners to address skills gaps, support career development, and attract new entrants to procurement.
<ul style="list-style-type: none">• Continue to build business intelligence services for members based on their requirements and the first-year actions of the Business Intelligence strategy.

Value delivery: partnerships

Throughout 2023-24, Scotland Excel has continued to build successful working relationships with partners across the local government and wider public sector to deliver additional value for members. Examples include exploring supply chain opportunities from low carbon heating and energy efficiency procurement solutions with the Scottish Government and Scottish Enterprise, and working with the Scottish Government and academic partners to develop a Graduate Apprenticeship in business management with procurement.

In 2024-25, these activities will be formalised in a partnership strategy to ensure relationships are prioritised and managed effectively.

Action
<ul style="list-style-type: none">Develop and implement a Scotland Excel partnership strategy which sets out objectives and plans for key partner relationships, assigns ownership, and prioritises activities that support the delivery of our five-year strategy.
<ul style="list-style-type: none">Continue to develop relationships with the Scottish Government and Centres of Expertise to support the delivery of cross-sector procurement projects and programmes.
<ul style="list-style-type: none">Continue to develop and deliver projects and activities with local government partners including COSLA, CIPFA Local Government Finance Directors, Solace, the Improvement Service, and the Digital Office for Scottish Local Government that benefit our mutual stakeholders.
<ul style="list-style-type: none">Continue to work with partners, suppliers and the third sector to increase the procurement opportunities available to Scottish businesses, and support councils with their community wealth-building plans.
<ul style="list-style-type: none">Continue to work with education and academic partners to support the delivery of Scotland Excel's Academy strategy and provide opportunities for all levels of procurement professional to develop their skills throughout their careers.

Strategic enablers

Strategic enablers consider what we need to develop, implement or improve within our business to ensure we can deliver our commitments across procurement and commissioning, services and partnerships. As such, many are intrinsically tied to other actions and any changes of focus or timing of these actions affect the delivery of the enablers.

Due to an increased focus on financial efficiency agreed with stakeholders in 2023-24, some of the actions below have been carried forward from the operating plan for that year. Nevertheless, significant progress was made on a number of key enablers during 2023-24 including rebate management, business intelligence, and employment and training.

Business Area	Action
Corporate, Finance & ICT	<ul style="list-style-type: none"> • Manage, monitor and report on all rebates due from Scotland Excel frameworks using the methodology and tool developed for this purpose.
	<ul style="list-style-type: none"> • Develop a future facilities strategy based on data and feedback gathered from staff and customers in response to the operation of Scotland Excel's hybrid working policy.
	<ul style="list-style-type: none"> • Implement a new five-year ICT strategy to support staff efficiency and increase digital delivery for customers.
	<ul style="list-style-type: none"> • Implement the first-year actions from Scotland Excel's business intelligence strategy.
	<ul style="list-style-type: none"> • Continue to strengthen Scotland Excel's data management and reporting capability in support of the business intelligence strategy, ensuring staff have the tools and skills to access data, information, insight, and intelligence in support of their decision making.
	<ul style="list-style-type: none"> • Continue to consider options for reducing Scotland Excel's carbon footprint as part of the delivery of the organisation's net zero action plan.
Organisational Development	<ul style="list-style-type: none"> • Continue to implement Scotland Excel's people strategy and Investors in People plan to support organisational performance and individual career goals.
	<ul style="list-style-type: none"> • Develop an approach to succession planning to support career development and create a steady pipeline of talent at all levels.
	<ul style="list-style-type: none"> • Continue to deliver training plans which ensure staff can acquire the skills required for the delivery of the strategy within a continually changing public sector landscape.
	<ul style="list-style-type: none"> • Continue to implement an employment and training approach that supports new entrants to public procurement, including with partners on sector-wide qualifications and pathways.

**Engagement &
Communication**

- Support the development and implementation of Scotland Excel's partnership strategy, including the use of stakeholder mapping and competitor modelling tools across the organisation.
- Implement the recommendations of Scotland Excel's value project to articulate and demonstrate the value of membership to customers
- Re-establish a customer satisfaction survey programme, and baseline satisfaction rates for future improvements.

Scotland Excel

To: Executive Sub-Committee

On: 17 November 2023

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

Request for Associate Membership of Scotland Excel by Capability Scotland

1. Background

- 1.1 Scotland Excel operates an Associate programme to allow access to its frameworks and services to a wide range of other public service orientated bodies. Applications can be made for Associate Membership by organisations such as council arm's length organisations, community groups, charities, housing associations and voluntary organisations which are a public body or a body that engages in activities of a public nature.

Organisations apply to Scotland Excel for Associate Membership to allow them to access the frameworks for goods and services which are in place for our members. Associates do not have the opportunity to influence the future contract delivery schedule which is reserved for the full local authority members.

Associate membership supports the wider aims of Scotland Excel by increasing overall spend against frameworks, providing additional income and supporting the goals of promoting excellent public procurement across Scottish organisations.

2. Organisation Background

- 2.1 The vision of Capability Scotland is an inclusive Scotland where everyone has the opportunity to have their voice heard, contribute to society and fulfil their potential. Capability Scotland strive to deliver the highest quality services, tailored to the individual needs of disabled people.
- 2.2 Capability Scotland is a real living wage employer.
- 2.3 Capability Scotland is a Private Limited Company, limited by guarantee with no share capital. The company is also a registered Scottish charity.

3. Associate Membership Process

3.1 Before any application is submitted for approval, a number of validation checks on the organisation are carried out. These include a review of the Memorandum & Articles of Association, the financial position and the type of contracts that the organisation is likely to access. It is confirmed that satisfactory validation checks have been completed in relation to this application.

3.2 Scotland Excel monitors all requests from applicants to become associate members to ensure that any legal requirements are met. In this case, Capability Scotland can be recommended for associate membership access in accordance with the Local Authorities (Goods and Services) Act 1970 section 1 (1B)(c). Namely, that it has functions that are public in nature or engages in activities of that nature so long as the purpose or effect of access to Scotland Excel's services is to facilitate its discharge of those functions or activities.

3.3 Fees are determined in a number of ways:

Arms Length External Organisations (ALEOs) related to local authority members pay no fee as this is covered within requisition fees.

National Health Service (NHS) bodies, Colleges and Universities, and Non departmental bodies of the Scottish Government pay no fee under a reciprocal agreement that allows local authorities to utilise contracts created by the relevant procurement centres of expertise.

All other associate fees are calculated on a standard methodology agreed by committee. e.g. Housing Associations pay based on the number of houses within their portfolio.

4. Recommendations

4.1 It is recommended to committee that Capability Scotland application to join Scotland Excel as an associate member be approved, with an annual fee of £550 and subject to the agreement document.

Scotland Excel

To: Executive Sub-Committee

On: 17 November 2023

**Report by:
The Clerk**

Meetings of Scotland Excel Executive Sub-committee in 2024

1. Summary

- 1.1 The purpose of this report is to seek approval for the proposed dates for meetings of the Scotland Excel Executive Sub-committee in 2024.
- 1.2 In terms of Scotland Excel's Procedural Standing Orders:-
 - 42(a). The Executive Sub-committee shall meet not less than four times in every calendar year. The time, dates and venues for all subsequent meetings will be approved by the Executive Sub-committee.
- 1.3 One of the main functions of the Executive Sub-committee is to consider reports on the award of contracts being let on behalf of Scotland Excel, therefore, the dates for the Executive Sub-committee meetings require to be fixed by referral to the planned award dates for these contracts. It is expected that all contract awards planned for 2024 can be accommodated within the timetable of meetings detailed in this report.
- 1.4 Currently, all Scotland Excel meetings are being held remotely using the Microsoft Teams platform and it is proposed that the Executive Sub-committee continue to meet remotely using the Microsoft Teams platform.

2. Recommendations

- 2.1 That, if required, meetings of Scotland Excel Executive Sub-committee be held remotely using the Microsoft Teams platform at 9.30 am on 26 January, 16 February, 15 March, 19 April, 17 May, 21 June, 23 August, 20 September, 18 October, 15 November and 6 December 2024.

