

Notice of Meeting and Agenda Scotland Excel Executive Sub-committee

Date	Time	Venue
Friday, 01 June 2018	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

KENNETH GRAHAM
Clerk

Membership

Provost Bill Howatson (Aberdeenshire Council); Councillor Angus Macmillan Douglas (Angus Council); Councillor Graham Hutchison (City of Edinburgh Council); Provost Norman A Macdonald (Comhairle Nan Eilean Siar); Councillor Stephen Thompson (Dumfries and Galloway Council); Councillor Altany Craik (Fife Council); Bailie Norman MacLeod (Glasgow City Council); Councillor Alister Mackinnon (Highland Council); Councillor Todd Ferguson (North Ayrshire Council); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor John Shaw (Renfrewshire Council); Councillor Amanda Westlake (Shetland Islands Council) and Councillor Collette Stevenson (South Lanarkshire Council)

Councillor John Shaw (Convener): Councillor Paul Di Mascio (Vice Convener)

Video Conferencing

Should any member wish to participate using video conferencing please contact Lesley Jones on 0141 618 7444.

Further Information

This is a meeting which is open to members of the public.

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 either email democratic-services@renfrewshire.gov.uk or telephone 0141 618 7112.

Members of the Press and Public

Members of the press and public wishing to attend the meeting should report to the customer service centre where they will be met and directed to the meeting.

Items of business

Apologies

Apologies from members.

Declarations of Interest

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

- | | | |
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| 1 | Minute | 5 - 12 |
| | Minute of meeting of the Executive Sub-committee held on 27 April 2018. | |
| 2 | Contract for Approval: Salt for Winter Maintenance | 13 - 26 |
| | Report by Director of Scotland Excel. | |
| 3 | Treatment and Disposal of Recyclable and Residual Waste | 27 - 34 |
| | Report by Director of Scotland Excel. | |
| 4 | Request for Associate Membership: Homes for Life Housing Partnership | 35 - 36 |
| | Report by Director of Scotland Excel. | |
| 5 | Corporate Strategy 2018/23 and Operating Plan 2017/18 | 37 - 82 |
| | Report by Director of Scotland Excel. | |
| 6 | Draft Funding Model Proposal | 83 - 98 |
| | Report by Director of Scotland Excel. | |
| 7 | Risk Register Update | 99 - 118 |
| | Report by Director of Scotland Excel. | |
| 8 | Date of Next Meeting | |
| | Note that the next meeting of the Executive Sub-committee will be held at 9.45am on 29 June 2018 in Glasgow City Chambers. | |



Minute of Meeting Scotland Excel Executive Sub-committee

Date	Time	Venue
Friday, 27 April 2018	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

Present

Councillor Charles Buchan (Aberdeenshire Council); Bailie Norman MacLeod (Glasgow City Council); Provost Norman A Macdonald (Comhairle Nan Eilean Siar); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor John Shaw (Renfrewshire Council); Councillor Amanda Westlake (Shetland Islands Council) and Councillor Collette Stevenson (South Lanarkshire Council).

By Videolink

Councillor Stephen Thompson (Dumfries and Galloway Council).

Chair

Councillor John Shaw, Convener, presided.

In Attendance

J Welsh, Director, H Carr, Head of Strategic Procurement, S Brannagan, Head of Customer & Business Services, B Murray, Procurement Development Manager, L Richards and A Richmond, both Strategic Procurement Managers, Z Brawn, Procurement Coordinator and E McKay, Category Manager (all Scotland Excel); C MacDonald, Senior Committee Services Officer and K O'Neill, Assistant Democratic Services Officer (both Renfrewshire Council).

Apologies

Provost Bill Howatson (Aberdeenshire Council); Councillor Angus Douglas (Angus Council); Councillor Altany Craik (Fife Council); Councillor Graham Hutchison (City of Edinburgh Council); Councillor Alister Mackinnon (Highland Council) and Councillor Todd Ferguson (North Ayrshire Council).

Declarations of Interest

There were no declarations of interest 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 23 March 2018.

With reference to item 4 of the Minute the Head of Strategic Procurement advised that a Mobilisation Pack would be issued to participating Councils.

With reference to the last paragraph of the Minute, Bailie MacLeod advised that the name of the conference that the Director of Scotland Excel would attend should read the Scottish National Party Association of Nationalist Councillors Conference in Inverness.

DECIDED: That the Minute, as amended, be approved.

2 Contract for Approval: Supply and Delivery of Power Tools

There was submitted a report by the Director of Scotland Excel relative to the award of a standalone framework agreement for the supply and delivery of power tools which would be effective from 17 June 2018 until 16 February 2021, with the option to extend for up to 12 months until 16 February 2022.

The report intimated that the framework would facilitate the supply and delivery of power tools to council depots, schools and other locations as well as collection from supplier trade counters.

The framework had been advertised at a value of £2.5 million over the total potential framework period and all 32 Councils had confirmed their intention to participate in the framework. In addition, the Scottish Prison Service, NHS Scotland and Advanced Procurement for Universities and Colleges had confirmed their intention to participate.

Tender responses had been received from 15 suppliers and the SME status of each was provided in Appendix 1 to the report. One of the offers received had been deemed non-compliant as no commercial schedule had been submitted and the offer was removed from the evaluation process. Based on the criteria and scoring methodology set out within the tender document, a full evaluation of the compliant offers had been completed and Appendix 2 to the report detailed the scoring achieved by each bidder.

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

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

Sederunt

Councillor Stevenson entered the meeting during consideration of the following item of business.

3 Contract Delivery Plan Update

There was submitted an update report by the Director of Scotland Excel relative to the progress of the 2018/19 contract delivery plan.

The report intimated that the contract delivery plan comprised framework renewals, new developments, framework extensions and frameworks with ongoing contract management only and appendices 1 to 3 to the report provided further details.

The report highlighted that contract delivery remained active with 59 current frameworks in the Scotland Excel portfolio; a further seven new frameworks would be added to the contract portfolio by 31 March 2019; and a further 8 frameworks on the current portfolio had extension options that were likely to be exercised in 2018/19.

Over 2016/17 Scotland Excel explored the benefits of further collaborative procurement across high spend, critical service areas of adult social care and construction and in 2018/19 would co-produce and implement a procurement strategy for care and support services; would deliver a new sourcing strategy for care home services for older people; would release a prior information notice for a new build housing framework aimed to support council delivery of new affordable houses, enabling councils to attain a range of works and services; and working in partnership with the Digital Office would release a prior information notice for market engagement across a range of projects to drive digital transformation across Scotland.

It was noted that overall, efficiencies delivered to date continued to be within the 2% to 4% forecast range.

Discussion took place regarding efficiencies and Registered Social Landlords (RSLs). It was proposed that a briefing note would be prepared for members outlining good practice and the relationship between RSLs and local authorities. This was agreed.

DECIDED:

(a) That the progress made to date be noted; and

(b) That a briefing note be prepared for members outlining good practice and the relationship between RSLs and local authorities.

4 Operating Plan Update

There was submitted a report by the Director of Scotland Excel relative to the Q3 progress made against operating plan activities and commitments during 2017/18.

DECIDED: That the report be noted.

5 Update of Review of Governance Structure of Scotland Excel

There was submitted a report by the Director of Scotland Excel relative to an update on the review of the governance structure of Scotland Excel.

The report intimated that the purpose of the review was to consider possible governance options and identify the most appropriate governance structure for generating sustainable future revenue streams to support new service development and minimise potential increases to member requisitions. As part of the review, a number of scenarios were tested and these were detailed in Appendix 1 to the report.

The options considered as part of the review together with details of the case for each were detailed in section 2 of the report. It was noted that the current model met the substantial majority of the scenarios tested and that the preferred option was option1, to maintain the current governance model. The current Scheme of Delegation would require to be updated to correct some minor anomalies and better clarify and reflect current practice and these amendments were detailed in Appendix 2 to the report.

The Joint Committee would be asked to approve a report which recommended maintaining the existing governance model with an amended and updated Scheme of Delegation.

DECIDED:

(a) That the report be noted; and

(b) That the submission of a report to the Joint Committee recommending maintaining the current governance structure with an updated Scheme of Delegation be endorsed.

6 Update on Provision of Sanitary Products within Educational Establishments

There was submitted a report by the Director of Scotland Excel relative to the work being undertaken by Scotland Excel to help support local authorities supply sanitary products into educational establishments to adopt the free sanitary provision proposed by the Scottish Government.

The report intimated that the Scottish Government had committed to providing access to free sanitary products to students in schools, colleges and universities to support equality, dignity and rights for those who menstruate and to ensure that lack of access to products did not impact on an individual's ability to fully participate in education at all levels. Funding for the products in the first instance was by the Scottish Government and was based on population and an amount per student per year.

Scotland Excel had liaised with colleagues at both Scottish Government and Advanced Procurement for Universities and Colleges (APUC) to look at a mechanism of support for a procurement process. Models were currently being implemented by local authorities and Scotland Excel had agreed to include the supply of products, including sustainable products, through the renewal of the Washroom Solutions framework. This would lead to opportunities through a collaborative approach to inform and develop a longer term national model which would permit a compliant framework to supply products and provide key data to inform ongoing policy regarding uptake and refining costs thereafter.

Scotland Excel intended to seek information from local authorities in May 2018 on initial delivery routes taking effect from August 2018 with a view to lending support from existing applicable frameworks being provided until the Washroom Solutions framework went live in October 2018.

The Scottish Government's commitment included the provision of products to pupils during school holidays and local authorities required to consider how provision would be delivered during these times. This commitment had not been included within the scope of the proposed tendering exercise given the demanding timescales, however, Scotland Excel would work with local authorities and the market place to seek effective solutions after contract mobilisation.

DECIDED: That the report be noted and that Scotland Excel's work to improve national priorities be supported.

7 Update Report on Plastic Straws

There was submitted a report by the Director of Scotland Excel relative to an update on the work being undertaken by Scotland Excel to help support local authorities to reduce the use of plastic straws in goods through any relevant frameworks.

The report intimated that in January 2018, Kate Forbes MSP contacted Scottish local authorities seeking a commitment to be plastic straw free and requesting that they look at sourcing alternatives to plastic straws where required for drinks and cartons. Scotland Excel contacted framework suppliers to ascertain the feasibility of sourcing alternatives to plastic straws and to determine if they or their supply chain were carrying out further research and development in this area. It had been established that a number of suppliers were currently developing alternatives to plastic straws.

Plastic straws were part of the core product list within the Catering Sundries framework and Scotland Excel was in the process of conducting a core product review with relevant suppliers to remove the plastic straws from the core list and replace them with environmentally-friendly alternatives.

Scotland Excel would continue to work with suppliers and local authorities on this area as part of the contract and supplier management process and, where appropriate, would include relevant questions in future tenders to establish what suppliers were doing to reduce plastic packaging and to eliminate black plastic from packaging entirely.

DECIDED: That the report be noted.

8 Procurement of Care Home Services for Older People

There was submitted a report by the Director of Scotland Excel which provided an update on Scotland Excel's work on care home services for older people, including the National Care Home Contract.

The report intimated that in Scotland contracted out care home provision was delivered by around 300 providers across more than 800 care homes for older people. Councils across Scotland spent £492 million on these services with 59% of this expenditure distributed across 20 providers.

The National Care Home Contract was a model set of terms that detailed the service specification and payment mechanisms for councils when purchasing care home care.

Scotland Excel had successfully made the case to councils and Health and Social Care Partnerships for more national oversight and it was noted that 28 councils were currently funding Scotland Excel until March 2020 to develop a Cost of Care Calculator; provide market intelligence particularly around financial health; and develop a sourcing strategy for the future. The report provided an update on each of these developments.

The report further intimated that, subject to agreeing a benchmark for the cost of capital, the cost of care calculator developed by Scotland Excel was now the accepted mechanism to establish future national rates for nursing and residential care. COSLA and Scotland Excel were currently updating the operational management arrangements of the contract and would be implementing a new sourcing strategy in 2018/19.

Discussion took place relative to the relationship between Health and Social Care Partnership's and Integration Joint Boards (IJB's) and it was proposed that a briefing note be sent to members. This was agreed.

DECIDED:

(a) That the update on activities associated with care home services for older people be noted; and

(b) That a briefing note be sent to members relative to the relationship between Health and Social Care Partnership's and Integration Joint Board's.

9 Procurement of Care and Support Services

There was submitted a report by the Director of Scotland Excel which provided an update on the collaborative procurement opportunities associated with care and support services.

The report intimated that Scotland Excel had been funded for a two-year period up to March 2019 to explore opportunities for collaborative procurement across care at home and supported living services. Health and Social Care Partnership's in Scotland spend over £750 million per annum on these services and currently there was no national oversight on how these services were procured.

Since April 2017, Scotland Excel had focused its effort on engagement with key stakeholders and had held four regional provider sessions. Two working groups, one for care at home services and one for supported living services, had met regularly over the past six months and included representation from Health and Social Care

Partnership's, providers and the Scottish Government.

Provider engagement to date had been constructive and positive and in terms of commissioners, 21 Health and Social Care Partnership's and local authorities had indicated their participation in the proposed national framework for care and support, incorporating both care at home services and supported living services.

Scotland Excel had also considered how the ongoing framework management and monitoring could be supported given that Scottish Government funding would cease on 31 March 2019 and had developed a range of funding options for further discussion with stakeholders over the coming months.

Scotland Excel was finalising the procurement strategy for care and support and anticipated developing a flexible framework under the 'light touch regime'. The development of agreed specifications would be challenging given the variance in current local specifications. However, improving outcomes for people supported by services would be at the heart of all agreed service specifications.

Scotland Excel would develop the framework structure and access procedures, framework terms and commercial and evaluation methodologies with partners and would undertake engagement with people supported by services to ensure their views were central to the finally agreed specifications. A flexible framework would be developed that incorporated core requirements, but offered commissioners the ability to work with providers to tailor specific needs to local commissioning objectives and the personal needs of people.

DECIDED: That the update on activities associated with care and support services be noted.

10 Employee Absence Management Report

There was submitted a report by the Director of Scotland Excel relative to employee absence statistics for Scotland Excel. The report advised of the absence levels for the month of March 2018, the previous six and 12 months and provided information relating to the absence statistics and reasons.

DECIDED: That the report be noted.

11 Date of Next Meeting

DECIDED: That it be noted that the next meeting of the Executive Sub Committee would be held at 10.45 am on 1 June 2018 in Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley.



Scotland Excel

To: Executive Sub Committee

On: 01 June 2018

**Report
by
Director Scotland Excel**

Tender: Salt for Winter Maintenance

Schedule: 29/17

Period: 1 July 2018 until 30 June 2022

1. Introduction and Background

The current framework for Salt for Winter Maintenance will expire on 30 June 2018. This recommendation is for the award of a renewal framework which will operate from 1 July 2018 until 30 June 2022. This framework covers a full range of salt and de-icing equipment and accessories including bulk and bagged rock salt, marine salt and treated salt to allow councils to deliver various public services.

Councils have a statutory obligation under Section 34 of the Roads (Scotland) Act 1984 to take such steps as it considers reasonable, to prevent snow and ice endangering the safe passage of pedestrians and vehicles over public roads. This framework directly supports the councils in undertaking this key responsibility.

The report summarises the outcome of the procurement process for this national framework arrangement.

2. Scope, Participation and Spend

As part of the strategy development, the User Intelligence Group (UIG) confirmed general high levels of satisfaction with the current framework services and endorsed the inclusion of seven lots as summarised in Table 1. The lot for treated salt has been added following a request from Dumfries and Galloway Council. This framework is designed to align with council requirements, whilst also recognising the current structure of the market place, as well as maximising opportunities for SME participation.

Table 1: Lotting Structure

Lot Number	Description	Estimated % of Spend
Lot 1	Bulk Rock Salt Delivered to Harbour/Port	30%
Lot 2	Bulk Rock Salt Delivered to Depot	50%
Lot 3	Bagged Salt	3%
Lot 4	Bulk Marine Salt Delivered to Depot	8%
Lot 5	Bulk Treated Salt Delivered to Depot	5%
Lot 6	De-Icing Products	2%
Lot 7	Equipment and Accessories	2%

As detailed in Appendix 1, 30 councils plus Tayside Contracts have confirmed their intention to participate in this framework renewal. The following councils have no present requirement to use this new framework:

- Falkirk Council
- North Lanarkshire Council

The above councils have long-term service contracts already in place which provide salt and gritting services to them therefore there is no requirement to participate in this arrangement.

Participation in the framework has also been confirmed by APUC and NHS. Scottish Prison Service may participate over the lifetime of the framework.

To ensure that all 32 councils have the option to use the framework, all councils, Tayside Contracts and the above-mentioned bodies and associate members have been listed in the OJEU Contract Notice as participants. (Note: Angus Council, Dundee City Council and Perth & Kinross Council are serviced via Tayside Contracts).

The contract was advertised with an estimated value of £65m over the 4 year period. The forecast annual spend for participating councils is circa £16.2m per annum.

The framework covers the supply of bulk and bagged rock salt, marine salt and treated salt as well as de-icing products, accessories and equipment.

3. Procurement Process

A UIG consisting of representatives from participating councils endorsed the procurement strategy on 25 January 2018. In addition, a working group of technical and procurement representatives was formed to review technical specifications and participate in the evaluation.

A Prior Information Notice (PIN) was published in December 2017, which resulted in expressions of interest from 13 undertakings. Thereafter, in order to ensure maximum competition, the UIG agreed that an open tender process should be followed to establish the framework.

The Contract Notice was published via the Official Journal of the European Union and the Public Contracts Scotland portal (PCS) on 12 March 2018 with the tender documentation being made available for immediate download from 14 March 2018, via the Public Contracts Scotland Tenders (PCS-T) system.

The procurement process followed a two-stage tendering procedure. At the first stage, tender European Single Procurement Document (ESPD) responses were assessed against financial capability, technical/professional capability and business probity requirements. Bidders were required to pass this stage to be eligible for award. At the second stage, offers were evaluated against the following criteria and weightings.

Technical 18%
Commercial 82%

Technical Scoring

Within the technical section, bidders were required to evidence their knowledge and experience by responding to the main technical questions, which included areas such as resources, service and sustainability, as well as questions regarding the bidder's approach to contingency planning in the case of emergency situations. In addition to these questions, lot specific technical questions were also asked in relation to the type of service level they will deliver and what commitments they would make in respect of community benefits.

Bidders were also asked to confirm which councils they are able to service.

Area	Type of Question	Scoring Methodology	Maximum Score Available
Contingency Plans	Method Statement	Five-Point Scoring Methodology	5
Resources and Service	Method Statement	Five-Point Scoring Methodology	5
Sustainability	Method Statement	Five-Point Scoring Methodology	2
Community Benefits	Method Statement	Banded Scoring	3
Fair Work Practices	Method Statement	Five-Point Scoring Methodology	3
		TOTAL	18

Within the commercial section, bidders were invited to offer on a lot by lot basis and provide prices against a selection of most commonly used de-icing products, accessories and equipment as well as prices for bulk salt per tonne and bagged salt supplied in various sized bags.

Fixed pricing for 12 months was requested for all lots.

4. Report on Offers Received

The tender document was downloaded by 17 undertakings, with 9 tender responses received. A summary of all offers received is provided in Appendix 2.

Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the compliant offers received was carried out. Appendix 3 sets out the scoring achieved by each bidder.

5. Recommendations

Based on the evaluation undertaken, and in line with the criteria and weightings set out above, it is recommended that a multi supplier framework arrangement is awarded to 9 suppliers across the seven lots as outlined in Appendix 3.

The 9 recommended service providers can meet operational requirements across all geographical areas and a range of choice and capacity for council members, and also represent a mix of small and medium organisations, with all of the recommended suppliers classified as SMEs.

6. Benefits

Savings

Scotland Excel conducted a benchmarking exercise for each council and the results of this benchmarking are detailed in Appendix 1.

The benchmarking exercise was based on the existing framework prices and compared these against the new framework prices for the appropriate supplier, pro-rata for each council. This was based on a percentage of lot spend for bulk products only.

Primarily due to significant increases in shipping logistics costs, there will be an average cost increase of 11.1% to councils. It should be noted that Scotland Excel have taken all appropriate measures to attempt to mitigate this impact, however much of the bulk salt is sea freighted to various Scottish ports from sources primarily out with mainland Britain and sea freight charges have seen increases of between 15-25% over the last two years, operating port costs increasing by circa 6% per annum and onward road haulage increasing by 3% from its position in 2015.

It should also be noted that councils had benefited from a steady pricing structure for the full four-year framework period within the current arrangement

and that appropriate price stability and control measures have been built in to this new arrangement.

Price Stability

All service providers have agreed to the 12-month fixed price period at the start of the framework and one supplier has agreed to fix their prices for the lifetime of the framework. Provision thereafter is for price reviews every 12 months to accommodate market fluctuations. All requests for price increases will be evaluated against prevailing market conditions and supporting documentary evidence.

Sustainable Procurement Benefits

Within the technical section of the tender, the sustainability method statement assessed bidders in relation to their corporate approach to sustainability and how their organisation promotes recycle, reuse and reduce initiatives to minimise the impact of the supply chain on the environment. A range of sustainable measures were outlined by service providers including;

- Sustainable/innovative products being researched/developed
- Sustainable/innovative methods of recycling of products and packaging
- Reducing carbon footprint

Bidders were asked to provide details of initiatives to reduce waste in the manufacture, use or consumption of the commodity, as well as consider policies to reduce, reuse, recycle and dispose. Bidders were evaluated assessing sustainability factors, including reduction to landfill, reducing CO2 emissions, efficient deliveries and environmental targets. Suppliers were encouraged to offer creative sustainable solutions and innovation for the lifetime of the framework.

Community Benefits

Bidders were also asked to detail and demonstrate their commitment to providing community benefits, and this will be further discussed during framework mobilisation and reported through ongoing contract management returns. Results reported on community benefits will be disseminated to councils on a six-monthly basis. A range of community benefits dependent on spend levels were offered by bidders including:

- Sponsorship of local sports team
- Recruitment of modern apprentices
- Work experience to school children
- Donation of labour/products to assist in community projects
- Offer training sessions to council apprentices
- Workshop/school/college event
- Work experience placements to school pupils

Fair Work Practices including the Living Wage

Bidders were asked a question on their approach to fair work practices and the Scottish Living Wage status. Of the 9 recommended service providers, 8 have confirmed payment of the Living Wage to their workforce.

- 1 is currently going through the process of becoming an accredited Living Wage employer
- 7 have confirmed that they are not yet accredited Living Wage employers however do pay the Living Wage to all staff
- 1 is not an accredited Living Wage Employer and does not currently pay the Living Wage to all employees

Scotland Excel includes monitoring Fair Work Practices including the Living Wage within its contract and supplier management programme. Scotland Excel plan to work with this supplier during the lifetime of the new framework to encourage their commitment to pay all staff the Living Wage. As well as this, Scotland Excel will work with the suppliers who have not yet gained their accreditation to encourage them to achieve this over the lifetime of the framework also.

7. Contract Mobilisation and Management

All service providers and participating members will be issued with a mobilisation pack containing all required details to launch the framework. Each service provider will be invited to a mobilisation meeting if required to outline the operation of the framework, roles and responsibilities, management information requirements and community benefits commitments.

In accordance with Scotland Excel's established contract and supplier management programme, this framework has been classified as a level 1 arrangement in terms of both risk and spend requiring six monthly to annual supplier and user group reviews as appropriate.

8. Summary

This framework for Salt for Winter Maintenance aims to maximise collaboration, allow members to deliver the various services they provide as well as support them with their Roads' Winter Maintenance Programmes through delivery of best value. A range of benefits can be reported in relation to price stability, sustainability and community benefits.

The Executive Sub Committee is requested to approve the recommendation to award this framework agreement to the suppliers as detailed in Appendix 3.

Appendix 1 – Participation, Spend and Savings Summary – Salt for Winter Maintenance 29-17

Member Name	Participate In Framework	Participation Entry	Estimated Annual Spend	Source of Spend	% Estimated	Estimated Annual	Basis of Savings Calculation
		Date			Forecast Savings	Savings (£)	
Aberdeen City	Yes	Contract Start	£300,000	Contract MI	-9.8%	-£29,460	Benchmarked Current Contract
Aberdeenshire	Yes	Contract Start	£1,500,000	council confirmed	-8.9%	-£133,950	Benchmarked Current Contract
Angus	Yes	Contract Start	£2,500				Service under Tayside Contracts
Argyll & Bute	Yes	Contract Start	£600,000	council confirmed	-11.4%	-£68,640	Benchmarked Current Contract
Clackmannanshire	Yes	Contract Start	£38,000	council confirmed	-4.8%	-£1,832	Benchmarked Current Contract
Comhairle nan Eilean Siar	Yes	Contract Start	£240,000	council confirmed	-11.3%	-£27,216	Benchmarked Current Contract
Dumfries & Galloway	Yes	Contract Start	£320,000	council confirmed	-9.3%	-£29,600	Benchmarked Current Contract
Dundee City	Yes	Contract Start	£2,500				Service under Tayside Contracts
East Ayrshire	Yes	Contract Start	£457,338	council confirmed	-12.8%	-£58,631	Benchmarked Current Contract
East Dunbartonshire	Yes	Contract Start	£150,000	Contract MI	-10.0%	-£14,925	Benchmarked Current Contract
East Lothian	Yes	Contract Start	£190,000	council confirmed	-23.0%	-£43,605	Benchmarked Current Contract
East Renfrewshire	Yes	Contract Start	£230,000	council confirmed	-10.0%	-£22,885	Benchmarked Current Contract
Edinburgh City	Yes	Contract Start	£244,000	council confirmed	-23.0%	-£55,998	Benchmarked Current Contract
Falkirk	No						
Fife	Yes	Contract Start	£241,284	council confirmed	-12.7%	-£30,619	Benchmarked Current Contract
Glasgow	Yes	Contract Start	£600,000	council confirmed	-8.4%	-£50,340	Benchmarked Current Contract
Highland	Yes	Contract Start	£1,600,000	council confirmed	-10.2%	-£163,520	Benchmarked Current Contract
Inverclyde	Yes	Contract Start	£300,000	council confirmed	-9.8%	-£29,340	Benchmarked Current Contract
Midlothian	Yes	Contract Start	£122,000	council confirmed	-23.0%	-£27,999	Benchmarked Current Contract
North Ayrshire	Yes	Contract Start	£387,000	Contract MI	-12.3%	-£47,408	Benchmarked Current Contract
North Lanarkshire	No						
Orkney Islands	Yes	Contract Start	£58,510	Contract MI	-9.2%	-£5,360	Benchmarked Current Contract
Perth & Kinross	Yes	Contract Start	£8,000				Service under Tayside Contracts
Renfrewshire	Yes	Contract Start	£150,000	council confirmed	8.1%	£12,075	Benchmarked Current Contract
Scottish Borders	Yes	Contract Start	£1,400,000	council confirmed	-24.8%	-£346,500	Benchmarked Current Contract
Shetland Islands	Yes	Contract Start	£260,000	council confirmed	-10.0%	-£25,870	Benchmarked Current Contract
South Ayrshire	Yes	Contract Start	£351,216	council confirmed	-12.8%	-£45,026	Benchmarked Current Contract
South Lanarkshire	Yes	Contract Start	£1,700,000	council confirmed	-8.7%	-£148,410	Benchmarked Current Contract
Stirling	Yes	Contract Start	£200,000	Contract MI	-9.6%	-£19,200	Benchmarked Current Contract
Tayside Contracts	Yes	Contract Start	£2,000,000	council confirmed	11.5%	£230,200	Benchmarked Current Contract
The Moray	Yes	Contract Start	£565,000	council confirmed	-10.9%	-£61,416	Benchmarked Current Contract
West Dunbartonshire	Yes	Contract Start	£102,240	Contract MI	-10.0%	-£10,173	Benchmarked Current Contract
West Lothian	Yes	Contract Start	£1,500,000	council confirmed	-23.0%	-£344,250	Benchmarked Current Contract
			£15,819,588		-11.1%	-£1,599,896	

Council saving/cost validation ongoing

Appendix 2 - SME Status

Bidder's Name	SME Status	Location	Lots Tendered
Compass Minerals UK Limited	Medium	England	2, 5
Delmon UK Limited	Small	England	1, 2, 4
Glasdon (UK) Limited	Medium	England	6, 7
ICL UK (Sales) Limited	Medium	England	2, 4
Maklad International Limited	Small	England	4
J.C. Peacock & Co., Limited	Medium	Glasgow & Strathclyde	3, 4, 6, 7
Salt and Grit Solutions Ltd	Small	Glasgow & Strathclyde	3
Irish Salt Mining and Exploration Company Limited-The	Medium	Northern Ireland	1, 2
Wm Hamilton & Sons Limited	Medium	Glasgow & Strathclyde	2, 3

Appendix 3 - Scoring and Recommendations

Lot 1 - Bulk Rock Salt Delivered to Harbour/Port

Argyll and Bute	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	68.32

North Ayrshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	74.47

Shetland	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	74.83

Lot 2 - Bulk Rock Salt Delivered to Depot

Aberdeen City	Final Score
** ICL UK (Sales) Limited	94.25
** Delmon UK Limited	72.22
** Compass Minerals UK Ltd	69.38
** Wm Hamilton & Sons Limited	55.49

Argyll and Bute	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	75.16
** Compass Minerals UK Ltd	74.08
** Wm Hamilton & Sons Limited	60.32

Dumfries & Galloway	Final Score
** Compass Minerals UK Ltd	94.00
** IRISH SALT MINING AND EXPLORATION COMPANY LIMITED-THE	89.94
** Delmon UK Limited	78.96
** Wm Hamilton & Sons Limited	63.79

East Dunbartonshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	77.25
** Delmon UK Limited	67.90
** Wm Hamilton & Sons Limited	66.26

East Renfrewshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	78.00
** Delmon UK Limited	67.90
** Wm Hamilton & Sons Limited	66.26

Highland Council	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	65.52

Orkney	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	71.41

Western Isles	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	67.52

Aberdeenshire	Final Score
** ICL UK (Sales) Limited	94.25
** Delmon UK Limited	76.13
** Compass Minerals UK Ltd	72.30
** Wm Hamilton & Sons Limited	58.08

Clackmannanshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	83.79
** Delmon UK Limited	70.10
** Wm Hamilton & Sons Limited	68.21

East Ayrshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	78.85
** Delmon UK Limited	69.43
** Wm Hamilton & Sons Limited	67.62

East Lothian	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	85.53
** Delmon UK Limited	75.81
** Wm Hamilton & Sons Limited	66.79

Edinburgh City Council	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	83.09
** Delmon UK Limited	75.81
** Wm Hamilton & Sons Limited	68.28

Fife	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	82.83
** Delmon UK Limited	76.71
** Wm Hamilton & Sons Limited	68.25

Inverclyde	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	76.71
** Delmon UK Limited	68.80
** Wm Hamilton & Sons Limited	62.56

Moray	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Delmon UK Limited	70.40
** Compass Minerals UK Ltd	68.36
** Wm Hamilton & Sons Limited	56.92

Renfrewshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	77.25
** Delmon UK Limited	67.90
** Wm Hamilton & Sons Limited	66.26

South Ayrshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	80.01
** Delmon UK Limited	69.43
** Wm Hamilton & Sons Limited	63.07

Stirling	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	80.94
** Wm Hamilton & Sons Limited	68.50

West Dunbartonshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	76.51
** Wm Hamilton & Sons Limited	66.26
** Delmon UK Limited	62.92

Glasgow	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	77.62
** Delmon UK Limited	68.26
** Wm Hamilton & Sons Limited	66.58

Midlothian	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	87.25
** Delmon UK Limited	70.83
** Wm Hamilton & Sons Limited	66.79

North Ayrshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	76.71
** Delmon UK Limited	68.80
** Wm Hamilton & Sons Limited	67.06

Scottish Borders	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	89.47
** Delmon UK Limited	74.92
** Wm Hamilton & Sons Limited	65.31

South Lanarkshire	Final Score
** Irish Salt Mining and Exploration Company Limited-The	94.50
** Compass Minerals UK Ltd	87.68
** Wm Hamilton & Sons Limited	75.02
** Delmon UK Limited	74.00

Tayside Contracts	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	80.63
** Delmon UK Limited	76.71
** Wm Hamilton & Sons Limited	63.37

West Lothian	Final Score
** ICL UK (Sales) Limited	94.25
** Compass Minerals UK Ltd	78.00
** Delmon UK Limited	75.81
** Wm Hamilton & Sons Limited	73.30

Lot 3 - Bagged Salt	
Supplier	Final Score
** J.C. Peacock and Co. Limited	92.29
** Salt and Grit Solutions Limited	66.28
Wm Hamilton and Sons Limited	34.41

Lot 4 - Bulk Marine Salt Delivered to Depot	
North Lanarkshire	Final Score
** Maklad International Limited	87.50
** J.C. Peacock and Co. Limited	61.61
** Delmon UK Limited	55.20

South Lanarkshire	Final Score
** Maklad International Limited	87.50
** J.C. Peacock and Co. Limited	65.07
** Delmon UK Limited	58.97

Lot 5 - Bulk Treated Salt Delivered to Depot	
Dumfries & Galloway	Final Score
** Compass Minerals UK Ltd	94.00

Lot 7 - Equipment and Accessories	
Supplier	Final Score
** J.C. Peacock and Co. Limited	92.29
** Glasdon UK Limited	77.92

** Denotes recommended supplier

Renfrewshire	Final Score
** Maklad International Limited	87.50
** J.C. Peacock and Co. Limited	63.14
** Delmon UK Limited	56.68

Tayside Contracts	Final Score
** Maklad International Limited	87.50
** ICL UK (Sales) Limited	82.42
** Delmon UK Limited	77.20
** J.C. Peacock and Co. Limited	60.59

Lot 6 - De-Icing Products	
Supplier	Final Score
** J.C. Peacock and Co. Limited	92.29
Glasdon UK Limited	Non Compliant



Scotland Excel

To: Executive Sub Committee

On: 01 June 2018

**Report
by
Director Scotland Excel**

Tender: Treatment and Disposal of Recyclable and Residual Waste

Schedule: 27/17

Period: From August 2018

1. Introduction

The purpose of this report is to notify the Executive Sub-Committee that the Scotland Excel Environment Category Team (within the Transport, Roads and Environment) intends to introduce a Dynamic Purchasing System (DPS) for the Treatment and Disposal of Recyclable and Residual Waste, that will replace the current Recyclable and Residual Waste Framework (14/13) on its expiry. This will involve following a route to market that is new to Scotland Excel and will secure the provision of assorted services for the treatment and disposal of various waste related materials collected by councils.

This route to market has been chosen for a number of reasons that will be outlined within this report. The following will detail the definition of a DPS and its key difference to a framework agreement. It will also indicate the desired outcomes that the team and the User Intelligence Group (UIG) hopes to achieve with its creation and explain how it will operate, as well as detailing next steps going forward.

2. Definition of a Dynamic Purchasing System

A DPS is a procedure available for contracts for services commonly available on the market. It has similarities to a framework agreement, but unlike a framework agreement, allows new service providers to join at any time. It has to be run as a completely electronic process, and is set up using the restricted procedure and some other conditions. Public bodies are permitted to set up a DPS which may be divided into categories of service (Lots).

Although available for some time, traditionally, DPS's were largely considered non-user friendly due to the perceived cumbersome nature of award procedures. In recent years however, the process has been reviewed and

changes implemented at an European Union (EU) level that has seen its use and popularity increase.

3. Market Background

The waste material sector and associated issues have been well documented recently, even out-with the industry itself. Increasingly public awareness via media outlets and documentaries for example, has pushed public and political demand for innovative solutions to the treatment of waste materials, linked to recycling and reuse. Stringent targets have been set by the EU and the Scottish Government has set itself even more ambitious targets of its own, as detailed via its strategy “Making Things Last – A Circular Economy Strategy for Scotland”, aimed at generating remanufacturing and creating opportunities linked to the strive for a circular economy.

Contrary to these positive interventions, the market for waste materials has been seriously negatively impacted by recent policy changes implemented by China, whom on a global level, had been the main outlet for much of the world's waste material (based upon the logic of volume of products produced to the world market, and needs linked to the industrialisation of their economy). So far during 2018, China has implemented ever increasingly strict criteria on what they are willing to allow to be exported to their country by businesses from across the world, including the UK. This has raised serious concern about the longer-term sustainability of available outlets for material, and therefore demand within the UK for the types of material collected by councils. The message from Government and Industry, appears to be that the UK should look inwardly for investment in outlets such as remanufacture and energy from waste.

At a more localised level, Scotland's ban on biodegradable municipal waste (virtually all material found in household waste collection services), going to landfill comes into effect from 1st January 2021. Much discussion between industry, councils, the regulator Scottish Environment Protection Agency (SEPA) and the Scottish Government are ongoing, but again, early indications appear to favour the encouragement of innovative solutions. In addition, more than two-thirds of councils have signed up to the “Household Recycling Charter” and associated Code of Practice, developed jointly by the Scottish Government and COSLA that aims to bring more consistency to recycling collections, which signals service change for individual councils. The Scottish Government has also recently announced its intention to introduce a deposit return scheme for plastic bottles, as well as proposing a ban on cotton buds and plastic straws. This and any future interventions that may follow, will have an impact on the content and volume of material collected by councils in Scotland, which in turn could influence the type of treatment(s) the material requires.

The overall focus upon innovation at both a global and more local level, strongly suggests new technologies and/or new entrants offering alternative solutions for market outlets (and potentially value) for the materials found within council waste streams. This factor is the key driver for the introduction of a DPS, as a framework by design, tends to be limited only to those service

providers and offers submitted at point of tender, extending for the entire lifetime of the arrangement. A DPS however, provides a much more fluid and flexible approach, with new entrants, new offers, new facilities and new technologies, all able to be accepted and made available to councils at any point during its lifetime, (subject to meeting necessary qualification criteria and offering service as defined within the Contract Notice).

4. Desired Outcomes

A matrix of desired outcomes and the likelihood of achieving each under the framework model versus the DPS can be found at the end of this report. These can be summarised as follows:

- To allow new entrants to offer services throughout the lifetime of the arrangement, on a lot by lot basis, and thereby not “lock-out” new service providers who can meet the regulatory requirements and potentially offer best value to councils.
- To maximise treatment capacity throughout the lifetime of the arrangement.
- To award a longer-term solution, as opposed to being limited by the four-year maximum term that a framework model must operate under.
- To encourage offers that are representative of a council’s quality of material, reflective of market conditions of the day, safeguarding service and reducing risk of contract frustration.

5. Procurement Guidance

The Scottish Governments Procurement Journey provides guidance in which circumstances a DPS would be appropriate and what should be considered when opting to introduce. The needs related to this service area meets the defined criteria, which is summarised as follows:

- Difficult to bulk buy/achieve economies of scale
- Local bespoke offering/local SMEs
- Opportunity to automate elements
- Price sensitive market
- Large volume of service providers
- Large volume of transactions
- Capacity issues/market shaping opportunity
- Low barriers of entry for supply market
- Many internal procurement officers

6. User Intelligence Group (UIG) Engagement

An Environment Category UIG took place in January 2018 where the group was asked to consider the feasibility of implementing the DPS model as opposed to retendering a framework. Following internal approval to pursue, the group were formally asked to consider during March 2018. Feedback identified two key concerns, one was the loss of the direct award option available under a

framework model and the second related to the increased level of input from individual councils compared with the framework direct award/mini-competition process. These concerns will be mitigated with the provision of template documents that can be amended as required as well as ongoing mobilisation support, ensuring users are comfortable with the process involved.

In relation to participation and uptake of the DPS, the proposed scope and breadth of choice of treatment options and available technologies on an ongoing basis, should the DPS attract the expected level of interest from service providers, would ensure a relatively straight forward route to securing service and it is hoped, significantly reduce the risk of councils seeking alternative contracts out-with Scotland Excel.

7. Operating the DPS in Practice

Under the DPS model, councils will be presented with a list of service providers, on a per Lot basis that have successfully passed the minimum qualification criteria, (capability to service, licencing, convictions, insurances and so on), confirming that they are capable of providing a service as defined within the Contract Notice. Councils will simply invite service providers from the relevant Lot to make an offer based upon the council's own specification/requirement, similar to the mini-competition route available under a framework agreement. Submitted offers will then be evaluated by the council on both technical and commercial viability and the overall best value offer awarded.

Councils will have the option to draft their own terms and conditions and design their own evaluation methodology. This will allow focus upon the areas that matter most to them, both in an operational sense, but also for “softer” elements linked to service, such as community benefits and added value options. It should be noted though, that in some instances, depending on the particular material stream, specific service required, contract length and overall contract value, for speed and ease, councils may prefer to award using template documents provided by Scotland Excel, (which can be amended as desired subject to requirements falling within the original Contract Notice definitions).

Awarding contracts under the DPS will ensure councils achieve bespoke pricing based upon their own material content and quality as well as individual operational requirements. Decisions relating to price variations, changes to terms and conditions and service delivery would be made directly by councils, allowing much greater control. Licencing, insurances and other associated documentation will be held, monitored and updated by Scotland Excel centrally and made available for councils.

In relation to new entrants, approval will be the responsibility of Scotland Excel. Potential new entrants will notify their intent and following completion of the Qualification document, will be notified by Scotland Excel of their success or failure within a ten-day period, after which, subject to success, they will become available for councils to utilise.

8. Next Steps

Following strategy approval at Contract Steering Group, a tender will be opened to market late June 2018, closing late July 2018, inviting interested service providers to complete a qualification process, that if successful in passing, will allow them to be named as approved providers on the relevant Lot(s) that they have bid. Following notification to successful bidders, the DPS will be made available for councils to conduct an award process and put in place compliant contracts relevant to their needs. The Executive Sub Committee will be notified of the outcome and progress via a report that will be submitted/delivered at the Executive Sub Committee date scheduled for 24th August 2018 (subject to no major delays or divergence from project delivery plan).

9. Summary

The introduction of a Dynamic Purchasing System is a first for Scotland Excel as an organisation and provides an alternative to a framework model that, in relation to this particular service area, offers a number of key benefits that will help councils meet their operational service needs within a landscape of policy change and market uncertainty that would otherwise be inaccessible. The team request that the Executive Sub-Committee acknowledge this report and offer its endorsement and support of the introduction of this procurement tool.

Desired Outcome Matrix

Desired Outcome	Achievable under current framework model	Achievable with changes to the framework model	Achievable under Dynamnic Purchasing System
Ability to allow new entrants to offer services throughout the lifetime of the arrangement, thereby not disclosing providers who can meet the regulatory requirements and potentially offer best value to councils.	<i>No. Only those bidders successfully awarded at time of tender can service the framework througout its lifetime.</i>	<i>No. Only those bidders successfully awarded at time of tender can service the framework througout its lifetime.</i>	Yes. Under a DPS new entrants are permissable subject to passing the necessary qualification requirements.
Ability to allow new/additonal offers (eg: new facilites).	<i>No. Although potentially possible, additonal offers have proven difficult to accept/award.</i>	Yes. If structured appropriately, the ability to accept additonal offers may become more feasible. <i>However, new offers would be limited to awarded providers.</i>	Yes. Under a DPS new offers, for new facilities or otherwise could be accepted at point of award subject to passing necessary qualifications requirements.
Ability to allow awarded providers to submit new offers across Lots.	<i>No. Bidders are only allowed to offer on Lot(s) to which they were awarded for the duration of the framework lifetime.</i>	<i>No. Bidders are only allowed to offer on Lot(s) to which they were awarded for the duration of the framework lifetime.</i>	Yes. Under a DPS, bidders would be able to submit offers under whichever Lot they wished (subject to approval/passing required qualification.
Ability to award a longer term solution.	<i>No. Framework is restricted to a maximum 4 years.</i>	<i>No. Framework is restricted to a maximum 4 years.</i>	Yes. A DPS has no minium time limit. An indication should be given to market regarding intention of arrangment duration, but this can be shortened or exteneded relatively easily.
Maximise capacity.	<i>Unlikely, unless a significant number of bidders were successfully awarded. Risk would be that either they choose not to bid or are deemed uncompetitive at this time and fail to be awarded.New entrants would not be permitted.</i>	<i>Unlikely, unless a significant number of bidders were successfully awarded. Risk would be that either they choose not to bid or are deemed uncompetitive at this time and fail to be awarded.New entrants would not be permitted.</i>	Yes. As new entrants/new offers would be able to be submitted as an option to councils at any point.
Safeguard Council Participation.	<i>Unlikely. Unless the majority of the market bids and are successfully awarded, choice will be limited and options will remain outwith the framework itself.</i>	<i>Unlikely. Unless the majority of the market bids and are successfully awarded, choice will be limited and options will remain outwith the framework itself.</i>	Likely. The scope of providers available/ability for new entrants etc should reduce options outwith Scotland Excel, except in cases where providers opt not to make themselves available via the DPS.
Safeguard Against Risk of Challenge.	Yes, risk of Challenge realtively low from non-successful/part successful bidders based upon organisation experience in tendering framework agreements. Challenge likely to be on evaluation outcome as opposed to chosen route to market. Results of mini competition awards also at risk of challenge at a council level.	Yes, risk of Challenge realtively low from non-successful/part successful bidders based upon organisation experience in tendering framework agreements. Challenge likely to be on evaluation outcome as opposed to chosen route to market. Results of mini competition awards also at risk of challenge at a council level.	Yes, risk of Challenge realtively low from non-successful bidders, although organisation is inexperienced at tendering dynamic purchasing systems. Challenge likely to be results of mini competition evaluation/awards at a council level as opposed to chosen route to market.
Ability to allow bespoke pricing per individual council/group of councils based upon quality of material.	<i>Yes, however, mini competition pricing cannot be greater than available via direct award for particular bands of quality .</i>	<i>Yes, however, mini competition pricing cannot be greater than available via direct award for particular bands of quality .</i>	Yes, the requirement of a mini-comp for commercial bids would mean every contract awarded would be priced individually.



Scotland Excel

To: Executive Sub Committee

On: 01 June 2018

Report by Director Scotland Excel

Request for Associate Membership of Scotland Excel by Homes for Life Housing Partnership

1 Introduction

In addition to the 32 local authorities who are full members of Scotland Excel, applications can be made for Associate Membership by organisations such as council arms-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 we have in place for our full members. Associates do not have the opportunity to influence the future contract delivery schedule which is reserved for the full local authority members.

2 Application

Following work carried out with them as part of a review of procurement capability within the organisation, Homes for Life Housing Partnership has applied to Scotland Excel for associate membership.

Homes for Life Housing Partnership has 279 properties based in Haddington and the surrounding areas of East Lothian.

Homes for Life Housing Partnership are a registered charity and carry out initiatives to help the homeless find a property.

To ensure the efficient and cost-effective delivery of these services they have approached Scotland Excel and requested approval to become an associate member with access to our contracts.

3 Legislative Position

Before any application is submitted to committee for consideration checks are made into the organisation including scrutiny of the Memorandum & Articles of Association, finances and the type of contracts that the organisation wishes to access. Membership commences once committee has approved the application and a Membership Agreement between Scotland Excel and the organisation is signed.

Scotland Excel monitors all requests from arms-length and other organisations to become associate members to ensure that any legal requirements are met. In this case Homes for Life Housing Partnership qualify for membership as in accordance with the Local Authorities (Goods and Services) Act 1970 section 1 (1B)(c) namely that the organisation is a person who, not being a public body, has functions of a public nature or engages in activities of that nature and the purpose or effect of its access to Scotland Excel's services is to facilitate its discharge of those functions or activities.

Recommendation

It is recommended to committee that the Homes for Life Housing Partnership application to join Scotland Excel as an associate member be approved, at a £500 annual fee, subject to completion and signing of the agreement document.



Scotland Excel

To: Executive Sub Committee

On: 01 June 2018

**Report
by
Director Scotland Excel**

Corporate Strategy 2018-23 & Operating Plan 2017-18

1. Purpose of the report

In June 2015, Scotland Excel's Joint Committee approved a three-year corporate strategy for the organisation. As this strategy period ended on 31 March 2018, the organisation has been working on the development of a new corporate strategy which will be presented to the Joint Committee in June 2018.

The purpose of this report is to provide the Executive Sub-Committee with an opportunity to review the proposed corporate strategy and first year operating plan in advance of its submission to the Joint Committee.

2. Strategic planning process

Scotland Excel follows a robust strategic planning process to develop its corporate strategy and operating plans as illustrated in Figure 1 below.

The future vision of the organisation is supported by a mission statement, based on business capabilities, and the corporate values shared by all staff. Goals inform the direction of business activity, and each goal is further articulated through high level strategic objectives.

The annual operating plan outlines the organisation's commitment to the actions and activities it will undertake each year to meet the strategic objectives and progress towards achieving its vision. The plan is used to develop detailed action plans for the organisation, which are cascaded to employees as annual performance objectives.

Figure 1



3. Strategic direction 2018-23

The new corporate strategy builds on the progress made by Scotland Excel over the past three years, and was developed in close consultation with local authority stakeholders and Scotland Excel staff. It aligns with the challenges facing local government and the wider public sector, responds to the procurement and commercial requirements of members, and recognises Scotland Excel’s need to secure sustainable funding and growth.

The four business goals which inform the Scotland Excel’s strategic direction have been updated to reflect the experience and influence the organisation has gained in recent years:

Goal 1	Shaping solutions for innovative public services	Increasing the value of procurement through contracts and business change initiatives
Goal 2	Being sustainable in everything we do	Delivering social, economic and environmental value through contracts and other activities
Goal 3	Placing people at the heart of our business	Meeting the needs local authority stakeholders, communities and service users
Goal 4	Driving sustainable and scalable growth	Exploring alternative funding models, new business opportunities and partnerships

The strategy period now covers five years to support a longer term view of the organisation’s future. It will be reviewed at the end of the third year and, if required, updated to reflect any new priorities or significant changes in the macro-environment. This year’s operating plan sets out an ambitious agenda which will lay the foundations for delivering the aims of the strategy over the next five years.

4. Monitoring and reporting

As with the previous strategy and operating plans, progress reports will be produced quarterly to track Scotland Excel's performance. Half yearly and annual will be submitted to Joint Committee meetings in December and June, with reports for the interim quarters submitted to the Executive Sub-Committee. The report will also track performance against strategy outcomes using fourteen key performance indicators (KPIs) which are currently being finalised.

5. Recommendation

The members of the Executive Sub-Committee are invited to review and comment on the proposed Corporate Strategy 2018-23 and Operating Plan 2018-19.



Corporate Strategy

01 April 2018 – 31 March 2023

Foreword

Having spent much of my career in procurement, I was delighted to take on the role of Convener of the Scotland Excel Joint Committee following the May 2017 local government elections. My first year in this post has been something of a whirlwind as I have learned about the organisation's many achievements since its launch in April 2008, and why it truly deserves its status as a centre of procurement expertise.

These achievements have continued apace during my first year of office. To give just a few examples, this year Scotland Excel has expanded its work in social care to help ensure the sustainable delivery of services for the most vulnerable members of society, created a new 'small value' contract service to free up time for local authority procurement teams; and held the Supplier Excellence Awards to highlight the range of benefits being delivered by suppliers.

Scotland Excel has continued to evolve its leading change services to help local authorities develop their procurement skills, tools and processes. In 2017, national Procurement & Commercial Improvement Programme (PCIP) assessments were completed with all 32 councils to support targeted improvement in the sector's capability. A suite of new learning and development opportunities available through the Scotland Excel Academy provides further opportunity for council staff to enhance their knowledge and skills across a range of key disciplines.

As a champion of community empowerment, I have been particularly impressed with the effort Scotland Excel makes to understand local requirements and engage with different communities throughout Scotland. This goes beyond initiatives encouraging local suppliers to take part in tenders, and seeks to create dialogue among key stakeholders. In February, I had the pleasure of attending their Supported Business Event which brought representatives from the supported business community together with councils to explore opportunities for working together.

I am also encouraged by Scotland Excel's involvement of service users in the development of contracts. Most recently, young people were engaged in the development of the new children's residential care services contract, and a number of their ideas were included as part of the service specifications. I am pleased that Scotland Excel has committed to continuing to engage with service users and communities in this new strategy.

Another area of interest to me is ICT and, in particular, the benefits that can be offered to communities through increased application of digital technologies within councils. It is good to see Scotland Excel continuing to support these goals through partnerships with the public sector education technology provider, SEEMiS Group, and the Digital Office for Scottish Local Government. I look forward to seeing the outputs of these partnerships as the new strategy progresses.

In today's challenging financial climate, partnerships are an important way for public sector organisations to increase efficiency, share knowledge and deliver more and better services. This is just one route that Scotland Excel is pursuing to ensure its long term sustainability, along with exploring alternative funding models and extending its reach into new sectors such as housing. Scotland Excel's commitment to always putting the customer first will ensure that the benefits delivered by these new approaches will be shared by all.

This new five year corporate strategy demonstrates that Scotland Excel has no intention of resting on its laurels. It builds on the success of the past three years and clearly articulates how the organisation can achieve more on behalf of its local government members and partners. It also recognises that to ensure its sustainability, it must consider a range of funding options and continue to demonstrate a measurable return on investment.

Scotland Excel's achievements over the past ten years reflect well on the organisation. But this success is something we can all be proud of within local government; it demonstrates how much we, as councils, have achieved through a collaborative approach. I am sure you will join me in congratulating Scotland Excel in this, their tenth anniversary year, and welcome the publication of this ambitious new corporate strategy.

Cllr John Shaw
Renfrewshire Council, and
Convener of Scotland Excel's Joint Committee

Introduction

It is hard to believe that three years have passed since I wrote the introduction to our previous strategy. But when I look back on all that has been achieved since then, it seems even more remarkable that it all took place in just three years!

Local government is truly leading the field in the impact it is delivering through procurement, and I am proud that Scotland Excel has played a pivotal role in helping to achieve this. I say this not to gain credit for our organisation, but to applaud the difference that procurement is making for communities across Scotland.

In our sector, procurement has always been about people – getting the best for those who use essential public services. With demand continuing to rise, and the pressure on budgets increasing, it is more important than ever that we use the power of procurement to help secure the future delivery of high quality services at a sustainable cost.

It is no surprise therefore that our new strategy will see us extending the reach of our social care portfolio. Since 2011, we have steadily increased the number of social care contracts we offer, all of which support national policies to ensure the wellbeing of some of the most vulnerable people in our society. This year, we begin the development of two new frameworks for older people's care home services and adult care and support services.

Another fundamental aspect of wellbeing is ensuring that people have access to affordable homes. I am delighted that Scotland Excel has secured funding to develop a national framework for new build housing. This contract will significantly shorten procurement timescales for new build projects, helping to deliver the Scottish Government's commitment to building 50,000 affordable homes by 2021.

As champions of procurement, we remain committed to increasing procurement and commercial capability within our sector to ensure that councils get the most from their local procurement activities. Over the past two years, our learning and development and business change services have been transformed to ensure we can keep pace with the demands of our members as their professional and organisational capability matures.

In particular, our learning and development programme has taken a leap forward with the Scotland Excel Academy. Our new strategy will see us roll

out a wide range of accredited qualifications, practitioner workshops and thought leadership masterclasses that take holistic view of the skills and attributes of successful procurement leaders. These professional learning opportunities will complement a business change programme which includes both sector-wide initiatives and local consultancy projects.

While our focus is first and foremost with our local authority members, I have been pleased to welcome new customers to our organisation in recent years. In April 2017, we launched a programme of procurement services for housing associations, and I firmly believe that there are significant synergies and benefits to be realised through councils and housing associations working together with Scotland Excel.

Indeed, I am convinced that Scotland Excel has the potential to deliver services for many other public and third sector organisations. Over the past ten years, we have developed a wealth of expertise in procurement, learning and development and business change that we can offer to new customers at a competitive cost. And as a non-profit organisation, every penny made is reinvested to develop, expand or sustain services for all of our stakeholders.

Our new strategy is very much about growth. Scotland Excel is at its heart a forward-thinking organisation, and we are constantly identifying new opportunities that have the potential to deliver substantial benefits for customers, communities and people across Scotland. To ensure that we can achieve these ambitions, we will be looking at new services, new markets and new funding models to underpin our growth and secure our future.

I hope this strategy will convince you of our commitment and capability to achieve our aims. As we celebrate our tenth anniversary, I believe Scotland Excel has an impressive track record to look back on, and is in a great position to realise its future goals. I would like to take this opportunity to thank all of our staff, stakeholders and customers for your invaluable support along the way. I look forward to working with you as we continue on our journey.

Julie Welsh
Director, Scotland Excel

Context

In 2018, Scotland Excel marks ten years as the centre of procurement expertise for local government, making it one of the most successful collaborative ventures undertaken by Scottish local authorities. During that time, we have delivered measurable benefits to councils including an estimated £150m of savings and efficiencies, returning around £5 for every £1 invested in our operations.

Our previous corporate strategy was developed to support councils in a challenging and complex environment. These challenges are no less relevant today, and many of the commitments in our 2018-23 strategy have been developed to help local authorities mitigate their impact. Some of the key areas which have informed our thinking are highlighted below.

Financial challenges

In recent years, economic austerity has created difficult choices for the public sector and has had a significant impact on Scotland's local authorities. Audit Scotland's 2017 financial overview report noted a real-terms reduction of 7.6% in Scottish Government revenue funding to councils between 2010/11 and 2016/17.

Faced with financial pressures, councils have implemented savings initiatives such as reducing staff numbers, rationalising property and improving procurement. Councils are now finding it difficult to identify further savings, and are increasingly using reserve funding to pay for staff severance packages, transformation programmes and/or shortfalls in service budgets. In 2016/17, 19 councils drew on their revenue reserves compared with eight councils in 2017/18.

With the Fraser of Allander Institute projecting a 2.3% decrease in the overall Scottish budget to 2020, the financial challenges facing local government are likely to continue for the foreseeable future. The lifting of the public sector pay cap, economic inflation and expected rises in interest rates will all add further pressure on already decreasing budgets.

National policies

In recent years, local government budget settlements have included funding which is ring-fenced for the delivery of national priorities such as early learning

and childcare services (ELC) and educational attainment. This means councils have less flexibility to manage funding across their full range of services and, as a result, budget cuts may be as high as 20% in some services.

Responding to national policies also brings challenges for delivering these prioritised services. In February 2018, Audit Scotland reported a significant risk that councils will not have the infrastructure or workforce in place by 2020 to meet the expanded entitlement to funded ELC services.

As part of its Education Reform Agenda, since 2017 the Scottish Government has been providing c. £120 million each year directly to schools through Pupil Equity Funding. The findings of their consultation, *Fair Funding to Achieve Excellence in Education*, published in February 2018, found that while direct funding offers a range of benefits, headteachers continue to require support to deal with tasks such as administration, financial management and building maintenance.

Most respondents felt that accountability for funding decisions should lie at the local authority level, and most headteachers felt that non-education tasks should be carried out by someone trained in the relevant field. Councils are therefore faced with the challenge of supporting headteachers with their new responsibilities while continuing to balance their central education budget.

In 2016, the Scottish Government committed £3bn to the delivery of 50,000 affordable homes by 2021, with 35,000 of these available for social rent. While this programme provides a welcome capital investment for councils and social landlords, recent media reports about the number of new homes currently being built each quarter suggest that achieving this target will be challenging.

Elected members and housing associations have called for a national procurement solution to be implemented as an alternative to the time-consuming individual procurement exercises undertaken for each new housing project.

Ageing population

While budgets are reducing, local authorities have faced increasing demand for services from a steadily growing population and, in particular, social care provision for Scotland's ageing demographic. According to figures released by the National Records of Scotland in October 2017, people aged 75 and

over are projected to be the fastest growing age group, increasing 27% by 2026.

In 2016/17, councils delegated £2.4bn of social care expenditure to the recently-formed Integration Joint Boards (IJBs) which bring together health and social care services in Scotland. While a key focus for IJBs will be on anticipatory and preventative care that may change the nature of care services for older people, it is likely that demand for existing services will continue to grow in the short to medium term.

In October 2016, the Scottish Government and local authorities agreed to pay the Scottish Living Wage to all adult care workers. Audit Scotland has estimated that this will cost councils around £100m each year, and this will increase from 2018/19 when the Living Wage will also be paid for sleepover shifts.

Tackling poverty

Scotland's councils are committed to tackling inequality. In 2015/16, Scottish Government figures suggest 18% of Scotland's population were living in absolute poverty after housing costs. Despite budget cuts, councils must ensure that essential services are available to all who need them, and invest in initiatives which promote inclusive growth in their area.

Recent changes in welfare legislation have had an impact on councils. In April 2013, councils became responsible for administering the Scottish Welfare Fund (SWF) which replaced Community Care Grants and Crisis Grants managed by the Department for Work and Pensions (DWP). The Scotland Act 2016 will see a further 11 benefits transferred to Scotland from the summer of 2018, and councils will work with the Scottish Government to provide local, joined-up services for claimants.

The roll out of Universal Credit (UC) by the UK Government has also affected councils, with housing benefit being one of six benefits included in UC and paid directly to claimants monthly. Councils in UC areas have reported a significant increase in rent arrears, as well as additional demand for support such as SWF grants and discretionary housing payments (DHPs). In response, the Scottish Government has recently made provision for two-weekly UC payments and for the housing element to be paid directly to landlords.

Local impact

A strong local economy supports the sustainability of Scotland's communities and facilitates the delivery of a wide range of positive social and environmental outcomes. According to the Convention of Scottish Local Authorities (COSLA), councils invest more than a quarter of a billion pounds each year promoting economic growth and providing direct support for business.

Councils play a critical economic role in a number of ways including regeneration initiatives, business advice and support through Business Gateway, and the delivery of support functions such as planning, licensing and local transportation. Councils are also a major employer in their area and use their c. £6.3bn procurement spend to deliver opportunities for Scottish businesses.

The *Local Government Benchmarking Framework Overview Report 2016/17* found that councils spent an average of 20.3% of their procurement budget in their local areas. While this figure was viewed unfavourably in some quarters, the report sees its relative stability as evidence that *"the drive to reduce costs has not resulted in local SMEs being displaced by larger national suppliers of goods and services"*. Moreover, each council's spend with local suppliers does not take account of 'inward investment' from procurement spend across council areas, or business secured by local suppliers as sub-contractors.

The forthcoming Local Governance Review, announced by the Scottish Government and COSLA in December 2017, will also have an impact at a local level. The review will give communities – including public, private and third sector organisations – more say in how about how public services in their area are run, and may see the delivery of some services transferred to local organisations.

Brexit

The full impact of Brexit on the local government sector is still largely unknown. Examples cited by COSLA include loss of EU funding for local initiatives, a reduction in the number of EU nationals working in key service areas such as education and social care, and implications for local businesses which export to Europe.

In March 2018, the UK Government announced that public procurement was one of 24 areas expected to require a UK legislative approach for a temporary period. While discussions are still ongoing with devolved

governments, this could have implications across the Scottish public sector where procurement duties go beyond the obligations required by EU directives.

Regardless of the legislative position, the cost of procuring goods may rise, particularly where products or their raw materials are imported from EU and/or are vulnerable to currency or market fluctuations. Since the announcement of the UK's departure from the EU in 2016, Scotland Excel has mitigated a number of price increase requests relating to the Brexit vote.

Our strategy

The challenges facing the local government sector require the continuous development of new and innovative solutions. We believe we have demonstrated our ability to support many of these challenges, both directly through savings, efficiencies and increased commercial capability, and indirectly by embedding national and local policies within our procurement strategies.

This corporate strategy sets out how we plan to raise our game further, providing even greater support to councils and other public sector stakeholders while ensuring our own organisation's long term sustainability and growth. As always, our strategy has been developed in consultation with our member councils, and the operating plans which support it will be published annually to ensure that our focus remains relevant to their needs.

This strategy looks forward over a period of five years to support a longer term view of our goals and objectives and enable us to plan accordingly. It will be reviewed at the end of the third year and, if required, updated to reflect any new priorities or significant changes in our macro-environment.

Strategy Map

Vision

To provide innovative, transformative solutions for local and national public services across Scotland

Mission

To make the most of our strategic procurement expertise and our experience of developing **collaborative** solutions to support the delivery of **sustainable** public services and **better outcomes** for Scotland's people and communities.

Values

Professional • Courageous • Respectful • Integrity

Outcomes

Our services shape the effective and efficient delivery of public services	Our services facilitate the delivery of national and local policy priorities	Our insight and knowledge underpins innovative solutions for our customers	Our customers receive a measurable return on investment through savings
Our expertise leads continuous improvement in commercial performance	Our services enable positive and sustainable outcomes for people and communities	Our activities are recognised as leading the way in public procurement	Our customers are satisfied with our services and how we deliver them

Goals

<p>1: Shaping solutions for innovative public services</p> <p>Strategic objectives:</p> <p>1.1 Deliver a programme of collaborative procurement which supports the delivery of public services</p> <p>1.2 Deliver programmes which lead and develop professional, organisational and commercial capability</p> <p>1.3 Develop our data insight capabilities to support the development of new solutions and services</p> <p>1.4 Use our insight and experience to shape policy and meet the challenges of future public service delivery</p>	<p>2: Being sustainable in everything we do</p> <p>Strategic objectives:</p> <p>2.1 Deliver positive and measurable social value through our contracts</p> <p>2.2 Deliver positive and measurable local impact through SME and third sector participation in our contracts</p> <p>2.3 Deliver positive and measurable environmental benefits through our contracts</p> <p>2.4 Lead and develop sustainable procurement knowledge and practice</p>	<p>3: Placing people at the heart of our business</p> <p>Strategic objectives:</p> <p>3.1 Ensure our customers continue to receive maximum value from our services</p> <p>3.2 Engage stakeholders in the delivery of effective local solutions</p> <p>3.3 Represent the collective views of stakeholders at a national level</p> <p>3.4 Implement policies which develop, empower, value and engage our workforce</p>	<p>4: Driving sustainable and scalable growth</p> <p>Strategic objectives:</p> <p>4.1 Implement a new governance model which supports scalable business growth</p> <p>4.2 Continue to maintain a robust business infrastructure to support our growth ambitions</p> <p>4.3 Use our knowledge and insight to identify new services and/or sectors which provide growth opportunities</p> <p>4.4 Explore opportunities to work with partners on the development and delivery of new business opportunities</p>
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Goal 1: Shaping solutions for innovative public services

Strategic objectives	
1.1	Deliver a programme of collaborative procurement which supports the delivery of public services
1.2	Deliver programmes which lead and develop professional, organisational and commercial capability
1.3	Develop our data insight capabilities to support the development of new solutions and services
1.4	Use our insight and experience to shape policy and meet the challenges of future public service delivery

Scotland Excel's contract portfolio will continue to be the core service we provide to local authorities. Over the past ten years, we have helped to establish procurement as an effective mechanism for supporting local government financial challenges, both at a national level through collaborative contracts and through initiatives which increase procurement capability locally within councils.

As our contract portfolio matures, it becomes more difficult to drive further savings from each new generation of contract. However, our market knowledge, spending data and business tools, such as Indexation Modelling, will continue to optimise contracts and introduce new performance measures which demonstrate best value. New contract development areas will continue to be led by national and local policy priorities where there is a significant opportunity to realise benefits which support better outcomes for people and communities.

We will also seek to accelerate the benefits that councils can achieve locally through our learning and development and business change programmes. As well as sector-wide opportunities for developing professional and organisational practice, we will offer on-site consultancy programmes to identify savings and embed procurement knowledge and practice. These services offer a significant cost advantage over private sector consultants, and retain intellectual property within local government.

Progress to date

In March 2018, the value of our contract portfolio reached £1bn, largely due to our focus on delivering high risk, high value contracts in construction and social care. Our £200m framework for energy efficiency contractors, awarded in May 2017, was our highest value contract to date. This provides councils with an efficient route to market

for works funded through national energy efficiency programmes which help to reduce fuel poverty. We have recently secured funding to develop a national house building contract to help accelerate the delivery of affordable new homes.

In social care, we are providing procurement and contract management support for existing national arrangements for older people's care home services. Working with COSLA, the Scottish Government and other partners on the reform of adult social care, we have developed new procurement strategies for older people's care home services, as well as other adult care and support services which are not currently covered by national arrangements. These two new frameworks will add substantial value to Scotland Excel's social care portfolio.

We are also working with Scottish Government and partners to create opportunities for Scottish food producers within the public sector supply chain, and with the Scottish Government and Zero Waste Scotland to align our environmental strategy with national waste management policy. We have developed a procurement proposal to support early learning and childcare policy, and are engaging with stakeholders to establish interest and explore funding options.

Having expanded our corporate portfolio into ICT with contracts for online school payments and customer service platforms, in 2016 we began working in partnership with the newly-launched Digital Office for Scottish Local Government. Our focus has changed to providing procurement support for their work to build a portfolio of collaborative initiatives and projects that maximise the value of digital technologies.

In April 2017, we introduced a new service for the delivery of small value contracts at the request of council procurement teams. These contracts free up time for local teams to focus on other priorities and are delivering savings which represent a significant return on investment. Scotland Excel retains a small proportion of contract rebates to deliver this service, which demonstrates the potential of this alternative funding model.

Following the success of Scotland Excel's Procurement Improvement Programme (PIP), which supported a threefold increase in procurement capability in local government over five years, we took time in 2016 to consider the next steps for our business change and learning and development programmes, prompted by a change to the national procurement assessment programme.

The new Procurement & Commercial Improvement Programme (PCIP) takes a more strategic view of an organisation's procurement capability and, by November 2017,

we had completed PCIP assessments with all 32 councils. We are now developing a programme around the four priority areas identified.

To support this, we have launched the Scotland Excel Academy which offers multi-disciplined, work-based learning opportunities in leadership and management, procurement and project management. Programmes available through the Scotland Excel Academy are accredited by the Chartered Management Institute (CMI) and the Chartered Institute of Procurement & Supply (CIPS), with further accreditation by the Scottish Qualifications Authority (SQA) in the pipeline.

Our commitments

Collaborative procurement

Working with established key stakeholders, we will continue to engage widely and directly with council service areas, sharing our knowledge and expertise to support collaborative procurement development.

We will implement the procurement strategies agreed with partners and stakeholders for new build housing, older people's care home services and adult care and support services.

We will continue to develop and enhance our strategic procurement practices and contract and supplier management activity, with a particular emphasis on delivering and monitoring social, environmental and economic impact.

Adopting a cross-sector leadership approach, we will continue to work with colleagues throughout health, education and central government to pursue collaborative opportunities and share best practice.

We will continue to inform and support the development of national procurement policy in consultation with the local government procurement community.

Professional, organisational and commercial capability

We will work with our procurement community to scope and deliver change projects which drive best practice and innovative thinking, informed by the results of each PCIP assessment cycle. As we strive to embed change and innovation across our community, we will play a role in transforming practices across our sector.

Where requested by councils, we will deliver on-site consultancy projects and transformation programmes which support a step change in procurement and commercial capability. Capitalising on our extensive experience and knowledge of the sector, we will deliver customised projects and programmes at a competitive cost, ensuring that the intellectual property of improvement methodologies is retained within local government.

Through the Scotland Excel Academy, we will continue to deliver multi-disciplinary work-based learning programmes which address the development needs of the local government community and wider public sector, and which realise a quick return for our customers.

We will continue to deliver accredited programmes in procurement, leadership & management and project management. Future learning needs will be identified through ongoing consultation with stakeholders and be informed by outcomes of PCIP assessments.

We will deliver practitioner workshops and events to build skills and knowledge across our community, and work with subject matter experts on the delivery of thought leadership masterclasses.

Our Academy's online platform will provide a mechanism for sharing information and practice nationally, and we will work to create and support communities of practice across key disciplines.

We will continue to work with national partners on the ongoing development of PCIP assessments, ensuring that consideration is given to the needs of the local government sector.

Data insight

Building upon our data analysis expertise, we will continue to develop analytical tools to support the expansion of the contract portfolio and service the management information needs of our procurement community.

We will continue to develop and share innovative tools and solutions to support effective commercial development across the sector; for example, the Cost of Care Calculator which supports price negotiations for social care services, and Indexation Modelling which tracks market influences on the cost of goods and services.

We will continue to undertake market analysis in line with our community's needs and to support effective options appraisal and decision making on the pursuit of new

service offerings. We will identify appropriate opportunities to use our market knowledge and insight to influence policy.

We will empower our people by providing the appropriate skills and tools to allow tailored analysis of our contract and business performance metrics.

Shaping policy

We will participate in relevant national forums to influence policy setting which correlates with local government priorities. In particular, we will seek further opportunities to provide input and align our strategies within social care, educational support, affordable housing and environmental services.

Our marketing and communications activity will maximise our profile across the public sector by highlighting the breadth and depth of our expertise and influence, and will clearly communicate the successes arising from our activities in a robust and impactful manner.

We will continue to play our part in leading the development and implementation of a national Graduate Apprenticeships programme as a cost-effective talent management opportunity for our procurement community.

Goal1: Outcomes supported	
Our services shape the effective and efficient delivery of public services	Our services facilitate the delivery of national and local policy priorities
Our expertise leads continuous improvement in commercial performance	Our insight and knowledge underpins innovative solutions for our customers
Our activities are recognised as leading the way in public procurement	Our customers receive a measurable return on their investment through savings

Goa1 2: Being sustainable in everything we do

Strategic objectives	
2.1	Deliver positive and measurable social value through our contracts
2.2	Deliver positive and measurable local impact through SME and third sector participation in our contracts
2.3	Deliver positive and measurable environmental benefits through our contracts
2.4	Lead and develop sustainable procurement knowledge and practice

Scotland Excel has been a long-time champion of sustainable procurement and its power to deliver social, economic and environmental benefits for communities. Sustainable procurement has driven innovation in our procurement strategies, and their impact has been recognised with national awards. Over the next five years, we are committed to continuous development of our approach to deliver even greater benefits for people and communities across Scotland.

Scottish companies account for c. 62% of all suppliers on Scotland Excel national frameworks, and c. 78% of these are SMEs. We believe that there is still ample opportunity for local companies to take part in our tenders, and we will work with councils and partners to promote opportunities to SMEs, third sector organisations and supported businesses to support local economic impact and jobs.

We will continue to enhance our methods for monitoring the social, economic and environmental impact of our contracts, and use the findings to target further value. As a key member of the Scottish Government Policy Group and Best Practice Forum, we will continue to play a leading role in the development of sustainable procurement practices. We will advance sustainable procurement knowledge and expertise within our sector through our education and business change programmes.

Progress to date

In December 2016, we published our sustainable procurement strategy which sets out our approach to considering the social, economic and environmental wellbeing of our communities within our procurement strategies. This also includes our commitment to creating opportunities for SMEs, third sector organisations and supported businesses, and our efforts to promote innovation through the procurement process.

We have considered Fair Work Practices, including payment of the Living Wage, within tenders since early 2015. Of the 494 suppliers appointed since then, 406 (82%) pay the Living Wage, 60 are Living Wage Accredited, and a further 95 are committed to achieving accreditation within two years.

In addition, social value is delivered through the community benefits in our contracts which, since 2013, have supported 274 jobs and 200 apprenticeships, almost 60,000 hours of work experience, and over £285,000 of community and charitable initiatives. We also support the Eco-Schools programme, operated internationally by the Foundation for Environmental Education (FEE), which involves schools, pupils and their communities in protecting the environment.

Scotland Excel has incorporated the Eco-Schools programme into evaluation criteria for two social care frameworks. As a result, the number of children's residential care services that hold the Eco-Schools International Green Flag Award will increase from 6% to 83% over the next four years, while all secure providers have committed to achieving the award by 2020.

In line with our sector's priorities, Scotland Excel makes significant effort to deliver local economic value. Lotting strategies ensure that smaller suppliers can bid for the specific products or geographic areas they are able to service without penalty.

We work in partnership with the Supplier Development Programme (SDP) to encourage SMEs to participate in tender opportunities. Having supported their local 'Meet the Buyer' events for many years, in 2016 we became involved in the delivery of SDP training sessions and webinars. We have established links with the Scottish Local Authorities Economic Development Group (SLAED) to explore how we can help to align councils' economic development and procurement objectives.

We are also working to create opportunities for supported businesses and third sector organisations. Suppliers on our award-winning domestic furniture contract include third sector organisations working as consortia, while supported businesses also feature in its supply chain. In addition, we are facilitating dialogue between supported businesses, councils and housing associations to enable them to explore local opportunities.

To date, Scotland Excel waste management contracts have helped to divert more than 1.2m tonnes of waste from landfill. We encourage all suppliers to consider how they can minimise their environmental impact, and our recent Supplier Excellence Awards identified many examples of good environmental practice in production, packaging, logistics and recycling.

Our commitments

Social value

We will continue to consider how our procurement activities can achieve positive social outcomes for Scotland's people and communities in line with our sustainable procurement strategy. We will encourage suppliers to seek Living Wage accreditation and explore opportunities to increase payment of the Living Wage among suppliers that pay some employees below this level.

We will continue to embed community benefits provisions within all of our contracts, expanding recent efforts to ensure these benefits are offered and/or can be selected at a local level so that all councils can achieve a direct benefit for their local area.

We will continue to monitor and report on the delivery of community benefits by suppliers, including job opportunities, apprenticeships and work experience. In particular, we will continue to encourage the delivery of employment opportunities for disadvantaged or disabled workers through community benefits and/or the participation of supported businesses and the third sector within our supply chain.

Local impact

We will continue to consider local impact as part of market analysis at an early stage in the procurement process, and ensure that procurement strategies deliver opportunities for SMEs, third sector bodies and supported businesses. We will place particular emphasis on local micro and SME businesses, which constitute the majority of businesses in Scotland.

We will continue our work with the Supplier Development Programme to create awareness of tender opportunities among Scottish SMEs, encourage participation, and provide training and advice to help them become tender ready. We will also explore further opportunities to work with economic development teams within councils to target local SMEs, third sector organisations and supported businesses directly.

We will consider how we can increase direct and supply chain opportunities for SMEs and local contractors, particularly within our construction contracts, and will promote opportunities for the housing sector to create a positive impact in their communities through the use of local suppliers on Scotland Excel contracts and/or community benefits.

Environmental benefits

We will embed contract specifications which drive sound environmental practices including minimising waste within production and packaging and the appropriate use of recycled materials. We will continue to encourage suppliers to reduce their carbon footprint through recycling initiatives, energy efficiency measures and improved delivery logistics. We will champion specific changes demanded by our customers such as eliminating plastic straws from drink cartons.

Where appropriate, we will ensure our tender evaluations consider 'whole life' costing, particularly for environmental contracts where there is an opportunity to recover value from waste and support compliance with legislation, climate change targets and circular economy objectives.

We will also lead by example by considering the environmental impact of our own procurement and business activities, and implementing processes and initiatives to reduce our carbon footprint.

Sustainable procurement leadership

We will continue to participate in the development of national sustainable procurement guidance and tools as a key member of the Scottish Government's Policy Group and Best Practice Forum, and will provide support to our councils in the use of these resources.

We will actively promote a 'whole organisation' approach to sustainable procurement, taking a lead role in the delivery of initiatives which build the sector's capacity and capability in sustainable procurement including masterclasses, best practice and knowledge sharing.

Our efforts to champion a sustainable approach will be incorporated into our engagement with elected members and senior officers to ensure that the principles and benefits of sustainable procurement are recognised at all levels within councils.

Goal 2: Outcomes supported	
Our services facilitate the delivery of national and local policy priorities	Our services enable positive and sustainable outcomes for people and communities

Goa1 3: Placing people at the heart of our business

Strategic objectives	
3.1	Ensure our customers continue to receive maximum value from our services
3.2	Engage stakeholders in the delivery of effective local solutions
3.3	Represent the collective views of stakeholders at a national level
3.4	Implement policies which develop, empower, value and engage our workforce

Scotland Excel's ethos of engaging positively with stakeholders has played a key part in our success. Our reputation for leading and facilitating collaboration has been built on listening to our customers and ensuring that we deliver solutions based on consensus rather than compromise. As our business grows, we will ensure that meeting the needs of all our customers remains our priority.

We will continue to ensure that the local government procurement community are fully supported in their role and can access the resources they need. We will review our stakeholder engagement activities to reflect our expanding reach, and involve communities and service users where this can have a positive impact on procurement solutions. Where appropriate, we will act as the voice of our stakeholders and ensure that their views are considered at a national level.

We will continue our endeavours to ensure that Scotland Excel provides a positive working environment which promotes innovation, fosters collaboration and encourages development. The implementation of our Organisational Development strategy, a new talent management programme and an agile working policy will ensure that all of our people have the opportunity for personal and professional development in a flexible and productive workplace.

Progress to date

Scotland Excel constantly strives to improve customer experience. In our 2017 customer satisfaction survey, 82% of procurement stakeholders and 81% of senior stakeholders who responded to our questionnaire rated their overall satisfaction as 'good' or 'very good'. A detailed analysis demonstrated that satisfaction with our services and delivery had increased across almost every area of our work.

This was the result of improvements made in response to the findings of our previous survey which included increasing the number of social care and construction contracts, streamlining the contract delivery process and refreshing our account management services. We also developed and launched a new website to provide easy access to more detailed contract information in response to customer feedback.

In 2015, we embarked on a project to map our relationships with local authority stakeholders and understand our wider stakeholder landscape. As a result, we have been able to target our engagement activities more effectively, and build enhanced relationships with organisations that influence our areas of work.

In social care, our engagement activities have expanded to include people who use services. When developing a contract for care home services for adults with learning disabilities, we worked with People First, a self-advocacy group, to involve people with experience of these services during contract development. Our community meals contract was evaluated with the help of elderly service users, and we involved 'looked after' young people in the development of our recent contract for children's residential care home services.

Our customer base has now grown to encompass other public sector organisations through associate membership and, in particular, housing associations taking part in the PCIP programme being delivered by Scotland Excel on behalf of the Scottish Government. While local authority members remain our priority, there are clear synergies and benefits to working with housing associations, particularly in relation to construction contracts.

For example, by using the energy efficiency contractors framework, both councils and housing associations are able to act more quickly to reduce fuel poverty in Scotland's communities. Their combined spend can increase the volume of community benefits delivered through existing contracts and, by aggregating demand from both sectors, we can identify new collaborative contract opportunities.

Our own people are at the heart of Scotland Excel's success, and it is through their knowledge, skills, experience and commitment that we are able to satisfy our customers. Our employee performance management process, and significant emphasis on training and career development, has allowed many staff to progress their careers, including those joining as modern apprentices and graduate interns.

Scotland Excel's has held Investors in People (IiP) accreditation since 2009. The recommendations from the most recent IiP assessment in 2016, where we achieved Silver Standard, have been incorporated into a new Organisational Development strategy which aims to attract, develop, reward and retain a highly skilled, motivated and engaged workforce.

Our commitments

Delivering value

We will continue to evolve our account management services to optimise their value and deliver a positive customer experience for our councils. We will further explore opportunities to use digital technologies to engage with our customers, for example through webinars and digital communities, and seek to expand our online 'self-service' facilities, including a contract spend reporting portal.

Following the successful implementation of a 'small value' contract development service, we will explore the feasibility of providing other services identified through customer engagement, for example short-term staff resourcing, bespoke advisory services, or supporting local collaborative procurement projects.

We will embed the findings from our stakeholder engagement project to support the delivery of procurement solutions aligned to local government and other public sector outcomes. We will ensure that our engagement activities reflect the organisation's expanding customer base.

Engaging with stakeholders

We will explore opportunities to work more closely with a diverse range of community groups to maximise the potential of our contracts and enhance the outcomes they deliver. In particular, we will strive to ensure that we develop procurement solutions that continue to meet changing local requirements.

To support this, we will develop a model for incorporating an appropriate level of community engagement into procurement strategies where this can have a positive impact. Scotland Excel will also continue to engage directly with people who use services to ensure that their needs are incorporated into service design.

Recognising the role played by schools within local areas, we will explore opportunities to work with educational partners to promote the influence procurement can have in helping communities flourish. To achieve this, we will seek opportunities to enhance the engagement already undertaken by suppliers within schools as part of their community benefits commitments.

Representing our sector

We will continue to engage with a wide and diverse set of stakeholders and partners, including public, voluntary and private organisations, and ensure we represent the collective views of our customers through these relationships.

We will undertake a comprehensive review of our engagement activities at a national level to ensure we target our resources where our organisation can have the greatest, tangible impact for our customers. We will consider how we can keep customers better informed of our representation activities.

We will also capitalise on our relationships with elected members and local government policy makers to build a clear understanding of the value of procurement, and ensure that the views of the local government procurement community are heard.

Developing our people

We will continue to implement our Organisational Development (OD) strategy to ensure that we attract, develop, reward and retain the best people. We will develop a rolling plan of improvement projects to achieve our OD objectives and ensure that our policies, systems and processes support our aims. Our ongoing work with liP will benchmark our OD performance.

We will develop and implement an internal talent management programme to develop our people and ensure Scotland Excel remains fit for purpose to support the ongoing needs of our community. In addition, we will continue to identify and deliver training and development opportunities for staff at each stage of their career.

We will continue to explore the benefits of agile working and develop plans to implement agile working policies that deliver a productive working environment that benefits our staff, our organisation and our customers.

Goal3: Outcomes supported	
Our services enable positive and sustainable outcomes for people and communities	Our insight and knowledge underpins innovative solutions for our customers
Our activities are recognised as leading the way in public procurement	Our customers are satisfied with our services and how we deliver them

Goa1 4: Driving sustainable and scalable growth

Strategic objectives	
4.1	Implement a new governance model which supports scalable business growth
4.2	Continue to maintain a robust business infrastructure to support our growth ambitions
4.3	Use our knowledge and insight to identify new services and/or sectors which provide growth opportunities
4.4	Explore opportunities to work with partners on the development and delivery of new business opportunities

Scotland Excel has delivered a solid return on investment for councils over the past ten years. However, the financial pressures they face are such that we cannot solely rely on core membership fees to sustain our organisation. We will therefore continue to explore alternative funding options and new business opportunities to underpin future growth.

To achieve this, we will develop an appropriate governance structure which balances business flexibility and oversight. We will ensure that growth is planned and sustainable over the longer term, has no adverse consequences for the delivery of existing services, and capitalises on partnerships which increase public sector efficiency and offer clear benefits for all stakeholders.

We will maintain our commitment to improvement of our business infrastructure to ensure that the quality of our services remains high, and we can continue to meet or exceed the needs of our key local government members. As a centre of procurement expertise we will continue to seek professional accreditations which validate the quality of our work.

Progress to date

Scotland Excel has explored a number of options for generating additional funding and income. In 2017/18, we secured funding of c. £750k over two years from the Scottish Government to explore collaborative procurement opportunities within the adult care and support markets, and deliver procurement capability services for housing associations. This latter project has generated associate membership income from housing associations, with the potential to offer chargeable services to this sector.

We have also developed partnerships which capitalise on synergies and/or generate income. This has been achieved successfully with the Digital Office for Scottish Local

Government and SEEMiS through the provision of procurement support for national ICT resources, and through working with Crown Commercial Services (CCS) to migrate councils to their light vehicles framework. Councils benefit from better pricing through economies of scale from a UK contract, while Scotland Excel can redeploy procurement resources to meet other customer requirements. There is also the potential to share in the CCS supplier levy.

Although we have not traditionally made use of supplier rebates or levies as a funding source, this is a common practice among public and private sector procurement organisations. In 2017/18, with the agreement of our Joint Committee, we retained a £135k rebate generated by our groceries contract to create a new team delivering small value contracts on behalf of local authorities. This service was developed at the request of council procurement teams and, in its first nine months, delivered contracts with estimated savings of c. £750m.

Over the past few years, we have developed a number of learning and development and business change services which generate income. Other sectors have shown interest in our accredited learning and development courses, delivered through the Scotland Excel Academy, and there is potential to extend these to central government, health, further education and housing. There has also been increasing demand from local authorities for our chargeable consultancy services.

Our previous corporate strategy has laid the foundations for growth. Examples of investment in our people and systems, and improvement initiatives undertaken across all areas of our business, can be found throughout this strategy. These investments have been made to ensure that the quality of our services remain high, and we can continue to meet or exceed the needs of our key customers in local government while seeking new opportunities.

Our commitments

Governance

The challenging public sector environment continues to be the main influence on Scotland Excel's strategic direction. To support our strategy, and ensure that we can continue to grow and deliver the services our customers need, we will undertake a review of our existing governance and funding models.

Building on an initial appraisal of governance options completed in 2017/18, we will explore the benefits and restrictions of each option, consulting widely with

stakeholders on their views to ensure that our recommendations provide the optimum balance between robust oversight and commercial potential.

We will develop funding models that support the long term sustainability of the organisation, offering the potential for growth while mitigating increases in member requisitions. We will establish opportunities to earn income from sources such as consultancy, associate membership, learning and development, and supplier rebates.

Business infrastructure

To support our existing operations and strategic aspirations, we will ensure a flexible and resilient infrastructure is in place through effective business practices, modern technology solutions and efficient organisational processes. We will use a robust risk management approach when evaluating new opportunities to assess the internal impact for Scotland Excel and our customers.

We will continue to implement technology solutions which increase efficiency, support agile working and offer scalability for business growth. Our ethos of continuous improvement will ensure that the delivery of our activities is continually optimised, and we will continue to seek external validation of our business practices through professional accreditations such as CIPS, CMI and IiP.

New opportunities

Having successfully led collaborative solutions for our local authority members, we recognise that other public and third sector bodies may benefit from our services and offer a synergistic relationship with our organisation and/or sector. We will therefore seek to identify further public sector markets for future growth.

We will investigate these markets to identify opportunities which add value to customers and offer commercial potential to support our financial goals. We will seek to expand our associate membership base, and to establish the sustainable delivery of procurement services to housing associations beyond the current Scottish Government-funded programme.

In seeking new opportunities, we will capitalise on the extensive work already undertaken to raise our profile through traditional and social media, targeted communications activities and political engagement. All income generated through new business will be reinvested in Scotland to enhance the services we provide for our stakeholders.

We will develop our internal capabilities to support this goal, using it as an opportunity for staff to gain new skills and experience which benefit all of our customers.

Partnerships

Recognising the strengths and capabilities of the wider public sector, we will explore opportunities to work with partners on the development and delivery of new business opportunities. We will use our stakeholder engagement tools to identify opportunities and common areas of interest, document our partnership strategies, and continually review and develop our relationships.

We will continue to promote the work of our organisation and engage widely with stakeholders to build new partnerships and strengthen existing relationships. In particular, we will ensure that our existing partnerships with the Digital Office for Scottish Local Government, SEEMiS and CCS continue to offer advantages for our organisations, and explore further opportunities for working together to deliver benefits for our customers.

Goal4: Outcomes supported	
Our insight and knowledge underpins innovative solutions for our customers	Our customers receive a measurable return on investment through savings
Our activities are recognised as leading the way in public procurement	Our customers are satisfied with our services and how we deliver them



Operating Plan

01 April 2018 – 31 March 2019

Introduction

Scotland Excel is the Centre of Procurement Expertise for the local government sector. Established in 2008, we deliver procurement and commercial solutions through a portfolio of high risk, high value collaborative contracts, professional development opportunities and organisational change initiatives which enhance the influence and impact of procurement across the sector.

Our contracts are designed to increase efficiency and ensure money is saved to protect front line public services. Our strategic approach to procurement supports innovation in service delivery, helps to deliver national and local policies, and brings social, economic and environmental benefits to communities.

Our accredited professional development programmes and practitioner workshops, delivered through the Scotland Excel Academy, are designed to increase the skills and knowledge of those working in public procurement. Our change initiatives take a 'whole organisation' approach to best procurement practice, ensuring that it is considered in the development of policies and plans across all service areas.

In 2018, we published a new five year corporate strategy which builds on the achievements of our 2015-18 strategy and sets out our ambitions for supporting local authorities and public sector partners. Developed in consultation with key local government stakeholders, the strategy seeks to increase the value delivered by Scotland and ensure the long-term sustainability and growth of our organisation.

Our vision is to be recognised as a leading provider of innovative, transformative procurement solutions for local and national public services across Scotland. We aim to achieve this by building on our strategic procurement expertise and experience of developing collaborative solutions which support better outcomes for Scotland's people and communities.

The strategy map on page 3 provides an overview of the business goals and strategic objectives which support our aim. The full strategy document is available to download from our website.

To support the strategy, we develop annual operating plans which record the commitments we will undertake to achieve our business goals. Each year, the plan is used to set priorities and develop detailed action plans for the organisation, which are cascaded as annual performance objectives for employees.

This document records the commitments we will deliver in 2018-19 to help us achieve each of our four goals and strategic objectives. Reports are issued quarterly to record our progress against these commitments, and a set of key performance indicators (KPIs) monitor ongoing delivery against our strategy outcomes.

Strategy Map

Vision			
To provide innovative, transformative solutions for local and national public services across Scotland			
Mission			
To make the most of our strategic procurement expertise and our experience of developing collaborative solutions to support the delivery of sustainable public services and better outcomes for Scotland's people and communities.			
Values			
Professional • Courageous • Respectful • Integrity			
Outcomes			
Our services shape the effective and efficient delivery of public services	Our services facilitate the delivery of national and local policy priorities	Our insight and knowledge underpins innovative solutions for our customers	Our customers receive a measurable return on investment through savings
Our expertise leads continuous improvement in commercial performance	Our services enable positive and sustainable outcomes for people and communities	Our activities are recognised as leading the way in public procurement	Our customers are satisfied with our services and how we deliver them
Goals			
<p>1: Shaping solutions for innovative public services</p> <p>Strategic objectives:</p> <p>1.1 Deliver a programme of collaborative procurement which supports the delivery of public services</p> <p>1.2 Deliver programmes which lead and develop professional, organisational and commercial capability</p> <p>1.3 Develop our data insight capabilities to support the development of new solutions and services</p> <p>1.4 Use our insight and experience to shape policy and meet the challenges of future public service delivery</p>	<p>2: Being sustainable in everything we do</p> <p>Strategic objectives:</p> <p>2.1 Deliver positive and measurable social value through our contracts</p> <p>2.2 Deliver positive and measurable local impact through SME and third sector participation in our contracts</p> <p>2.3 Deliver positive and measurable environmental benefits through our contracts</p> <p>2.4 Lead and develop sustainable procurement knowledge and practice</p>	<p>3: Placing people at the heart of our business</p> <p>Strategic objectives:</p> <p>3.1 Ensure our customers continue to receive maximum value from our services</p> <p>3.2 Engage stakeholders in the delivery of effective local solutions</p> <p>3.3 Represent the collective views of stakeholders at a national level</p> <p>3.4 Implement policies which develop, empower, value and engage our workforce</p>	<p>4: Driving sustainable and scalable growth</p> <p>Strategic objectives:</p> <p>4.1 Implement a new governance model which supports scalable business growth</p> <p>4.2 Continue to maintain a robust business infrastructure to support our growth ambitions</p> <p>4.3 Use our knowledge and insight to identify new services and/or sectors which provide growth opportunities</p> <p>4.4 Explore opportunities to work with partners on the development and delivery of new business opportunities</p>

Key priorities for 2018-19

Overview of the key commitments we will undertake this year:

<p>Goal 1: Shaping solutions for innovative public services</p> <ul style="list-style-type: none"> • Engage with local authority services to identify new collaborative procurement opportunities • Implement procurement strategies for older people's care home services, adult care and support services and new build housing • Provide procurement support for the Digital Office for Local Government • Deliver a programme to enhance the sector's procurement and commercial capability • Deliver a programme of accredited learning, workshops and masterclasses through the Scotland Excel Academy • Expand Scotland Excel's data analysis capabilities, tools and reporting • Increase Scotland Excel's policy influence for social care, education, affordable housing and environmental services 	<p>Goal 2: Being sustainable in everything we do</p> <ul style="list-style-type: none"> • Develop plans to increase the proportion of Scotland Excel suppliers paying their staff the Scottish Living Wage • Continue to work with the Supplier Development Programme (SDP) to encourage SME tender participation • Increase direct and supply chain opportunities for Scottish SMEs and contractors • Develop and implement a model for considering 'whole life' costing • Continue to support local authority recycling and climate change duties • Work with national partners on the development of sustainable procurement guidance and tools • Develop plans to increase the sector's sustainable procurement capability
<p>Goal 3: Placing people at the heart of our business</p> <ul style="list-style-type: none"> • Continue to develop Scotland Excel's account management services • Explore digital technologies for customer engagement and service • Explore the feasibility of providing additional services requested by customers • Incorporate engagement with communities and service users in the development of procurement strategies • Implement a new model for representing the views and requirements of stakeholders • Continue to deliver Scotland Excel's organisational development strategy • Develop and implement a talent management programme for Scotland Excel staff • Develop plans to implement agile working policies 	<p>Goal 4: Driving sustainable and scalable growth</p> <ul style="list-style-type: none"> • Review Scotland Excel's governance model to support future growth • Implement new funding models to support service delivery • Continue to improve Scotland Excel's business and ICT infrastructure • Develop a risk model for assessing new business opportunities • Identify and evaluate new public sector markets and business opportunities • Secure the sustainable delivery of services for housing associations • Develop plans to expand associate membership • Identify opportunities to create new public sector partnerships • Develop existing partnerships with Crown Commercial Services (CCS) and SEEMiS

Goal 1: Shaping solutions for innovative public services

Strategic Objective	Commitment
1.1 Deliver a programme of collaborative procurement which supports the delivery of public services	<ul style="list-style-type: none"> • Develop plans which support direct engagement with local authority services to identify new collaborative procurement opportunities • Implement a procurement strategy for care home services for older people that provides the choice, continuity of care and innovation that people need • Implement the procurement strategy for adult care and support services and secure sustainable funding for ongoing delivery as part of the social care portfolio • Complete the sourcing strategy and initiate the tender process for a new build housing framework on behalf of participating local authorities • Develop and deliver contract and supplier management (CSM) and key supplier management (KSM) programmes which monitor and enhance the performance of Scotland Excel contracts • Identify opportunities to lead and/or participate in national cross-sector procurement opportunities and initiatives with partners in health, further and higher education, and central government • Continue to inform and support national procurement policy in consultation with the local government procurement community
1.2 Deliver programmes which lead and develop professional, organisational and commercial capability	<ul style="list-style-type: none"> • Develop and deliver a targeted programme of change projects based on development needs identified by Procurement & Commercial Improvement Programme (PCIP) assessments • Deliver a second cycle of local government PCIP assessments for all local authorities • Deliver the chargeable consultancy projects and transformation programmes agreed for Aberdeen City and Fife Councils, and respond to any further requests for these types of services from other councils • Continue to develop and deliver accredited work-based learning programmes through the Scotland Excel Academy • Develop and deliver a programme of practitioner workshops, masterclasses and events to lead best practice through the Scotland Excel Academy • Continue to develop Scotland Excel Academy online resources to support learning programmes and create a community platform for sharing best practice
1.3 Develop our data insight capabilities to support the development of new solutions and services	<ul style="list-style-type: none"> • Continue to develop data analytic tools and resources to support the expansion of the contract portfolio and provide management information to the sector • Develop plans to roll out data analytic tools to staff across the organisation • Continue to develop and share access to the Cost of Care calculator to support the delivery of affordable and sustainable social care services • Continue to develop and share access to Indexation Modelling to track market influences on costs • Deliver market analysis reports in support of new collaborative procurement or service opportunities

<p>1.4 Capitalise on our insight and experience to shape policy and meet the challenges of future public service delivery</p>	<ul style="list-style-type: none"> • Continue to work with the Scottish Government, COSLA and other partners to support the development and/or delivery of national policy in social care • Continue to work with the Scottish Government and other partners to support the development and/or delivery of education policies such as early learning provision, pupil attainment funding, and food procurement for school meals • Continue to work with the Scottish Government, Association of Local Authority Housing Officers (ALACHO) and other partners to support the development and/or delivery of national policy in affordable housing • Continue to work with the Scottish Government, Zero Waste Scotland and other partners to support the development and/or delivery of national environmental policy • Develop and deliver a calendar of communications activities which promotes our knowledge and experience in support of our policy and public affairs goals • Continue play a lead role in the development and delivery of national Graduate Apprenticeships as a cost-effective talent management opportunity for the local government sector
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Goal 2: Being sustainable in everything we do

Strategic Objective	Commitment
2.1 Deliver positive and measurable social value through our contracts	<ul style="list-style-type: none"> • Develop plans to increase the proportion of Scotland Excel suppliers paying their staff the Scottish Living Wage • Continue to develop community benefit models which enable councils to achieve direct benefits for their areas • Continue to support opportunities for disabled/disadvantaged workers through community benefits and/or the participation of supported businesses and the third sector within our supply chain
2.2 Deliver positive and measurable local economic impact through SME and third sector participation in our contracts	<ul style="list-style-type: none"> • Continue to work with the Supplier Development Programme (SDP) to raise awareness of public procurement opportunities and encourage participation among Scottish SMEs • Increase direct and supply chain opportunities for Scottish SMEs and contractors within Scotland Excel contracts, particularly within the construction portfolio • Encourage housing associations to consider the local economic impact they can deliver through the use of Scotland Excel contracts
2.3 Deliver positive and measurable environmental benefits through our contracts	<ul style="list-style-type: none"> • Continue to encourage suppliers to Scotland Excel contracts to consider opportunities to increase recycling of their products and packaging and/or reduce their carbon footprint • Develop and implement a model for considering 'whole life' costing within tender evaluations, including plans for monitoring costs over the lifecycle of products and services • Continue to support the collection, handling, treatment and recovery of value from waste by implementing new recyclable and residual waste arrangements which offer increased options for recycling and/or disposal and cover additional types of waste • Develop plans for assessing and mitigating the environmental impact of Scotland Excel's activities
2.4 Lead and develop sustainable procurement knowledge and practice	<ul style="list-style-type: none"> • Produce an annual report on procurement activity in line with the requirements of the Procurement Reform (Scotland) Act 2014, providing support and guidance on reporting commitments to the local authorities • Continue to work with national partners on the development of sustainable procurement guidance and tools • Develop plans to increase the local government sector's sustainable procurement knowledge and capability through the Scotland Excel Academy • Develop plans to promote sustainable procurement to elected members and senior officers to support a 'whole organisation' approach

Goa1 3: Placing people at the heart of our business

Strategic Objective	Commitment
3.1 Ensure our customers continue to receive maximum value from our services	<ul style="list-style-type: none"> Continue to develop Scotland Excel's account management services to ensure they deliver value to local authority procurement teams and support a positive customer experience for councils Explore further opportunities to use digital technologies to engage with and/or provide online 'self-service' to customers, incorporating the findings into Scotland Excel's ICT strategy and roadmap Explore the feasibility of providing additional services requested by customers, incorporating the findings into future operational plans Embed the outputs of Scotland Excel's stakeholder engagement project into all engagement plans and activities, ensuring that these reflect the organisation's expanding customer base
3.2 Engage stakeholders in the delivery of effective local solutions	<ul style="list-style-type: none"> Develop a model for incorporating community engagement, where appropriate, into the development of procurement strategies Continue to engage directly with service users, where appropriate, to ensure their needs are considered within service design Explore the feasibility of working with educational partners and/or suppliers to promote the benefits of procurement to pupils, incorporating the findings into future operational plans
3.3 Represent the collective views of stakeholders at a national level	<ul style="list-style-type: none"> Review Scotland Excel's representation activities to ensure that these are targeted where they can have the greatest impact Establish a model for undertaking representation activities, including a clear feedback loop for customers and/or communities Build on relationships with the Convention of Scottish Local Authorities (COSLA) and/or elected members to represent customers and communities in appropriate policy and political matters
3.4 Implement policies which develop, empower, value and engage our workforce	<ul style="list-style-type: none"> Continue to deliver Scotland Excel's organisational development strategy and rolling improvement plans, involving staff in the development of plans, policies and initiatives where appropriate Develop and implement a talent management programme to inspire and develop staff, increase Scotland Excel's capability, and support succession planning Develop plans for agile working to create a productive working environment that benefits staff, Scotland Excel, and customers

Goal 4: Driving sustainable and scalable growth

Strategic Objective	Commitment
4.1 Implement a new governance model which supports scalable business growth	<ul style="list-style-type: none"> • Complete the review of Scotland Excel's governance and funding models, presenting recommendations to the Joint Committee for approval • Develop plans to implement the governance recommendations approved by the Joint Committee • Implement appropriate funding models to support the delivery of new and existing services
4.2 Continue to maintain a robust business infrastructure to support our growth ambitions	<ul style="list-style-type: none"> • Review Scotland Excel's business infrastructure to ensure it can support the organisation's growth ambitions, developing plans for continuous improvement initiatives and to address any gaps in capacity and/or capability • Develop a risk model for evaluating new business opportunities to assess their impact on internal resources and/or existing customers • Continue to implement technology solutions which increase efficiency, support agile working and offer scalability for business growth
4.3 Use our knowledge and insight to identify new services and/or sectors which provide growth opportunities	<ul style="list-style-type: none"> • Review collaborative procurement and leading change solutions available in other public sector markets to identify potential business opportunities, reporting on the findings to inform future operational plans • Continue to deliver procurement support to housing associations on behalf of the Scottish Government and develop plans to market additional services which secure the long term sustainability of this service • Continue to develop and market Scotland Excel's associate membership programme to maximise its commercial potential for the organisation and the benefits it provides for members • Continue to market Scotland Excel through traditional and social media, targeted communications activity and political engagement to support new business opportunities • Identify opportunities arising for staff development through new business opportunities, fostering an understanding of commercial and entrepreneurial approaches across the organisation
4.4 Explore opportunities to work with partners on the development and delivery of new business opportunities	<ul style="list-style-type: none"> • Explore opportunities to work in partnership with other public sector bodies to increase internal efficiency and/or improve service delivery for customers, reporting on the findings to inform future operational plans • Continue to provide ICT procurement services for the Digital Office for Scottish Local Government to support the implementation of digital technologies within local authorities • Design a model for providing procurement support to SEEMiS in line with the partnership agreement • Continue to manage Scotland Excel's partnership with Crown Commercial Services (CCS) to ensure it is delivering against customer expectations, and explore opportunities to extend this partnership

Key performance indicators

Key activities we will monitor to assess our ongoing performance against outcomes in the operating plan:

Outcomes	Key Performance Indicators	2018-19 Target ¹
Our services shape the effective and efficient delivery of public services	<ul style="list-style-type: none"> • Number of contracts delivered v plan² • Value of contract portfolio v target 	<ul style="list-style-type: none"> • TBC • TBC
Our expertise leads continuous improvement in commercial performance	<ul style="list-style-type: none"> • Number of PCIP assessments delivered v plan • Number of Scotland Excel Academy courses v plan³ 	<ul style="list-style-type: none"> • TBC • TBC
Our services facilitate the delivery of national and local policy priorities	<ul style="list-style-type: none"> • Number of policy areas influenced • Tonnes of waste diverted from landfill through Scotland Excel contracts 	<ul style="list-style-type: none"> • No target • No target
Our services enable positive and sustainable outcomes for people and communities	<ul style="list-style-type: none"> • Number of community benefits realised to date • Number of Scottish suppliers & percentage SMEs 	<ul style="list-style-type: none"> • No target • No target
Our insight and knowledge underpins innovative solutions for our customers	<ul style="list-style-type: none"> • Number of business change initiatives delivered v plan 	<ul style="list-style-type: none"> • TBC
Our activities are recognised as leading the way in public procurement	<ul style="list-style-type: none"> • Media coverage v target • Number of speaking engagements v target 	<ul style="list-style-type: none"> • 60 published media items • 12 speaking engagements
Our customers receive a measurable return on investment through savings	<ul style="list-style-type: none"> • Percentage savings achieved across the portfolio v target⁴ • Savings achieved in the last quarter 	<ul style="list-style-type: none"> • TBC • No target
Our customers are satisfied with our services and how we deliver them	<ul style="list-style-type: none"> • Customer satisfaction scores v target⁵ 	<ul style="list-style-type: none"> • 80% of respondents

¹ KPIs are monitored without targets where Scotland Excel cannot directly influence performance

² Contracts developed, renewed or extended

³ Programmes, workshops and masterclasses

⁴ Excluding social care contracts

⁵ Percentage of respondents reporting 'good' or 'very good' overall satisfaction in the most recent customer satisfaction survey (currently 2017)

To: Executive Sub Committee

On: 01 June 2018

**Report
by
Director Scotland Excel**

Draft Funding Model Proposal

1 Introduction

This report provides an overview of potential future funding models for Scotland Excel.

2 Background

The *Revenue Estimates 2018-19* report presented at the Joint Committee on 8th December 2017 highlighted the challenging future financial landscape for local government and the impact on Scotland Excel. It recognised that over the medium term, local government in Scotland is likely to face further contraction in available resources, relating predominantly to the provision of revenue grant from the Scottish Government. In this context, Scotland Excel will continue to seek operational savings, to manage its financial position flexibly in order to maintain its aim of minimising the level of requisition required, and also to develop value propositions for member authorities to ensure that best value is achieved.

The report presented to the Joint Committee stated that “*the indicative medium term financial position, and includes an estimate that Scotland Excel will in 2019/20 (assuming no change in the level of requisition and no reliance on reserves) require to secure additional income or reduce costs by £168,000; rising to £254,000 in 2020/21.*” Additional analysis has been undertaken to review the deficit beyond this period and the pattern of an increasing gap continues in subsequent years (predominantly linked to assumed levels of pay award).

Throughout 2017/18, Scotland Excel has been reviewing opportunities and options to address the issue and to identify additional income. A number of successes have been achieved with projects generating additional benefits to members but each on a “cost recovery” model. Further investigation was sought

on the potential for projects to generate a surplus and the use of rebates and supplier levies.

The report presented to the Joint Committee in December 2017 concluded that *“It is likely that the solution to the funding gap outlined will consist of a blend of the options outlined above, along with continued focus on cost efficiencies and sourcing new associate member income in order to avoid increased requisitions. However, the possibility of a requirement for increased requisition income over the medium term cannot be ruled out. It is suggested that Scotland Excel further explore the options outlined above and bring a report back to the June 2018 Joint Committee meeting to provide an indication of how and in what timescale the above options could be implemented.”*

In addition to the operational deficit outlined at committee, there are other areas where ongoing funding gaps exist. The main area of concern is within the Scotland Excel Care portfolio. This report provides further information on the gaps within care and the options explored in order to try and diversify its funding base.

Care Portfolio

Members will be aware of the additional social care services that Scotland Excel has been providing to members encompassing Supported Living, Care at Home and Care Homes for Older People. Funding for these projects has been from Scottish Government funding or project specific additional member fees.

Scotland Excel has been exploring future funding options for these services and has discussed this with a wide range of stakeholders. A number of options have been explored including payment of additional member fees, introduction of rebates and levies and alternative funding sources such as Scottish Government.

To date, no consensus has been reached in this matter and the “funding gap” remains, as does the demand for these important services. In order to seek an alternative and perhaps more palatable funding method, Scotland Excel is examining if the additional sources of income outlined in this paper can be utilised.

The services are:

Care Home Services for Older People

Scotland Excel is leading on a wide portfolio of activity for Care Home Services for Older People including the development of a care cost calculator. The funding

for this project comes from annual contributions from 28 of the 32 Scottish local authorities (excludes Highland, North Lanarkshire, Orkney and Shetland). These contributions are confirmed 2019/ 2020.

Funding Received

Financial Year	Total
2017/ 2018	£173,198
2018/ 2019	£173,198
2019/ 2020	£173,198

It is anticipated that future funding requirements for this service will reduce based on lower resource requirements after the initial tender period. This is reflected in the forecast data provided later within this paper.

Care & Support Services

Care at home and supported living services are new areas of collaborative procurement activity for Scotland Excel. The 31 HSCPs across Scotland spend over £750 million per annum on these services, with no consistent approach to how these services are commissioned.

After engagement with key stakeholders, it proposed that Scotland Excel will develop a national, flexible framework for care and support services, incorporating both care at home and supported living services.

The Scottish Government has grant funded Scotland Excel to March 2019 to take this work forward. The funding was for a two year period only with a small amount of funding at the start of 2016/2017.

Funding Received

Financial Year	Total
2016/ 2017	£20,250
2017/ 2018	£154,750
2018/ 2019	£175,000

3 Funding Opportunities

A number of potential funding opportunities have been identified by Scotland Excel and explored further. They are as follows:

1. Consultancy Services
2. New Build Housing
3. Learning and development
4. Rebates
5. Associate Membership Expansion

A short summary on their background, financial scale and opportunity analysis is included below for each project. Each project has been submitted to our internal business development sub-group and more detailed evidence and criteria reviewed.

3.1 Consultancy Services

Background

Scotland Excel has historically undertaken a number of smaller scale consultancy projects within the sector. These have all been typically on a cost neutral basis. More recently, the organisation has targeted larger scale projects and recently was successful in its bid to support Fife council in their transformation programme and in this case, incorporated a small surplus.

This project will seek to develop and formalise the chargeable consultancy services that could be offered to members and the wider public sector including the affordable housing sector. No offering will be made beyond the public sector.

Chargeable services will be beyond the standard support provided to members as part of their core requisition.

Consultancy services will encompass areas such as:

- Provision of a benchmarking service to non-members.
- Undertaking a procurement exercise on behalf of another body.
- Provision of change services e.g. business improvement exercises.
- Transformation programmes of various scales.
- Bespoke exercises for members and non-members e.g. Options Appraisals.

Project Financials

Growth in this area has been limited in the past due to resources and strategy to focus on core members. Future projects will be costed based on full recovery of costs and the addition of a transparent and modest surplus.

Contribution to deficit

The project is anticipated to provide a financial return early in period 2019/20. A prudent approach has been taken to develop and grow this income stream over the coming years and is shown in table 1.

Table 1.

Fiscal	Surplus
2019/20	£70,000
2020/21	£70,000
2021/22	£70,000
2022/23	£80,000
2023/24	£90,000

Risks

Risks associated with this project are failure to make an entry into this market and failure to deliver to agreed and contracted commitments. Internal risks are also present including attraction and retention of suitable resources. Ongoing work is underway to address these potential risks.

Competition and competitive advantage

There is a high degree of competition in this market from both private and public sector. Competitors within the public sector include the Improvement Service, NSS and the Scottish Procurement Alliance within the housing sector. Scotland Excel feels it has a number of competitive advantages including:

- Existing knowledge and relationships with members and associate members.
- Not for Profit and Public-Sector status allowing a more open and transparent relationship with customers.
- Policy of sharing knowledge and retaining Intellectual Property within the public sector.
- Existing skill base and capability of Scotland Excel staff

3.2 New Build Housing

Background

In its Programme for Government 2017/18, the Scottish Government committed that 35,000 of the 50,000 new build houses to be constructed BY 2021 will be for

social rent. The commitment will deliver a 67% increase in affordable housing supply. Local government and the affordable housing sector will be required to undertake considerable procurement activity to meet this ambitious house building programme. After extensive stakeholder engagement, Scotland Excel has initiated a project to meet this procurement demand through a new funding approach.

This new funding approach provides this much needed framework with a number of additional benefits to the wider public sector and an additional financial return to those organisations investing in the project.

A detailed business case was presented to stakeholders and investing councils which provided all project costs, return on investment, project risks etc. Scotland Excel has elected to also invest in the project and will utilise the anticipated return towards the Scotland Excel deficit outlined above.

Project Financials

The project costs were calculated as £500k over a two year period. These project costs will be covered by the 12 investing councils including Scotland Excel.

Contribution to deficit

The project is anticipated to provide a financial return early in period 2020/21. A prudent approach has been taken to spend on the framework and is based on current knowledge of house build plans as published by the Association of Local Authority Chief Housing Officers (ALACHO). Currently Scottish Government funding has only been confirmed until 2021 therefore rebate estimates beyond this point have been based on lower historical build figures. It is anticipated, however, that funding and therefore spend will continue at the similar level rather than revert to these lower levels. The contribution to deficit is shown in table 2.

Table 2.

Fiscal	SXL Rebate
2019/20	£0
2020/21	£95,390
2021/22	£95,390
2022/23	£16,155
2023/24	£16,155

Risks

The main risk for the framework is that members choose not to utilise it once it is in place. Additional risks are related to the uncertainty of future Scottish Government funding of new build housing.

Competition and competitive advantage

A number of alternative frameworks are available within the market place including SPA, Scape and frameworks developed by individual local authorities and housing associations that are offered for wider use.

The Scotland Excel approach has a competitive advantage to these alternatives through a number of mechanisms including:

- Offering some form of specification/design standardisation to increase speed of development, realise efficiencies and ensure ease of use
- Offering standard templates/contract forms to ensure ease of use
- Encouraging the use of local suppliers/workforce via sub-contracting arrangements
- Providing a vehicle for the delivery and recording of community benefits such as apprenticeships
- Providing contract management activity

3.3 Learning & Development

Background

Scotland Excel has historically delivered an award-winning service to the wider public sector. In the past two years, the organisation has reviewed its strategy in this area and is now taking a wider, deeper and work-based approach to organisational learning. The creation of our new 5 year Learning and Development strategy has the aim of Scotland Excel being the public sector partner of choice for procurement and related disciplines. It takes a multi-disciplinary learning approach and learning programmes are currently segmented by procurement, leadership & management and project management.

Our new approach seeks to utilise internal capabilities, technology and strategic partnerships to deliver learning, additional member benefits and a financial return that can also support the organisational deficit.

Project Financials

The project costs have been integrated into delivery costs so that the project is self-sufficient. Investment for growth is reviewed on a regular basis and investment made when sufficient demand and tangible opportunities exist.

Contribution to deficit

The project is anticipated to provide a financial return in 2019/20 and is shown in table 3.

Table 3.

Fiscal	Surplus
2019/20	£53,000
2020/21	£53,000
2021/22	£55,000
2022/23	£60,000
2023/24	£62,000

Risks

There are a number of internal risks for the project around operational delivery but the team are confident these can be overcome. The main risk is that the wider public sector does not utilise the learning and development services due to budget constraints or other reasons such as mismatch between supply and demand. Scotland Excel has addressed this to-date by ensuring that costs are minimized, and tangible learning and development needs drive the development of a timely and effective offering. A further risk is the availability of suitable resource qualified to deliver against the portfolio of learning subjects.

Competition and competitive advantage

Competition for the Learning and Development offering comes from a number of areas including Higher Education, National Shared Services (NSS) and private providers. Scotland Excel has actively addressed this competition by seeking out gaps or strategic partnerships to optimise the service to the public sector.

The programme has a number of competitive advantage points:

- It has an established Academy with 4 active cohorts.
- Multi-disciplinary expertise across 3 major disciplines.
- Expanding portfolio - both the number of disciplines and the grade of qualification.
- The first Chartered Manager Assessment Centre in Scotland.

- The first CIPS accredited public-sector Procurement work-based-learning programme in Scotland.
- Benchmarked cost-effectiveness.
- Quick return on investment from the application of knowledge in work-based practice.

3.4 Rebates

Background

The use of volume rebates has been used to varying degree of success across the Scotland Excel portfolio to date. Some frameworks have had a rebate embedded within the commercial agreement, such as within construction materials, where others have offered successful returns on a one-off basis. A recent example of an effective implementation was the introduction of a new rebate in the contract for the supply and distribution of groceries. In this case, the rebate of c.£135k funded a team to deliver small value contracts, the delivery of which yielded a forecast efficiency of c.£700k from contracts delivered in the first year alone.

There are some challenges associated with the regular use of rebates as an income stream. These are largely associated with the lack of certainty within buying patterns, and the perception that suppliers will inflate prices to covered costs incurred. However, using historical data, coupled with an acute understanding of market conditions in which the sector operates, there is clear belief that this can be overcome. Additionally, there is also the view that if rebates are maintained at very modest levels, for example less than c.0.75%, there is no adverse effect on pricing.

It is the intention therefore to include a rebate review as part of the internal contract governance process, and consider applicability of the inclusion of rebates as standard practice going forward.

Project Financials

The inclusion and monitoring of contract rebates will be an integral part of the role of the contract manager. As such, it is not anticipated that this will attract additional overheads. However, going forward, there may be a need to supplement the current administration support to ensure an effective rebate recovery process is maintained.

Contribution to deficit

The project is anticipated to provide a financial return early in period 2020/21. It is provided in table 4.

Table 4.

Fiscal	Surplus
2019/20	£0
2020/21	£55,000
2021/22	£100,000
2022/23	£572,000
2023/24	£811,000

Risks

The main risks associated with this inclusion is lack of stakeholder buy in, both from councils and the market, and the lack of guaranteed sales volumes. These will be mitigated by wide customer and market engagement, and detailed analysis of previous buying patterns to enable effective forecasting of future demand.

Competition and competitive advantage

A number of buying organisations, both public and private sector, employ the use of rebates/supplier levies to generate income; as such, this is not a new concept. Also, given the significant purchasing power associated with local government collaborative activity, coupled with the low value by percentage planned to be introduced, it is not expected that this would introduce an additional threat to Scotland Excel as the partner of choice.

3.5 Associate Member Expansion

Background

This project will seek to take a much more proactive approach to the identification and enrolment of associate members to Scotland Excel. The project will make use of the existing affordable housing team to accelerate this within their sector. Additionally, the project will develop a model of associate support and development that supports core members, associate members and is productive for Scotland Excel.

A proposal to support this project will be made to the Joint Committee in December 2018. This proposal will seek to set out the legacy of the Affordable

Housing programme funded by Scottish Government until the end of this fiscal period.

Project Financials

The December 2018 proposal will demonstrate the growth in associate membership that financially supports ongoing associate growth and costs in order to provide a surplus towards the Scotland Excel deficit.

Contribution to deficit

The project is anticipated to provide a financial return in period 2019/20 and is contingent on acceptance of the future proposal. It is provided in table 5.

Table 5.

Fiscal	Surplus
2019/20	£50,000
2020/21	£55,000
2021/22	£55,000
2022/23	£60,000
2023/24	£60,000

Risks

The main risk for the project is failure of a sector to embrace the opportunity of associate membership or sectors where an alternative sector procurement provider is already present and imbedded. The strategic direction of Scotland Excel's frameworks will also set the potential direction for associate growth. The Scotland Excel Associate strategy sets out the markets that it would anticipate growth in.

Competition and competitive advantage

Scotland Excel's inherent strategy and ethos provides a number of key competitive advantage points:

- Offering a range of frameworks that are legally compliant with significant cost savings for potential associate members.
- Freeing up local resource spent tendering to allow greater focus on local service and core business
- Delivering standard terms and conditions
- Delivering cost savings and social value back into the local communities

- Provision of additional related services
- Provision of learning & development opportunities to new associate staff.

4 Review of Options

Office space

Section 3 of this paper outlines the additional services that can contribute towards the deficit faced by Scotland Excel. In order to facilitate this expansion, Scotland Excel must also review its existing office space.

Scotland Excel's primary office space is provided by Renfrewshire Council and is located within Renfrewshire House, Paisley. The office occupies 676 square metres of a wing on the fourth floor of the building. The remaining 247 square metres is currently occupied by a department of Renfrewshire council.

At the December 2017 Joint Committee, members agreed to extending the lease from February 2018 to February 2019. This one year extension was designed to allow Scotland Excel to consider options and to prepare recommendations for the Joint Committee.

The existing office space has been optimised to provide the maximum number of desks for staff. The organisation has implemented agile working including hot-desk facilities to increase its staff to desks ratio. Scotland Excel continues to work with colleagues at Renfrewshire council to continue this approach.

Initial work has been undertaken with Renfrewshire council staff to understand the possibility of expansion into the additional space and indicative costs have been provided. A proposal will be brought to the Joint Committee in June that will provide further information on this topic. To ensure members have a full picture of the 5-year forecast, indicative figures have been incorporated into the total funding gap.

Table 6 provides a summary of the total funding gap including the operating deficit (assuming a 2% pay award in each year), the care services and office expansion. It should be noted that the operational deficit figures for 2021/22 and beyond are clearly more difficult to ascertain and therefore proportionate estimates made.

Table 6

Project	Fiscal Period				
	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Deficit	-£168,000	-£254,000	-£334,000	-£414,000	-£494,000
Care Home for Older People	£0	-£97,955	-£99,914	-£101,912	-£103,951
Supported Living and Care at Home	-£169,394	-£172,782	-£176,238	-£179,762	-£183,358
Proposed office expansion	-£50,000	-£50,000	-£50,000	-£50,000	-£50,000
Total	-£387,394	-£574,737	-£660,152	-£745,675	-£831,308

A number of options have been identified to address the deficit faced by Scotland Excel over the coming fiscal periods.

Option A – Efficiencies and Requisition

The introduction of efficiencies and potential member requisition increases was suggested as a possible route in the December 2017 Joint Committee report.

Scotland Excel continues to review its operating model for introduction of efficiencies that reduce operating expenses. This has been across all areas of the annual budget including staffing and secondary costs. 83% of the annual budget is on staff and 10% on the provision of premises and Service Level Agreements. Operational deliverables from staff have been a key focus for a number of years with increased services delivered from the core budget. Further work has also been undertaken with regard to premises and service level agreement. Scotland Excel will continue to review its operational model and seek the introduction of efficiencies.

Scotland Excel accepts and recognises that it is not palatable to increase requisition costs for members whilst the local government sector operates in an ever-challenging environment. Despite this it is important to consider the potential impact and contribution this would make to the deficit. Table 7 provides an indication of the potential impact of a requisition increase.

Table 7

Increase %age	Annual Contribution to Deficit
0.5%	£17,421
1.0%	£34,842
1.5%	£52,263
2.0%	£69,684
2.5%	£87,105
3.0%	£104,526

The table demonstrates a small range of increases and is not a recommendation on the nature or scale of a requisition increase. It is however apparent when considering the data provided in table 6 that requisition increases would have to be significant to alleviate the total deficit.

Option B – Income generation

This option is whereby Scotland Excel proceed with the projects outlined in section 3 and endeavor to develop a number of services/projects that provide an operating surplus.

The total forecasted annual contribution to deficit is shown in table 8.

Table 8

	Fiscal Period				
Project	2019/20	2020/21	2021/22	2022/23	2023/24
1. Consultancy Services	£70,000	£70,000	£70,000	£80,000	£90,000
2. New Build Housing	£0	£95,390	£95,390	£16,155	£16,155
3. Learning and Development	£53,000	£53,000	£55,000	£60,000	£62,000
4. Rebates	£0	£55,000	£100,000	£572,000	£811,000
5. Associate Member Expansion	£50,000	£55,000	£55,000	£60,000	£60,000
Surplus	£173,000	£328,390	£375,390	£788,155	£1,039,155

It is evident that despite the healthy and positive potential contribution that the five projects could add to meet the deficit, it is insufficient to cover the total deficit outlined in table 6 in the medium term. This is represented by table 9.

Table 9

	Fiscal Period				
Project	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Deficit	-£168,000	-£254,000	-£334,000	-£414,000	-£494,000
Care Home for Older People	£0	-£97,955	-£99,914	-£101,912	-£103,951
Supported Living and Care at Home	-£169,394	-£172,782	-£176,238	-£179,762	-£183,358
Proposed office expansion	-£50,000	-£50,000	-£50,000	-£50,000	-£50,000
Total	-£387,394	-£574,737	-£660,152	-£745,675	-£831,308
Income	£173,000	£328,390	£375,390	£788,155	£1,039,155
Estimated surplus/deficit	-£214,394	-£246,347	-£284,762	£42,480	£207,847

Based on the above figures a different approach will be required to address the issue than solely income generation.

Option C – Hybrid approach to funding

Scotland Excel takes a hybrid approach to tackling the total deficit. This option incorporates the options presented in Options A, Options B and also suggests continuing the current arrangements for funding the older people care home work whereby participating councils fund this directly.

In both options demonstrated above, the deficits over 2019/20 to 2021/22 are the most immediate and difficult to resolve. The lag involved in the introduction of a number of the income generation projects and the growth in projected costs (mainly attributable to anticipated pay awards) results in a projected deficit position over the medium term.

A potential action to resolve this would be an increase in member requisitions. Further work is currently underway with Renfrewshire Council treasurer to understand the nature of this and to consider alternative approaches, potentially involving the flexible use of reserves and existing project funding. It is anticipated that the work on this will be complete in order to provide an update to the Joint Committee in June 2018. Any requisition changes will require to be formally agreed at the December 2018 Joint Committee. No assumptions on requisition increases have been incorporated into the financial modelling provided.

In addition to the above, the existing members who utilise and have provided initial funding for the Care Home for Older People service are asked to continue funding this work.

The results of this option are demonstrated in Table 10.

Table 10

Project	Fiscal Period				
	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Deficit	-£168,000	-£254,000	-£334,000	-£414,000	-£494,000
Care Home for Older People	£0	-£97,955	-£99,914	-£101,912	-£103,951
Supported Living and Care at Home	-£169,394	-£172,782	-£176,238	-£179,762	-£183,358
Proposed office expansion	-£50,000	-£50,000	-£50,000	-£50,000	-£50,000
Total	-£387,394	-£574,737	-£660,152	-£745,675	-£831,308
Income	£173,000	£328,390	£375,390	£788,155	£1,039,155
Care Home for Older People - Member funded	£0	£97,955	£99,914	£101,912	£103,951
Estimated surplus/deficit	-£214,394	-£148,392	-£184,848	£144,393	£311,797

5 Next steps

It is apparent from the details in table 10 that further work is required to address the situation. Although the options highlighted in Option C go towards addressing the longer-term issue, they do not address the short to medium term forecast deficit.

Once a direction is agreed by members at the Joint Committee in June 2018, Scotland Excel will extend its existing work with key stakeholders to further communicate the approach and to provide assurances on the robust future financial performance of the organisation.

6 Conclusion/Recommendation

Scotland Excel has taken an ambitious and prudent approach to securing the financial sustainability of the organisation over the next 5 years. It anticipates that

in the same period, the organisation will see its contract portfolio rise from the current £1bn to £2.5bn which in turn will deliver further value and savings to members.

The organisation will also deliver a number of key services to members in order to support councils' wider ambitions and continue to be its partner of choice.

Committee members are requested to note and comment on the proposed approach to meeting the deficit whereby:

1. The funding opportunity projects are progressed by Scotland Excel.
2. The *Care Home for Older People* project continues to seek direct funding from the participating councils for 2020/21 and beyond.
3. Scotland Excel continues to work with colleagues in Renfrewshire council to identify methods to address the short-term deficit.
4. Scotland Excel will bring a paper detailing the solution to the June 2018 Joint Committee. This paper will document the approach that would be taken in the coming months in order to present a balanced budget to the December 2018 Joint Committee for approval.



Scotland Excel

To: Executive Sub Committee

On: 01 June 2018

**Report
by
Director Scotland Excel**

Risk Register Update

1. Introduction

This report provides an update on the risk register that is maintained to assess threats/risks that could impact on the delivery of Scotland Excel's organisational objectives and to identify actions that have been taken to mitigate such risks.

2. Background

The attached Risk Register was created in 2015 when Scotland Excel carried out a full review of the organisation's risk register to reflect the new 3 year operating plan. It was agreed that the risk management plan would be reported to the Executive Sub Committee twice a year and the Joint Committee on an annual basis to give elected members both visibility and the opportunity to discuss with officers the actions taken by the organisation to manage the identified risks.

As the new operating plan will be presented to the Joint Committee for approval at the June meeting this will be the last time the Risk Register will be presented in the current form. A new Risk Register, incorporating the input from elected members on the format and following a complete review of risks to reflect the new operating plan, will be prepared in conjunction with Renfrewshire Council's Risk Manager.

3. Risk Management update

The risk register is maintained and continues to be a focus for the organisation, a process for regular review is in place including the Senior Management Team review of 3 risks every second team meeting which ensures a full review of the whole risk register each quarter.

The current risk register is attached as an appendix to this report for review by members.

4. Recommendation

Members are invited to provide any feedback on the risk register, the actions identified to manage risks and note the report.



Risk Management Plan

May 2018

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Appendix 1: 6

1. Risk management arrangements within Scotland Excel

- 1.1 The organisation has implemented a range of standard procedures in keeping with the it's risk management strategy. This includes adoption of the risk management process and the standardised risk matrix for analysis and evaluation of risk.
- 1.2 The review of the Risk Register is carried out by the Senior Management Team and the top 5 risks are reported quarterly to the appropriate governance committee of Scotland Excel.
- 1.3 The Senior Management Team will review the register on a monthly basis. However, managers will bring to the attention of the group a new risk or significant change in an existing risk this will be circulated within the Senior Management Team with immediate effect.

2. Report on corporate risk management objectives

- 2.1. To ensure that risks are identified and effectively managed Scotland Excel has put in place a range of measures and processes. These include:
 - The Senior Management team owns and regularly reviews the risk register reporting on it to the governance committee of elected members.
 - By carrying out regular review of the register and the process of review ensure that the risk management policy and strategy remain fit for purpose, providing a consistent approach to risk management and increasing its effectiveness.
 - Ensuring that staff are equipped and supported to identify and manage risk in their area.
 - The organisation ensures that it has effective arrangements in place for managing risks in partnerships.
 - Ensuring that the management of risk contributes to achieving positive outcomes for the organisation including encouraging innovation and identifying new opportunities.

3. Current internal and external business context for the organisation

- 3.1. The Scotland Excel Senior Management Team (SMT) participated in dedicated sessions, facilitated by Renfrewshire Council's Risk Manager to explore the organisation's current risk landscape and agree the key risks that should feature in the organisation's strategic risk register.
- 3.2. As a basis for establishing the strategic risk register, the SMT considered the organisation's key business priorities and perceived significant challenges to achieving these:
 - Supporting the delivery of better and more effective public services
 - Being sustainable in everything we do.
 - Placing customers at the heart of our business.
- 3.3. Becoming the partner of choice for delivering shared services. Focus was then given to the organisation's current external business environment: immediate matters of importance as well as those that may be on the horizon. In particular, the SMT considered the following:
 - **POLITICAL CONTEXT**
 - Health and social care integration – joint bodies as new legal entities who may procure through other means and not access Scotland Excel contracts
 - The potential impact that all future local and national elections may have.

- **ECONOMIC CONTEXT**
 - The increasing focus on public sector procurement as a driver of economic benefits and the relationship between procurement and the local economic agenda
 - Financial pressures and budget cuts in member councils
 - Financial (and other) factors impacting on resilience of suppliers – potential for provider failure/ business continuity risk
- **SOCIAL CONTEXT**
 - The increasing focus on public sector procurement as a driver of social benefits
- **TECHNICAL CONTEXT**
 - Complexities of certain new markets and matching in-house capacity/ capability
 - Scotland's Digital Future/ delivery of Public Services strategy and the Local Government Information and Communication Technology (ICT) strategy – access in local communities. – Opportunity.
- **LEGISLATIVE CONTEXT:**
 - Changes to EU and UK procurement legislation
 - Personalisation and self-directed support legislation (individual choice) – risk in terms of the contract and additionally governance, in terms of how Scotland Excel supports member councils
- **ENVIRONMENTAL CONTEXT**
 - The increasing focus on public sector procurement as a driver of environmental benefits

3.4. Further to the above, the SMT also gave consideration to the current internal business environment: matters of importance identified in relation to internal priorities or challenges, or feedback/ performance:

- Data integrity – systems and management information requirements to support future activities, future decisions and the transformation programme
- Financial integrity and stability – funding/ rebates
- Exploring new markets/ developing new contracts with related reputational impact in how these are handled by the organisation
- Feedback from the Scotland Excel customer surveys - managing customer expectations/ demonstrating value and outcomes achieved – to be the provider of choice
- Outputs from the Audit Scotland review of procurement in Local Government
- Opportunities for growing the current shared services model to include the delivery of additional contract areas and value add services
- Workforce planning needs – turnover and the availability of skilled and experienced resources
- Trends in relation to complaints, incidents/ near misses, claims and insurance information
- Internal business continuity arrangements in respect of loss of staff, power/ systems, facilities

4. The risk register

- 4.1. The risk register is shown in detail in Appendix 1.
- 4.2. The organisation's top five risks (in terms of Risk Evaluation) are:

Rank	Ref	Risk Description	Risk
1	R15	Political change impacts upon the governance of Scotland Excel and may change the emphasis of its future delivery.	25
2	R2	Scotland Excel fails to exploit potential new markets and opportunities to expand the contract portfolio securing savings and benefits for stakeholders.	20
3	R11	There are a range of factors in the organisation's business context that if not addressed effectively could impact on the longer term sustainability of Scotland Excel	20
4	R12	Scotland Excel encounters problems in recruiting and retaining staff of suitable skill, quality and experience to meet the agreed contract delivery schedule.	20
5	R14	Scotland Excel does not adequately prepare for a range of scenarios to ensure business continuity then there is a risk of service disruption with associated impact to stakeholders	20

The top risks once control measures are applied are:


Rank	Ref	Risk Description	Risk
1	R15	Political change impacts upon the governance of Scotland Excel and may change the emphasis of its future delivery.	20
2	R4	Stakeholders expect that as a CoE Scotland Excel must be aware of and ready for political or other external changes and the impact of these. Failure to do so will compromise the relationship with our stakeholders.	15
3	R5	The failure of a service provider could have significant implications for service provision within member council areas.	15
4	R11	There are a range of factors in the organisation's business context that if not addressed effectively could impact on the longer term sustainability of Scotland Excel	15
5	R12	Scotland Excel encounters problems in recruiting and retaining staff of suitable skill, quality and experience to meet the agreed contract delivery schedule.	15
6	R14	Scotland Excel does not adequately prepare for a range of scenarios to ensure business continuity then there is a risk of service disruption with associated impact to stakeholders	15


- 4.3. The planned risk treatment activity going into this year, which is required to further control of reduce the risks is included within the register in Appendix 1.
- 4.4. Strategic risks will be reported on a 6 monthly basis to the Executive Sub Committee.
- 4.5. As a minimum, the Senior Management Team will review the entire strategic risk register on a quarterly basis.
- 4.6. Individual SMT members will as a matter of course throughout the year, bring to the SMT for collective consideration any local (contract specific or operational) risks that may require escalation to the strategic risk register.


Appendix 1:


Risk Register								
Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 1 Title Members Resign <u>Context:</u> (1) There is less opportunity to show significant savings from second and third generation contracts (2) As demonstrated with COSLA councils can serve notice and leave the organisation (3) An example of this is some councils not participating in the NCHC	Membership of Scotland Excel is optional for Councils. The risk is that Councils decide not to renew membership of Scotland Excel. Scotland Excel must be alert to this and the impact of any council leaving membership.	JW	<ul style="list-style-type: none"> The Director has undertaken and will continue a programme of meetings with Directors of Finance in Councils to ensure awareness of Scotland Excel and the financial benefits to councils. Engagement with CIPFA to ensure that there is awareness and understanding of Scotland Excel and the benefits of fully engaging are clearly communicated to executives in member councils. Competitor analysis is providing a clear understanding of our unique selling propositions Scotland Excel has developed a model to plan and support effective engagement between the Executive Team and senior stakeholders. 	3	5	15	10	↓
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the likelihood of this risk. (3 to 2)						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 2 Title: Failure to Grow Portfolio Context: (1) Failure to horizon scan to identify new markets/ commodity shifts (2) Failure to deliver on priorities identified by member councils at commercial UIGs (3) Failure to explore viability of new markets (4) Need to match in-house capability and capacity to respond to new markets	Scotland Excel fails to exploit potential new markets and opportunities to expand the contract portfolio securing savings for stakeholders.	HC	Horizon scanning to help to identify market development opportunities earlier and give the organisation longer to plan for capability/capacity ▪ Commercial UIG/Steering Group provides platform for prioritising new market development opportunities, (e.g. discussion and agreement on how we strike a balance between their requirements and our capacity/capability) ▪ Workforce planning – anticipate requirements in over the long term and investigate how we can fund recruitment of new staff or up skill existing staff ▪ Secondments from expert partners, for example SEEMIS and the Digital Office Contract governance arrangements mitigate some risk on capability, (i.e. opportunity to identify issues before a tender goes to market) ▪ Currently the contract pipeline is full and for requests that have come for specific work we have requested separate and additional funding. An example of this is the National Care Home Contract. ▪ Partnering with Crown Commercial Services has also added capacity and has been successful. ▪ Development of category strategies with 2-3 year plan to enable opportunity to consolidate contracts and create additional capacity.	4	5	20	16	↓
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the impact of this risk. (5 to 4)						


Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 3 Title: Failure to Develop and Diversify	Scotland Excel fails to develop to meet demands and diversification as the requirement for new shared services develops.	SB	<ul style="list-style-type: none">Ensuing that there is ongoing robust market testing of all new shared service propositionsEnsuring that there is a robust business model is in place for all new services (cost to serve, funding / uptake forecasts)Ensuring that there is proper planning that sufficient and capable resources exist within the organisation.Scotland Excel will continue to engage effectively and appropriately to ensure that there is a full understanding of the policy drivers and impacts / opportunities for our stakeholders.Account management plan has account managers working with stakeholders to identify how we can bring additional benefits to them.Development of project plan that demonstrates resource input and benefits delivered from the contracts placed.	4	4	16	12	
Context: (1) Failure to horizon scan to identify new markets, requirements or opportunities (2) Ensuring that priorities identified by member councils at commercial UIGs are delivered. (3) The need to explore viability of new markets (4) Matching in-house capability and capacity to respond to new markets								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the impact of this risk. (4 to 3)						


Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 4 Title: Political Change	Stakeholders expect that as a CoE Scotland Excel must be aware of and ready for political or other external changes and the impact of these. Failure to do so will compromise the relationship with our stakeholders.	JW	<ul style="list-style-type: none">Strengthening partnerships in the wider stakeholder environment through meetings, conferences and collaborative workingAn effective and appropriately resourced public affairs strategy is in place.Scotland Excel ensures that the organisation is aware of and plan to respond to all changes in its external environment that may affect the organisation and / or the sector.Procurement teams identify commodity shifts and advise and act accordingly.SMT have scheduled a quarterly review of general issues impacting upon the environment we operate in and deal with specific issues such as EU Referendum, local and national elections.	3	5	15	15	
Context: (1) Failure to horizon scanning to identify new markets/ commodity shifts (2) Failure to identify and explore viability of new markets (3) Matching in-house capability and capacity to respond to new markets (4) Government elections and policy changes								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		There has been no movement in this risk						


Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 5 Title: Supplier Failure	The failure of a service provider could have significant implications for service provision within member council areas.	HC	<ul style="list-style-type: none">▪ Effective risk management is in place at development and management of contracts▪ Robust processes for monitoring the financial stability of suppliers is carried out prior to award and throughout the life of a contract▪ Specific measures to meet the management of Social Care contracts and these key areas of risk.▪ Scotland Excel has a range of measures for monitoring supplier resilience in addition to the external financial monitoring tools used.▪ To ensure robust financial evaluation and support for teams the option to secure external advice for review of financials for suppliers is being implemented.	3	5	15	15	
Context: (1) Financial (and other) factors impacting on resilience of suppliers (2) Negative reputational results across the portfolio from potential breach of contract and / or supplier failure								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		There has been no movement in this risk.						


Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 6 Title: Failure to share Information	Scotland Excel fails to engage effectively with stakeholders on collaborative activities and / or does not make information available to support the use of contracts or services.	HC	<ul style="list-style-type: none">▪ Promotional materials including guides for buyers and suppliers produced to help ensure informed purchasing decisions.▪ Quarterly meetings with stakeholders to support training in the use of and development of content in eCatalogues.▪ Feedback is given at quarterly stakeholder meetings on spend data including identification where possible of “off contract spend”.▪ Use of agreed standard form of framework for goods/services/social care and shared via the intranet to ensure consistency in the methodology.▪ Appropriate stakeholders identified through the procurement journey and actions from this used to project manage the process.	2	4	8	6	
Context: (1) Lack of awareness of or input to development of frameworks.								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the impact of this risk. (4 to 3)						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
<p>REF: Risk 7 Title: Corporate Social responsibility</p> <p>Context: (1) Ensure that where possible community benefits can be delivered as part of the contract portfolio. (2) Ethical sourcing of products and supplies in the whole supply chain.</p>	Scotland Excel fails to be an industry leader in how it addresses key aspects of corporate social responsibility with an associated negative impact upon our stakeholders.	HC	<ul style="list-style-type: none"> Management and reporting of Community Benefits in place and being further developed with stakeholders input. Elected members receive updates as part of the governance process on the range of community benefits on frameworks. Scotland Excel has secured accreditation as a Living Wage Employer and this will be used to raise awareness with suppliers and stakeholders. Engagement with appropriate bodies such as the British Association of Supported Employment to encourage participation in frameworks. Ethical sourcing strategies are provided by suppliers as part of the tender process as a control measure. Marketing actively promote the community benefits in our contracts. Anti Slavery legislation has been included and is reviewed as part of our procurement strategy. The Sustainable procurement strategy has been implemented which will reflect areas of work already in use or in development. Community benefit requirements are issued to suppliers at tender stage and a register of the community benefits subsequently delivered will be used to assist in future tender scoring. 	2	4	8	6	↓
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the impact of this risk. (4 to 3)						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 8 Title: Financial Impact	Failure to make Scotland Excel the procurement provider of choice for stakeholders through proper awareness has a financial impact for the organisation and for members in terms of best value	SB	<ul style="list-style-type: none">▪ Promotional materials including guides for buyers and suppliers produced.▪ An update of the website has taken place and new content will be added to ensure stakeholders are informed and engage with the organisation▪ Adopting the use of social media as appropriate to engage effectively with stakeholders is currently being evaluated.▪ Stakeholder engagement exercise and ranking of these stakeholders has resulted in a strategy effective engagement.▪ Regular PR updates and opportunities are discussed and reviewed by the SMT as a regular agenda item.▪ Wider elected member engagement is taking place, through COSLA and other political meetings.	3	4	12	8	
Context: (1) Website is a first point of contact for many so must be accurate and up to date (2) More proactive use of media to promote good news stories (3) Elected member engagement and providing them with information on success / good news stories to promote the value of the organisation.								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the likelihood of this risk. (3 to 2)						


Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 9 Title: Crisis Management	Scotland Excel is faced with negative publicity or a media crisis which compromises the organisation's stakeholders	SB	<ul style="list-style-type: none">Procurement teams advise communications colleagues of any issues which have the potential for negative media interest, and plans are put in place to deal with these proactivelyScotland Excel make use of external specialists to supplement in-house resources as requiredExecutive team have had media training to ensure effective handling of any issues that may arise.New PR support has been secured and this will be used to promote and manage media contacts in a proactive mananer.	3	4	12	9	
Context: (1) Website news and information kept completely up to date reflecting any issues (2) Arrangements for dealing with adverse publicity / crisis management (3)More proactive use of media to manage news stories (4)Elected members must be kept informed if issues arise.								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the impact of this risk. (4 to 3)						


Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 10 Title: Policy Challenges	Scotland Excel has to meet the obligation to deliver on policy objectives for Joint Committee members. There is a risk to credibility and reputation if this is not met.	HC	<ul style="list-style-type: none">Contract governance process ensures that appropriate steps are taken to drive ethical sourcing within framework agreements.Sound supplier management is in place and regular meetings to ensure contractual commitments are met.End users are clear on options when making purchasing decisions for example “fair-trade” options that are available in contracts.Procurement teams advise communications colleagues of any social benefits which have the potential for a positive media interest, and plans are put in place to deal with these proactively	2	5	8	8	
Context: (1) Implementation of stakeholder policy in contracts (2) Ethical sourcing of products and supplies in the whole supply chain.								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the impact of this risk. (5 to 4)						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 11 Title: Long Term Sustainability	There are a range of factors in the organisation's business context that if not addressed effectively could impact on the longer term sustainability of Scotland Excel	JW	Identifying new opportunities to provide additional chargeable services based on customer demand Developing and implementing transparent budget management procedures	4	5	20	15	
Context: (1) Financial sustainability <ul style="list-style-type: none">Need to attract resourcesCouncil budget cutsPotential for national organisations / local government withdrawing support			Ongoing robust market testing of all new shared service propositions Ensure ongoing robust business model is in place for all new services (cost to serve, funding/uptake forecasts) The organisation has developed a number of projects to offer new services which will greatly increase the benefits to stakeholders.					
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the likelihood of this risk. (4 to 3)						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 12 Title: Staff Recruitment and Retention Context: (1) Demand in the market for Procurement staff makes recruiting and retaining staff problematic. (2) Lack of flexibility in pay structures due to tie in with Renfrewshire Council makes retaining staff problematic. (3) Perception of procurement staff as lacking experience creates lack of confidence amongst our stakeholders.	Scotland Excel encounters problems in recruiting and retaining staff of suitable skill, quality and experience to meet the agreed contract delivery schedule.	JW	<ul style="list-style-type: none"> Organisational development strategy is being created as part of the transformation programme Opportunity to formalise our new talent development activities into three year rolling strategy Refresh of employer branding and implementation of social media based recruitment advertising has been used to engage with a wider audience of potential staff. There is an ongoing review of the organisation's recruitment strategy to ensure that any changes in the market are addressed 	4	5	20	15	↓
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the likelihood of this risk. (4 to 3)						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 13 Title: Legislative Changes Context: (1) Procurement Reform (Scotland) Bill (2) Changes to EU and UK procurement legislation (3) Consultation on the Community Empowerment (Scotland) Bill (4) Personalisation and self directed support legislation (individual choice)	Legislative changes can impact on the organisation and its stakeholders creating challenges for the organisation to respond to and address.	HC	<ul style="list-style-type: none"> Active participation in various groups and boards influencing policy and direction of travel. Regular attendance for key staff at appropriate training and policy seminars. Working in partnership with key industry / service / professional groups to manage service development and delivery in line with legislative changes. Ongoing cross sector working to encourage sharing of best practice and reduction of duplication where possible. Positive engagement with elected members "Job Specification" and information packs prepared to ensure that new members of the Joint Committee are aware of the role, the organisation and processes. Horizon scanning for future legislative changes 	4	4	12	16	↑
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		There has been an increase in the likelihood of this risk due to changes in legislation. (3 to 4)						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 14 Title: Business Continuity	Scotland Excel does not adequately prepare for a range of scenarios to ensure business continuity then there is a risk of service disruption with associated impact to stakeholders	SB	<ul style="list-style-type: none">There is regular Scenario planning carried out together with Horizon scanning with the Senior Management TeamFull review of IT services carried out to ensure that options for working off site to facilitate maintenance of service delivery and business continuitySuccession planning is a key part of the organisations new organisational development plan.IT work to migrate from the Renfrewshire IT system giving greater flexibility and business continuity confidence.	4	5	20	15	
Context: (1) Loss of staff (many staff or key individuals) (2) Loss of facilities (3) Loss of systems (4) Loss of data								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the likelihood of this risk. (4 to 3)						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 15 Title: Political Change	Political change impacts upon the governance of Scotland Excel and may change the emphasis of its future delivery.	JW	<ul style="list-style-type: none">Briefing papers prepared by the Scottish Government and Improvement Service shared across the Senior Management team on the implications of BrexitHorizon scanning highlights potential changes in the political agenda that may impact upon future frameworks allowing time to address these.Scotland Excel has established links with Civil Servants, MSPs and Ministers And has effective political engagement at all levels.	5	5	25	16	
Context: 1. Changes in make-up of Joint Committee impact upon the future direction of the organisation. 2. Brexit is an unknown quantity and implications for procurement will create uncertainty								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced both the impact and likelihood of of this risk. (4 to 4)						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 16 Title: Local Government Changes Context: Competition from other bodies entering the market where Excel has to remain the provider of choice	Scotland Excel faces a risk to its stated position as the provider of choice for Local Government	JW	<ul style="list-style-type: none"> Competitor analysis is undertaken and is used to develop and communicate unique selling propositions (USPs) Opportunity to reprioritise services based on competitive landscape (e.g. avoid duplication and free up resources) An exercise to review and allocate appropriate resources to stakeholder engagement has been carried out. A variety of measures introduced to ensure that the message of achievements, savings and innovation are communicated effectively. Partnership work with SEEMiS demonstrates that Scotland Excel is the "partner of choice". 	3	4	12	9	↓
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the impact of this risk. (4 to 3)						