SCOTLAND EXCEL

Notice of Meeting and Agenda
Scotland Excel Executive Sub-Committee

Date	Time	Venue
Friday, 13 May 2016	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

KENNETH GRAHAM
Clerk

Membership

Councillor Cryle Shand (Aberdeenshire Council); Councillor P Valentine (Angus Council); Councillor Iain Whyte (City of Edinburgh Council); Councillor Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Gill Dykes (Dumfries and Galloway Council); Councillor Altany Craik (Fife Council); Councillor Martin McElroy (Glasgow City Council); Councillor Bill Fernie (Highland Council); Councillor Grace McLean (North Ayrshire Council); Councillor Michael Holmes (Renfrewshire Council); Councillor Amanda Westlake (Shetland Islands Council) and Provost Eileen Logan (South Lanarkshire Council).

Councillor Michael Holmes – Convener.

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 www.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.

Video Conferencing

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

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.

8(b) **Request for Associate Membership of Scotland Excel by Lochalsh and Skye Housing Association**

Report by Director of Scotland Excel.

8(c) **Request for Associate Membership of Scotland Excel by Angus Live**

Report by Director of Scotland Excel.

9 **Date of Next Meeting**

Note that the next meeting of the Executive Sub-committee will be held at 9.45 am on Friday, 17 June 2016 in the City Chambers, Glasgow City Council.

SCOTLAND EXCEL

To: Scotland Excel Executive Sub Committee

On: 13 May 2016

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Report by: Joint Report by the Treasurer and the Director

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Heading: Revenue Budget Monitoring Report to 4 March 2016 (Period 12)

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1.   **Summary**

1.1   Gross expenditure is £93,000 under budget and income is currently £150,000 over recovered which results in a net underspend of £243,000 for Scotland Excel. This is summarised in point 4:

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2   **Recommendations**

2.1   It is recommended that members consider the report.

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3   **Budget Adjustments Since Last Report**

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

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4   **Budget Performance**

4.1   Current Position   Net Underspend £243,000
        Previously Reported   Net Underspend £221,0000

        The variance in expenditure is due to the underspend in Contractors and Others offset by an overspend in Payment to Other Bodies.

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The underspend in Contractors is due to a reduction in the use of consultants to assist Scotland Excel develop tenders for future contracts. As part of the long term aim of achieving a sustainable budget, in line with member's requirements and expectations, Scotland Excel is reducing the requirement for external consultants over employed staff members.

As part of its planned activities, Scotland Excel delivers a range of training courses which are recharged back to delegates. This results in the reported overspend within Payments to Other Bodies, which is offset by an over recovery of income against budget.

The over recovery of Other Income relates to the Training Costs discussed above. In addition, previously unbudgeted income in relation to the National Care Home Contract, covering the period September 2015 to March 2016, has been received. This initiative was planned and agreed with member's during 2015/16.

4.2   Projected Year End Position

The projected year end position shows a draw down from reserves of £255,900 which is £249,600 less than the approved draw down primarily associated with the reduced expenditure on consultants discussed in 4.1.

The 2016/17 budget approved at the Joint Committee in November 2015 was based on an underspend of £193,000 within the 2015/16 budget. The revised projection of £249,600 will result in a higher reserves balance in 2016/17.

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RENFREWSHIRE COUNCIL
REVENUE BUDGET MONITORING STATEMENT 2015/16
1st April 2015 to 4th March 2016

JOINT COMMITTEE : SCOTLAND EXCEL

Description	Agreed Annual Budget	Year to Date Budget	Year to Date Actual	Adjustments	Revised Actual	Budget Variance		
(1)	(2)	(3)	(4)	(5)	(6) = (4 + 5)	(7)		
	£000's	£000's	£000's	£000's	£000's	£000's	%	
Employee Costs	2,763	2,390	2,390	0	2,390	0	0.0%	breakeven
Property Costs	178	133	133	0	133	0	0.0%	breakeven
Supplies & Services	170	99	98	0	98	1	1.0%	underspend
Contractors and Others	263	245	97	0	97	148	60.4%	underspend
Administration Costs	324	133	131	3	134	(1)	-0.8%	overspend
Payments to Other Bodies	22	6	61	0	61	(55)	-916.7%	overspend
GROSS EXPENDITURE	**3,720**	**3,006**	**2,910**	**3**	**2,913**	**93**	**3.1%**	**underspend**
Contributions from Local Authorities	(3,184)	(3,184)	(3,184)	0	(3,184)	0	0.0%	breakeven
Other Income	(30)	(30)	(209)	29	(180)	150	500.0%	Over-recovery
INCOME	**(3,214)**	**(3,214)**	**(3,393)**	**29**	**(3,364)**	**150**	**4.7%**	**over-recovery**
TRANSFER (TO)/FROM RESERVES	**506**	**(208)**	**(483)**	**32**	**(451)**	**243**	**116.8%**	**underspend**

	Agreed Annual Budget	Year to Date Budget	Year to Date Actual	Adjustments	Revised Actual
CORE OPERATIONS EXPENDITURE	3,214	2,581	2,672	4	2,676
NON-CORE OPERATIONS EXPENDITURE	506	423	213	0	213
TOTAL GROSS EXPENDITURE	**3,720**	**3,004**	**2,885**	**4**	**2,889**

£000's
Budgeted Draw on Reserves 506
Anticipated Year End Budget Position is an underspend of 250

£000's
Opening General Reserves (734)

Ring Fenced Reserve (17)
Anticipated Unallocated Reserves (461)
Anticipated Closing Reserves (478)

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Scotland Excel

To: Executive Sub Committee

On: 13 May 2016

**Report
By
Director Scotland Excel**

Associate Members Update Report

1   Introduction

This report provides an update on the work undertaken to support and develop associate membership of Scotland Excel.

2   Background

In May 2015 the Executive Sub Committee approved a report which recommended a review of the associate member fee structure with a move towards new fee levels based upon the spend on contracts made by member organisations. Subsequently at its meeting in November 2015, the Joint Committee also tasked Scotland Excel with exploring ways of raising additional income.

In March 2015 there were 60 associate members who paid a total of £26,000 in membership fees. Many of these were organisations who had been members of the previous organisation "The Authorities Buying Consortium" and were paying nominal fees with limited use being made of the expanded contract portfolio.

3   Existing Associate Members

The first stage of the associate membership project was to review the existing membership base and mitigate the potential negative impact of the fee structure changes. Communication and subsequent discussions with members resulted in 16 organisations resigning. Of these, a majority were given support to access the "Category A" government contracts for goods and services such as stationery which was highlighted as the main or only contract they were using.

A small number of organisations made infrequent use of contracts for items such as the purchase of vehicles or furniture refreshes every 4 or 5 years. These organsisations were advised to contact Scotland Excel again in their planning phases for purchase where membership and access to contracts may be beneficial to them. As a result of the exercise it has been possible to reduce the

Page **1** of **3**

financial burden on charitable organisations whilst ensuring that they have access to the services they required and help them plan for their future requirements.

As part of the dialogue with the associate members to introduce the new fee structure, it created the opportunity to ensure that every organisation was fully aware of the range of benefits available to them and the wider contract portfolio that has been created. One of the tangible results of this was to identify savings in excess of £10,000 for one member organisation from a single contract which they previously had not been utilising.

4   Developing Membership

Scotland Excel undertook a review of potential associate members and has adopted a sector focused approach. The first sector identified is Scottish housing associations.

Changes in procurement legislation and Scotland Excel's extensive contract portfolio has made membership an attractive option for this sector. Further market segmentation has taken place to identify a more manageable and financially beneficial group to target.

The first organisation to be targeted as a potential new member was The Wheatley Group. A number of meetings took place with both Scotland Excel and Wheatley group staff to carry out a detailed analysis of expenditure and potential savings. As a result of this exercise Wheatley group became an associate member in January 2016. The group will pay an annual membership fee of £30,000.

Whilst undertaking a targeted approach in this sector, Scotland Excel is also endeavoring to communicate the benefits of membership to the wider housing association sector. Attendance at housing events and working with Scottish Government on an assessment project has afforded opportunities to identify and secure smaller new members.

While housing associations still remain an area of opportunity and require further development building on the success to date, staff are now also working on other areas of potential membership.

Currently analysis projects are being carried out with other large public sector organisations who could achieve significant savings and benefits from associate membership. The approach of working in partnership to understand current and future spend together with identifying opportunities to access Scotland Excel contracts has demonstrated how organisations can achieve significant returns on the membership fee they pay.

At the end of the last financial year associate membership totals were 46 organisations which had paid fees of £39,000.

5   Next Steps

Scotland Excel continues to work to promote the benefits of associate membership to appropriate groups, to raise awareness of potential savings, share best practice, and to generate income from membership fees.

An associate member strategy will be produced covering the approach Scotland Excel will take in this matter.

Scotland Excel will also consider what other routes it can take to develop additional income whilst recognising the need to maintain its focus on local government, its primary members. Challenges to date on this task have been primarily related to resourcing the project.

6   Recommendation

Committee is requested to note this report.

Scotland Excel

To: Executive Sub Committee

On: 13 May 2016

**Report
by
Director Scotland Excel**

**Operating Plan Update 2015/16
Operating Plan 2016/17**

1. **Purpose of the report**

   In June 2015, Scotland Excel's Joint Committee approved a new three year strategy and rolling annual operating plan. This report provides an update on projects and activities undertaken by the organisation in 2015 -16 and provides a draft of the 2016-17 operating plan that will be presented to the Joint Committee in June.

2. **Planning methodology**

   The rolling annual operating plan records the high level activities and commitments that will be delivered to achieve our four strategic goals:

   The operating plan is used to set annual priorities and detailed performance objectives for the organisation and employees. A review of progress made against these priorities and objectives is undertaken in April each year, and the operating plan is updated to ensure that it remains closely aligned with the goals of the three year strategy and to respond to any changes in the external environment.

   Appendix 2 provides a draft of the updated operating plan for 2016-17 which outlines the high level activities and commitments for second year of strategy

delivery. Scotland Excel's Performance Review and Development (PRD) programme for staff is underway to assess their performance against assigned objectives in 2015-16, and cascade new objectives for delivering the priorities identified for 2016-17.

3. Monitoring and reporting

From April 2016, reports on progress against the activities in the operating plan will be produced at the end of each quarter and submitted to the Executive Sub-Committee at the next scheduled meeting. These will take the format of the report in Appendix 2 which covers progress made by Scotland Excel during the full year of 2015-16.

4. Recommendation

The members of the Executive Sub-Committee are invited to note the approach being taken by Scotland Excel to update the operating plan, and the progress made by Scotland Excel in delivering its corporate strategy.

SCOTLAND EXCEL

Operating Plan

2015 – 2016

Year End Report

Goal 1: Supporting the delivery of better and more effective public services

Strategic objectives

1.1	Deliver a range of collaborative procurement and supplier development services which support customers at a strategic and operational level
1.2	Deliver a range of shared services which support customers in the development of their professional, organisational and commercial capability
1.3	Deliver a range of new shared services which support the effectiveness and efficiency of customer operations

Activity	Year 1 Priorities	RAG status	Progress summary
(a) Develop and implement a contract plan aligned to the strategic priorities of member authorities	• Update rolling contract delivery plan for joint committee approval • Develop a flexible workforce model to resource the contract delivery plan • Hold biannual Commercial UIGs and interim steering group meetings • Develop category strategies for all key category areas	**G**	• An updated contract delivery plan which extends to March 2017 was presented to the joint committee in November. Alternative delivery options to enable further expansion of the portfolio are being explored; these include contract rationalisation, new funding models and cross sector partnership working. • A flexible workforce model has been developed to resource the current contract delivery plan. A resource planner is updated monthly to reallocated resources where required. • Commercial UIGs were held for all councils in June and December to review the contract delivery plan. The smaller steering group of members also met in April, August, October, November and January to provide ongoing input to plans. • Category strategies have been completed for all key category areas to set the direction for future contract development and management.

Objective	Status	Update
(b) Develop and implement a strategy and plan for the delivery of contract and supplier management • Review CSM strategy, methodology and systems • Produce regular reports on contract performance	G	• A project was initiated in November to review all aspects of the existing CSM programme. The project team has been evaluating a performance management module (eSPM) which is available as part of national collaborative eCommerce tools. A pilot is being planned for 2016-17. • Annual contract management reports analysing a range of market and business data are produced for all contracts. These are discussed with managers/peers to agree opportunities for continuous improvement.
(c) Develop and implement a strategy and plan for improving supplier performance • Launch Supplier Excellence Award programme	G	• The Supplier Excellence Awards were held in Glasgow in June, with awards presented to 11 suppliers across 7 categories. The ceremony formed part of a high profile event organised in partnership with the Supplier Development Programme (SDP), and attended by 39 public sector exhibitors and 700 suppliers. Plans will be developed during 2016-17 for the future direction and frequency of the awards programme.
(d) Manage the rollout of a new national procurement capability assessment to the local government sector • Identify and train PCIP assessors • Develop and implement PCIP workshops and training for councils • Agree assessment schedule and complete assessments in line with the schedule	A	• Four members of staff have been trained to undertake Procurement Capability Improvement Programme (PCIP) assessments. Assessors have been selected from teams across the organisation to create a mix of procurement, stakeholder and change management experience. • Six workshops took place throughout Scotland between August and October to help local authorities prepare for the new assessments. • Seven local authorities took part in mock assessments during November. The findings from this exercise have been shared with all councils. • Following consultation with councils, it was agreed that PCIP assessments would delayed until May – October 2016 to allow further time for preparation. However, some councils have elected not to participate in the assessments this year due to other business priorities.

(e) Develop and implement a programme to lead and support the development of procurement and commercial capability	• Secure funding to support the continued delivery of capability and change services • Develop and deliver a programme of capability and change services agreed with councils	**G**	• Scotland Excel secured additional funding to continue the delivery of reform activity in 2016-17 at the joint committee in November. • A number of ad hoc services were delivered during 2015-16 including support for local transformation programmes, assessments to identify additional savings opportunity, and 'critical friend' workshops. • A Procurement Improvement Programme (PIP) steering group has been re-established to plan priorities for this programme. The group met in February to agree priorities and will meet again in May to finalise proposals for a new programme.
(f) Develop and implement a 'procurement academy' to support professional capability and encourage new entrants to public procurement	• Develop a model for the future delivery of learning and development services in line with council requirements • Develop a strategy for implementing eLearning capability	**G**	• Initial 'procurement academy' proposals centred on a Masters qualification were ruled out by councils due to cost. Further research took place in March to identify requirements. eLearning was confirmed as a key priority, and a model has been developed around resources available from professional organisations. This will be piloted during Q1 of 2016-17 and the findings used to inform plans for roll out to the sector. Requirements for a professional development qualification and modern apprenticeship support will be explored during this second phase.
(g) Develop and implement a shared service offering for councils which meets their requirements in a changing public sector landscape	• Develop a shared services strategy aligned to customer requirements	**R**	• Consultation with stakeholders as part of funding proposals identified limited appetite for additional shared services at the present time. This will be revisited as part of Year 2-3 plans with a view to helping local authorities create efficiencies and progress their shared service goals.

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Goal 2: Being sustainable in everything we do

Strategic objectives

2.1	Work with stakeholders to develop procurement strategies which support the delivery of national and local policy priorities
2.2	Deliver positive and measurable social, economic and environmental impact to local communities
2.3	Lead and support customers in the development and implementation of best practice in sustainable procurement

Activity	Year 1 Priorities	RAG status	Progress summary
(a) Develop and implement strategies for responding to procurement and/or public sector legislation	• Develop and implement an action plan for complying with legislative changes • Assess the procurement impact of the community empowerment bill • Develop an action plan to support health and social care integration (HSCI) • Develop a waste category strategy which continues to support compliance with environmental legislation	G	• Scotland Excel supported the Scottish Government with developing statutory guidance on sustainable procurement through the Public Procurement Policy Forum. All staff have been trained on new legislative obligations and a plan to ensure compliance is being implemented. • Assessment of the Community Empowerment (Scotland) Act suggests it is unlikely to have an immediate impact on Scotland Excel, although there may be implications for procurement at local level. A watching brief will be maintained in 2016-17, and support provided to councils as required. • Scotland Excel held a successful HSCI stakeholder event with NSS National Procurement in June. An action plan has been created in partnership with NSS and an engagement plan for IJBs is in development. • The waste category strategy has been completed and Scotland Excel is continuing to manage contracts which support councils with their waste management obligations. A category forum will take place with stakeholders in June.
(b) Ensure Scotland Excel's collaborative frameworks support local and national government policy priorities	• Develop a strategy for incorporating workforce matters in contracts • Develop monitoring and reporting capability for suppliers' workforce policies • Achieve Living Wage accreditation • Develop a social care	G	• Scotland Excel supported the Scottish Government with developing statutory guidance material on workforce matters, and has considered within all tenders since the requirement came into effect in November. • Supplier policies on payment of the Living Wage are reported within contract award recommendations and monitored alongside community benefit commitments. • Scotland Excel achieved Living Wage accreditation in December in support of national policy. • The social care category strategy has been completed. The care homes

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Objective	Actions	Status	Progress
	category strategy which continues to support outcomes focused delivery • Roll out sector deliverables from the National Construction review		for adults with learning disabilities framework awarded in June was developed around the national Keys to Life policy. Enhanced contract management services are now being provided to a number of councils to support the National Care Home Contract. • Scotland Excel is continuing to participate in the Construction Review Delivery Group and communicate outcomes to the sector. Workshops are being considered to support roll out to the sector in 2016-17.
(c) Ensure Scotland Excel's collaborative frameworks support positive local economic outcomes	• Implement measures to review and monitor local impact within strategy development and ongoing contract management • Embed data collection and reporting processes for community benefits • Pilot a local project to encourage SME participation in national contracts	**G**	• Local impact is considered as part of all contract strategy development. Recent initiatives have included the development of opportunities for local producers in food contracts, and for third sector and supported businesses in furniture contracts. • Scotland Excel is continuing to incorporate community benefits into all relevant contracts, and data is collected and reported on a six monthly basis. Enhancements to data collection and reporting processes will be considered in 2016-17. • Scotland Excel's customer account managers provide quarterly reports to councils on local suppliers and community benefits. A pilot project with Comhairle nan Eilean Siar modelled an approach for working directly with councils to support SMEs, and consideration will be given to extending this to other councils in 2016-17.
(d) Ensure Scotland Excel's collaborative frameworks support local government environmental duties and policies	• Continue to support local authority compliance with climate change targets and efforts to recover value from waste	**G**	• Scotland Excel is continuing to support the Scottish Government and Zero Waste Scotland with plans to create a National Brokerage to recover greater value from waste across the public sector.

(e) Champion the development and dissemination of best practice in sustainable procurement	• Develop a sustainable procurement strategy to guide practice across the sector • Continue to work with partners to develop, deliver and promote sustainable procurement tools • Develop an action plan to support stakeholders in meeting obligations from new procurement legislation	**R**

• Scotland Excel's focus during 2015-16 has been supporting the development of statutory guidance on sustainable procurement. A strategy will be developed during 2016-17 to provide practical guidance on all aspects of sustainable procurement.
• Scotland Excel is continuing to participate in Scottish Government's policy and best practice working groups, and has supported updates to the Sustainability Prioritisation Tool and Flexible Framework to reflect legislative changes.
• Scotland Excel supported the sector roll out of national training and e-learning tools for legislative changes, and will assess further support required by the sector in 2016-17.

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Goal 3: Placing customers at the heart of our business

Strategic objectives	
3.1	Work with customers to develop and implement bespoke plans for maximising the value of our services
3.2	Develop robust communications strategies which support customer engagement and position Scotland Excel and its customers as leaders in public procurement / shared services
3.3	Represent the views and needs of customers in the wider stakeholder environment

Activity	Year 1 Priorities	RAG status	Progress summary
(a) Develop and implement a portfolio of account management services that meet the collective and individual needs of local authority customers	• Develop account management plans for each council and deliver services in line with plans • Develop a programme of events in line with customer expectations • Develop and deliver a suite of business information reports in line with customer needs	G	• An account planning methodology has been agreed under the guidance of a new Customer Development Manager appointed in February. Plans are being drafted for each council and will take effect from 2016-17. • A number of seminars and workshops for procurement stakeholders have taken place during 2015-16, with themes including workforce matters, community benefits, health and social care integration and the European Single Procurement Document (ESPD). A programme of events for 2016-17 is being developed in consultation with customers. • Ongoing improvements have been made to the content of quarterly account management reports as a result of customer feedback, and will continue into 2016-17.
(b) Develop and implement a stakeholder engagement strategy that support the delivery of first class customer experience across all of our services	• Complete stakeholder mapping and report • Develop a stakeholder engagement strategy • Deliver a project to improve all aspects of stakeholder engagement and customer experience	A	• Stakeholder mapping has been completed across the organisation to benchmark the strength of relationships, understand how teams engage with their stakeholders, and develop value propositions. The findings have informed the stakeholder engagement project and a report will be produced by July 2016. • A stakeholder engagement strategy encompassing all relationships and customer service activities will be completed by July 2016 • The stakeholder engagement project is progressing well. Due to the size and complexity of the project, the work has been split into eight sub-projects looking at customer principles, senior stakeholders, stakeholder landscape, event management, web refresh, account management, CRM and collaborative tools.

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Objective	Actions	RAG	Progress
(c) Develop and implement a corporate communications strategy that enhances and protects Scotland Excel's corporate reputation	• Develop a marketing and communications strategy and plan • Complete and launch a refreshed Scotland Excel's web presence • Monitor and manage all communications risks arising from Scotland Excel contracts/ activities	**G**	• A marketing and communications strategy and rolling plan has been developed, incorporating an increased focus on raising corporate profile through media relations and public affairs. A specialist media and communications officer will join the team in May 2016. • Development of the Scotland Excel website will be completed by the end of May and will be re-launched in early June. Initial timescales for redevelopment were extended into 2016-17 to incorporate a number of additional enhancements in response to customer feedback. • Scotland Excel is continuing to mitigate communication risks through meticulous handling of media enquiries in line with policy.
(d) Develop and implement a model for associate members which delivers clear business and financial benefits to Scotland Excel and the membership base	• Review and segment the associate member customer base to develop a tiered membership offering • Develop a strategy to support recruitment and retention of associate members	**A**	• A segmented charging model for associate members has been developed based on contract usage. Entry level fees now begin at £500 and rise in line with the value obtained by members. All contract information is now accessible through the Scotland Excel website and the national Catalogue Content Management (CCM) system. • Pilot initiatives to support recruitment have included a mailing campaign, attendance at the Chartered Institute of Housing Scotland Conference in Edinburgh on 1-2 March, and seven procurement capability assessments funded by the Scottish Government. There is stiff competition in this sector from other procurement organisations including Procurement for Housing and Scottish Procurement Alliance. However, Scotland Excel has secured the country's largest social landlord, the Wheatley Group, as an associate member. A strategy is in development to support further recruitment efforts in 2016-17.
(e) Develop and implement a programme for engaging with the wider public sector to ensure Scotland Excel has the right partnerships in place to support the needs of its customers	• Establish forums to gather sector views and share information • Represent sector views within the national public procurement programme • Map the wider stakeholder landscape and develop engagement plans	**G**	• Scotland Excel hosts steering group meetings with council procurement representatives for contract delivery, procurement reform and learning and development. Executive Team members rotate attendance at the Scottish Local Government Procurement Forum (SLGPF). Regular stakeholder workshops take place to discuss key procurement issues. • Scotland Excel continues to represent the sector in all key national procurement forums. Regular meetings take place with Centre of Expertise partners to explore opportunities for cross-sector working. • The wider stakeholder landscape been mapped and responsibility for developing engagement plans and managing relationships with key organisations has been assigned. All plans will be completed by May and reviewed quarterly by the Senior Management Team.

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Goal 4: Becoming the partner of choice for delivering shared services

Strategic objectives

4.1	Implement organisational development policies which support a highly skilled, motivated and engaged workforce
4.2	Implement best practice processes and technology which support the efficient and effective delivery of services to customers
4.3	Implement robust strategies, governance, risk management and funding models which demonstrate a measurable return on investment and secure Scotland Excel's future

Activity	Year 1 Priorities	RAG status	Progress summary
(a) Develop and implement a strategy to support staff recruitment, retention, development, performance and engagement	• Develop a rolling resource plan to support all business areas and activities • Develop a recruitment strategy including a review of the careers microsite	R	• A rolling resource plan is in place for the strategic procurement function. The model will be adapted for other areas of the organisation during 2016-17. • A recruitment strategy is in development and Scotland Excel's careers microsite will be refreshed following the launch of the new corporate website.
(b) Develop and implement programmes to support the continuous improvement of business performance, systems and processes	• Deliver Scotland Excel's transformation programme in line with agreed plans • Develop an ICT strategy and implement plans for key development priorities • Develop proposals for the future of Scotland Excel's ICT infrastructure	G	• Progress has been made across the six projects within Scotland Excel's transformation programme. A review is being undertaken to determine the shape and priorities for the programme in Year 2. • The ICT strategy was completed in December. Key development priorities were agreed as being the website and spend data management and reporting tools. The website is scheduled for completion by the end of May, and a requirements specification for data management is in progress. • Technology company SCC have been engaged to develop infrastructure proposals based on an analysis of ICT requirements across the organisation. Their report is expected in April and will include estimated migration and operational costs.

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Objective	Actions	Status	Progress
(c) Ensure that Scotland Excel delivers its plans through effective governance, risk management and policies	• Review Scotland Excel's governance arrangements • Implement and embed new risk management methodology • Develop a rolling plan for reviewing policies and processes • Agree a methodology for quarterly performance reporting	G	• Scotland Excel is reviewing governance arrangements with legal colleagues from Renfrewshire Council. Terms of reference for the Chief Executive Officers Management Group (CEOMG) are being updated and action is being taken to revitalise membership of this group. • Risks are being monitored, managed and reported in line with the new methodology. At the request of joint committee members, reports will now show variance in risk assessments due to mitigations put in place by Scotland Excel. • A full review of contract policies, procedures and documentation has been completed as part of the governance project within the transformation programme. A review of key policies for absence management and flexitime has been completed and a plan for reviewing other corporate/HR policies has been developed. • A quarterly performance reporting methodology and template has been developed and will take full effect from April 2016.
(d) Develop and implement a strategy for gathering, analysing and distributing business intelligence within Scotland Excel and across the sector	• Review existing resources and develop a plan and systems requirements for managing data, information and intelligence • Develop an enhanced MI strategy to support the expansion of the contract portfolio	G	• A review of data, information and intelligence resources has been completed as part of the business intelligence project within the transformation programme. Systems requirements for data management and reporting tools are being developed as an ICT priority project. • An agreement with Keynote has been established to provide participating councils with access to market reports. The opportunity to provide more extensive business intelligence services for councils will be investigated in 2016-17.
(e) Develop and implement a clear, transparent and sustainable funding and delivery model for Scotland Excel	• Develop a sustainable funding model for Scotland Excel	A	• Additional funding was agreed by the Joint Committee for the delivery of Reform and Learning and Development services. • Further work is required to develop a funding model which supports support long term sustainability including investigation of chargeable services, rebates, supplier levies and/or expansion of the associate member base.

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Report Key	
R	Project or activity is currently stalled or significantly behind schedule
A	Project or activity is progressing at a slower pace than anticipated and/or results have been weaker than expected
G	Project or activity has been completed and/or is progressing in line with expected/agreed timelines and targets

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SCOTLAND EXCEL

Operating Plan
01 April 2016 – 31 March 2017

Introduction

Scotland Excel is the Centre of Procurement Expertise for the local government sector. Established in 2008, we deliver shared services for collaborative procurement, and lead initiatives to increase procurement capability across the sector though learning and development, consultancy and the development of methodologies, tools and guidance to support good practice.

Our contracts and services aim to increase efficiency and ensure money is saved to protect front line public services. Our strategic approach to procurement has supported innovation in service delivery, helped to deliver national and local policies, and brought wider economic, environmental and social benefits to communities through sustainable procurement and supplier development.

In 2015, we published a new three year corporate strategy to underpin the next phase of growth for our organisation, and ensure our long term sustainability as a successful local government shared service. The strategy has been designed to meet current and future requirements of local authorities identified through extensive stakeholder engagement, consultation and research.

Our vision is to be the shared service partner of choice for the local government sector by ensuring that everything we do delivers value to our customers and their communities. The strategy map on page 3 provides an overview of our business goals and strategic objectives, and the full strategy document is available to download from our website.

To support the strategy, we have developed a rolling annual operating plan to record the high level activities and commitments we will deliver to achieve our business goals. The plan is used to guide detailed action plans for the organisation and set annual performance objectives for employees.

This is second iteration of the plan and changes reflect the progress that has been made in 2015-16 and the priorities we have identified for the coming year. An annual report against key priorities for the first year provides further detail and can be used to track the evolution of the operating plan.

The operational plan will continue to be reviewed and updated annually to reflect progress against our commitments and respond to any changes in the external environment. We will also continue to assess how well we have achieved the eight outcomes identified in the strategy map and take any action required to ensure our strategy remains on track.

Strategy Map

Vision

To be the shared service partner of choice for the Local Government sector

Mission

To deliver **effective** and **customer-orientated** shared services which support **collaborative**, **innovative** and **sustainable** public services, add **measurable value** for our customers, and bring **tangible benefits** for local communities and service users.

Values

Professional ● Courageous ● Respectful ● Integrity

Outcomes

Our services support the effective and efficient delivery of public services	Our services support the implementation of national and local policy priorities	Our customers receive relevant communication and support	Our people, policies, processes and technology optimise our value
Our expertise supports continuous improvement in our sector's procurement performance	Our services help to deliver positive and sustainable outcomes for communities and service users	Our reputation demonstrates the value of collaboration	Our customers are satisfied with our services and achieve a measurable return on their investment

Goals

1: Supporting the delivery of better and more effective public services	2: Being sustainable in everything we do	3: Placing customers at the heart of our business	4: Becoming the partner of choice for delivering shared services
Strategic objectives:	**Strategic objectives:**	**Strategic objectives:**	**Strategic objectives:**
1.1 Deliver a range of collaborative procurement and supplier development services which support customers at a strategic and operational level	2.1 Work with stakeholders to develop procurement strategies which support the delivery of national and local policy priorities	3.1 Work with customers to develop and implement bespoke plans for maximising the value of our services	4.1 Implement organisational development policies which support a highly skilled, motivated and engaged workforce
1.2 Deliver a range of shared services which support customers in the development of their professional, organisational and commercial capability	2.2 Deliver positive and measurable social, economic and environmental impact to local communities	3.2 Develop robust communications strategies which support customer engagement and position Scotland Excel and its customers as leaders in public procurement /shared services	4.2 Implement best practice processes and technology which support the efficient and effective delivery of services to customers
1.3 Deliver a range of new shared services which support the effectiveness and efficiency of customer operations	2.3 Lead and support customers in the development and implementation of best practice in sustainable procurement	3.3 Represent the views and needs of customers in the wider stakeholder environment	4.3 Implement robust strategies, governance, risk management and funding models which demonstrate a measurable return on investment to customers and secure Scotland Excel's future

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Progress against outcomes

During 2015-16, our activities achieved the following outcomes. A more detailed report on our progress during 2015-16 is published on our website, along with case studies outlining the impact of our work.

Our services support the effective and efficient delivery of public services	**Our expertise supports continuous improvement in procurement performance**
• New contracts delivered for care homes for adults with learning difficulties and buildings related engineering consultancy • Health and social care event held to explore opportunities to provide procurement support to Integrated Joint Boards (IJBs) • Enhanced procurement and contract management provided for the National Care Home Contract	• 42 training courses delivered to 526 delegates as part of the Enhancing Procurement Capabilities programme • Practitioner workshops held on workforce matters, community benefits, and the European Single Procurement Document • Support provided for local authority procurement transformation programmes
Our services support the implementation of national and local policy priorities	**Our services help to deliver positive and sustainable outcomes for communities and service users**
• Care home for adults contract developed in line with the national 'Keys to Life' policy • Groceries tender included local produce options to support Scottish SMEs and the national Dairy Action Plan • All suppliers encouraged to pay the Living Wage, and workforce matters scored in tenders where appropriate	• Community benefits delivered 32 apprenticeships, 12 jobs and 7,515 hours of work experience • £400m spend with Scottish-based suppliers, of which 65% is with SMEs • Community meals contact supports independent living and involved service users in the evaluation
Our customers receive relevant communication and support	**Our reputation demonstrates the value of collaboration**
• Scotland Excel News launched to provide regular updates to all stakeholders • Category newsletters re-launched to provide contract updates for procurement and technical stakeholders • Website refresh includes an enhanced contract directory in response to customer feedback	• 22 print and online news stories generated by press releases • Scotland Excel staff invited to speak at 11 events and conferences • Winner of 3 categories at the GO Awards (Scotland), and of the National GO Award for Initiative or Innovation of the Year

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Our people, policies, processes and technology optimise our value	Our customers are satisfied with our services and achieve a measurable return on their investment
• Transformation programme initiated to support improvement in six key business areas	• Estimated savings of £15.5m achieved in 2015, representing a return of £5 for every £1 invested in Scotland Excel
• Contract and supplier management programme reviewed to increase efficiency and improve reporting	• Pilot opportunity assessments with 7 councils have identified up to £6m additional savings potential
• ICT infrastructure review initiated to ensure optimum technology platform for business efficiency	• Review of account management services and reports initiated to improve value to councils

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Priorities for 2016-17

Summary of the key activities and commitments we have identified for this year:

Goal 1: Supporting the delivery of better and more effective public services

- Continue to implement the contract delivery plan to March 2017 and pursue options for extending the plan beyond this date
- Pilot and roll out a new approach to Contract and Supplier Management (CSM)
- Deliver an integrated programme of supplier development activity including future plans for the Supplier Excellence Awards
- Complete the first cycle of national Procurement and Commercial Improvement Programme (PCIP) assessments
- Implement a refreshed procurement capability programme aligned to council development needs
- Deliver a new learning and development strategy including the roll out of eLearning capability
- Develop a strategy for encouraging and supporting new entrants to procurement
- Investigate new shared service offerings which provide further efficiencies for members

Goal 2: Being sustainable in everything we do

- Continue to implement plans to provide procurement support for Integrated Joint Boards (health and social care)
- Continue to provide participating councils with procurement and contract management support for the National Care Home Contract
- Develop plans to support the delivery of frameworks for adult supported living and care at home
- Continue to support national and local policy initiatives through procurement
- Develop a strategy for engaging with supported businesses
- Develop enhanced monitoring and reporting for community benefits and local economic impact
- Continue to support local government environmental duties and policies
- Develop a sustainable procurement strategy and continue to support councils with sustainable procurement practice

Goal 3: Placing customers at the heart of our business

- Continue to implement a refreshed portfolio of personalised account management services for local authorities
- Complete and embed the stakeholder engagement strategy to ensure customers are at the centre of all business activity
- Launch and manage the refreshed Scotland Excel website as the organisation's key source of corporate and contract information
- Increase the profile of Scotland Excel and our stakeholders through a programme of marketing and communications activity
- Develop and implement a strategy for the recruitment and retention of associate members
- Continue to develop and strengthen relationships with external stakeholders to represent and champion the views of our sector

Goal 4: Becoming the partner of choice for delivering shared services

- Develop and deliver an organisational development strategy to support staff recruitment, retention, performance and engagement
- Continue to manage Scotland Excel's transformation programme to support the delivery of corporate strategy and plans
- Finalise a rolling plan for reviewing and evaluating key business processes and policies
- Continue ICT and systems development to support the delivery of corporate strategy
- Continue to review governance arrangements to create a robust framework for delivering the organisation's activities
- Continue to implement plans for improving data management and business intelligence
- Continue to develop a sustainable funding and delivery model for Scotland Excel

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Goal 1: Supporting the delivery of better and more effective public services

Strategic objectives

1.1	Deliver a range of collaborative procurement and supplier development services which support customers at a strategic and operational level
1.2	Deliver a range of shared services which support customers in the development of their professional, organisational and commercial capability
1.3	Deliver a range of new shared services which support the effectiveness and efficiency of customer operations

Activity	Commitment
(a) Develop and implement a contract plan aligned to the strategic priorities of member authorities	• Deliver a rolling schedule of new contract opportunities identified and agreed with local authority stakeholders • Ensure renewed contracts continue to focus on current strategic priorities • Explore new approaches to funding and resourcing emerging opportunities including chargeable services, partnership working and portfolio restructuring • Continue to operate a flexible workforce model that allows the pursuit of emerging opportunities to expand the contract portfolio
(b) Develop and implement a strategy and plan for the delivery of contract and supplier management	• Implement a new approach to Scotland Excel's contract and supplier management (CSM) programme ensuring that the methodology, process and system provide detailed intelligence on contract and supplier performance • Continue to produce annual contract management reports for all contracts to support continuous improvement
(c) Develop and implement a strategy and plan for improving supplier performance	• Deliver an integrated programme of supplier development activity as part of Scotland Excel's CSM model • Develop plans to support the long term future of Scotland Excel's Supplier Excellence Awards • Identify and work with key suppliers within each category to explore the potential for developing long term partnerships which add value to the solutions they provide to councils

(d) Manage the rollout of a new national procurement capability assessment to the local government sector	• Complete Procurement and Commercial Capability (PCIP) assessments for participating local authorities by October 2016 • Review outputs and work with national procurement partners to agree future plans for capability assessments
(e) Develop and implement a programme to lead and support the development of procurement and commercial capability	• Continue to monitor funding and resourcing to support the sustainable delivery of procurement capability and change services to the sector • Develop and deliver a programme of procurement capability and change services, providing customers with a clear menu of inclusive and chargeable services • Deliver an annual conference which supports change and capability within the sector
(f) Develop and implement a Learning and Development strategy to support professional capability and encourage new entrants to public procurement	• Develop and implement a strategy and model for the delivery of sector training needs, partnering with educational and professional institutes to deliver training, qualifications and continuing professional development (CPD) • Develop and implement a strategy to encourage and support new entrants to public procurement, including graduate trainees and modern apprentices • Continue to develop and implement eLearning capability for the delivery of training, considering the use of external partners where appropiate
(g) Develop and implement a shared service offering for councils which meets their requirements in a changing public sector landscape	• Develop and implement a strategy for delivering additional shared services, aligned to customer needs, ensuring that each new service has a clear value proposition and can be delivered effectively and sustainably by Scotland Excel • Develop plans for reinvesting new streams of funding arising from the development of additional services to support the continuous growth of the organisation and infrastructure

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Goal 2: Being sustainable in everything we do

Strategic objectives

2.1	Work with stakeholders to develop procurement strategies which support the delivery of national and local policy priorities
2.2	Deliver positive and measurable social, economic and environmental impact to local communities
2.3	Lead and support customers in the development and implementation of best practice in sustainable procurement

Activity	Commitment
(a) Develop and implement strategies for responding to procurement and/or public sector legislation	• Continue to support our secotrs in meeting duties arising from the introduction of the new procurement legislation • Monitor risks and/or opportunities arising from the local planning aspects of the Community Empowerment Bill • Continue to develop plans to engage with Integrated Joint Boards (IJBs) to secure social care procurement opportunities arising from the Public Bodies (Joint Working) Act • Continue to support councils with meeting their duties arising from the Waste (Scotland) Regulations though the development and delivery of waste services frameworks
(b) Ensure Scotland Excel's collaborative frameworks support local and national government policy priorities	• Continue to consider workforce matters in collaborative tenders, monitoring and reporting on supplier Living Wage commitments • Continue to consider other policy areas that can be supported through collaborative tenders, (e.g. fairly traded products, health and nutrition, organic and local produce) • Continue to develop social care frameworks around national outcomes, (e.g. GIRFEC, Keys to Life) • Continue to support the roll out of recommendations arising from the Construction Review

(c) Ensure Scotland Excel's collaborative frameworks support positive local economic outcomes	• Develop and implement a plan to support participation by local companies in collaborative tenders, providing regular reports to councils on the economic impact delivered for their area • Continue to incorporate community benefits in collaborative tenders to support employment, training and social inclusion at a local level • Continue to develop Scotland Excel's community benefits tracking system and provide regular reports to local authorities on the impact in their local area • Develop a strategy for engaging with supported businesses to increase opportunities for contract participation and/or working with local authorities
(d) Ensure Scotland Excel's collaborative frameworks support local government environmental duties and policies	• Continue to implement Scotland Excel's waste category strategy to support local authority compliance with climate change targets and efforts to recover value from waste • Continue to assess and mitigate the environmental impact of collaborative contracts
(e) Champion the development and dissemination of best practice in sustainable procurement	• Develop a sustainable procurement strategy to guide and support all aspects of sustainable procurement • Continue to support local authorities with meeting their sustainability duties arising from the introduction of new procurement legislation • Continue to work with partners to develop, deliver and promote tools and guidance which support sustainable procurement practices, (e.g. Flexible Framework) • Continue to monitor, review and report on macro-environmental factors affecting public procurement, sharing intelligence and guidance with local authorities

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Goal 3: Placing customers at the heart of our business

Strategic objectives

3.1	Work with customers to develop and implement bespoke plans for maximising the value of our services
3.2	Develop robust communications strategies which support customer engagement and position Scotland Excel and its customers as leaders in public procurement / shared services
3.3	Represent the views and needs of customers in the wider stakeholder environment

Activity	Commitment
(a) Develop and implement a portfolio of account management services that meet the collective and individual needs of local authority customers	• Continue to deliver a rolling programme of account management meetings, information and services in line with plans agreed and reviewed annually with each local authority
	• Identify, initiate and support engagement opportunities within local authorities to facilitate awareness, understanding and uptake of Scotland Excel services across council departments
	• Gather, analyse and report on customer intelligence to support Scotland Excel's business decisions and ensure services remain in line with customer requirements
(b) Develop and implement a stakeholder engagement strategy that support the delivery of first class customer experience across all of our services	• Develop and implement customer service principles for all aspects of our services, ensuring that they are embodied by all Scotland Excel staff
	• Specify and deliver a system/process for managing customer information/preferences, ensuring that all stakeholders receive relevant and timely communication/contact appropriate to their needs
	• Specify and deliver an online platform for managing collaboration with customers, increasing their visibility of all contract activities, facilitating interaction and enabling self-service
	• Specify and deliver a system/process for managing customer complaints, including regular analysis of data to identify common issues and eliminate root causes of dissatisfaction
	• Monitor customer feedback and satisfaction levels, identifying and responding to opportunities for improvement

(c) Develop and implement a corporate communications strategy that enhances and protects Scotland Excel's corporate reputation	• Continue to deliver a rolling programme of campaigns, events and activities which market Scotland Excel's services and promote the impact of our work to a wide range of stakeholders • Launch Scotland Excel's refreshed website and maintain as the primary source of accurate and up-to-date corporate news and information • Continue to identify, monitor and manage all communications risks arising from Scotland Excel's collaborative contracts and/or other business activities
(d) Develop and implement a model for associate members which delivers clear business and financial benefits to Scotland Excel and the membership base	• Continue to develop and market a segmented membership offering for existing associate members, with clear costs, benefits and transparency around contract usage • Develop and implement a strategy to identify and secure new associate members to increase contract spend, achieve better pricing/benefits for all members, and generate funding for reinvestment in Scotland Excel
(e) Develop and implement a programme for engaging with the wider public sector to ensure Scotland Excel has the right partnerships in place to support the needs of its customers	• Continue to host and/or attend local authority forums to share information, reach consensus on sector views and secure a mandate to lead/influence on behalf of the sector where appropriate • Continue to represent and champion the views and requirements of the sector within the Public Procurement Reform Programme, and strengthen positive working partnerships with other Centres of Procurement Expertise • Continue to develop and maintain relationships with key national/local bodies or groups that can influence public policy, (e.g. COSLA, Improvement Service, Scottish Care, CCPS, FSB, Chambers of Commerce) • Continue to develop relationships and build influence with key partners and representative bodies for public service areas supported by collaborative procurement, (e.g. SFT, SCOTS, Social Work Scotland, Zero Waste Scotland)

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Goal 4: Becoming the partner of choice for delivering shared services

Strategic objectives

4.1	Implement organisational development policies which support a highly skilled, motivated and engaged workforce
4.2	Implement best practice processes and technology which support the efficient and effective delivery of services to customers
4.3	Implement robust strategies, governance, risk management and funding models which demonstrate a measurable return on investment and secure Scotland Excel's future

Activity	Commitment
(a) Develop and implement a strategy to support staff recruitment, retention, development, performance and engagement	• Continue to implement rolling workforce forecasts and plans to ensure that Scotland Excel always has the right mix of people and skills to deliver its corporate strategy and operational plans • Continue to develop and implement a recruitment management strategy, including the implementation of a new careers microsite and effective candidate management processes • Develop and implement an employee performance management policy and process which ensures that all job descriptions, competencies and behaviours are clearly aligned with Scotland Excel's vision, mission, values and plans • Continue to implement employee development plans which are clearly aligned to identified corporate and personal training needs, offer a route to career progression, support staff retention and ensure effective succession planning • Develop and implement an employee engagement and reward strategy to support staff motivation, retention, communication and wellbeing

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	• Review and manage Scotland Excel's transformation programme to ensure it continues to support the delivery of the 2015-18 corporate strategy and operational plans
(b) Develop and implement programmes to support the continuous improvement of business performance, systems and processes	• Continue to develop and implement a programme of ICT and systems development to support the delivery of business activities identified in the 2015-18 corporate strategy, operational plans and the transformation programme
	• Continue to establish an information ICT infrastructure to support organisational flexibility and growth, and provide efficient and effective support for all technologies utilised
	• Create a quality assurance forum and develop a rolling plan for reviewing and evaluating key business processes
	• Continue to build relationships with academic, business and professional partners which support the development and sharing of innovation and best practice
	• Retain Investors in People (IiP) and Chartered Institute of Procurement and Supply (CIPS) accreditation, and seek accreditation for other areas of the business as appropriate
(c) Ensure that Scotland Excel delivers its plans through effective governance, risk management and policies	• Continue to review and update Scotland Excel's governance model to ensure that it provides the optimum level of oversight of the organisation's performance and business activities
	• Continue to review and report on identified corporate and contract risks in line with Scotland Excel's risk management methodology and plan
	• Continue to develop and implement a rolling plan for reviewing Scotland Excel's corporate policies to ensure they provide an appropriate and supportive framework for business activities and performance
	• Implement performance monitoring and reporting procedures to facilitate the provision of regular reports on all aspects of business performance
(d) Develop and implement a strategy for gathering, analysing and distributing business intelligence within Scotland Excel and across the sector	• Continue to manage data, information and intelligence across the organisation, ensuring that all staff have access to the knowledge they require to deliver their goals
	• Continue to investigate opportunities for extending business intelligence services to local authority customers, ensuring a clear value proposition that can be delivered effectively and sustainably by Scotland Excel
(e) Develop and implement a clear, transparent and sustainable funding and	• Continue to develop and implement a transparent funding model, based around core and chargeable services, to finance the organisation between 2015 and 2018

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delivery model for Scotland Excel	• Continue to review Scotland Excel's business delivery model, ensuring that all fixed and operational costs return optimal efficiency and value for money
	• Continue to explore opportunities for securing and managing rebates and/or supplier levies from collaborative contracts on behalf of councils to support reinvestment in Scotland Excel's future growth
	• Complete ongoing reviews of the funding and business delivery models, incorporating costs and revenues from the launch of new shared services as appropriate

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Measuring performance

To ensure that we are meeting our goals and objectives, and delivering the desired outcomes from our corporate strategy, we will use a range of indicators and measures to monitor our performance and report our progress. Specific KPIs and/or targets to ensure the delivery of our activities and commitments will be set within project, team and individual performance plans.

Outcome	Indicators of success
Our services support the effective and efficient delivery of public services	• Spend and savings statistics • Contract and supplier management scorecards • Contract development timeframes • Council contract participation rates • Innovation case studies
Our expertise supports continuous improvement in procurement performance	• Procurement capability scores • Learning and development participation statistics
Our services support the implementation of national and local policy priorities	• Contract performance statistics • Community benefits case studies • Stakeholder feedback
Our services help to deliver positive and sustainable outcomes for communities and service users	• Community benefits case studies • Local economic impact statistics • SME participation in collaborative frameworks
Our customers receive relevant communication and support	• Account management coverage • Customer satisfaction survey results • Web usage statistics

Our reputation demonstrates the value of collaboration	- Media articles published - Invitations to speak at events and conferences - Web usage statistics
Our people, policies, processes and technology optimise our value	- Skills and qualifications of staff - Staff engagement survey results - ICT/process efficiencies - Customer satisfaction survey results - Professional accreditations
Our customers are satisfied with our services and achieve a measurable return on their investment	- Customer satisfaction survey results - Spend and savings statistics - Local economic impact statistics

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Scotland Excel

To: Scotland Excel Executive Sub Committee

On: 13 May 2016

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**

In 2015 Scotland Excel carried out a full review of the organisation's risk register to reflect the new 3 year operating plan. As a result of the review, a new risk management approach and plan was created and presented to the Joint Committee in November 2015.

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.

3. **Risk Management update**

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

Members of the Senior Management Team also ensure that their staff have visibility of the register to highlight any new risks or actions to mitigate risks which emerge.

The risk management process implemented has successfully allowed the organisation to ensure the risk management is a key focus for the wider organisation and the risk management plan is a "living document". Several action items have arisen from the process encompassing areas such as contingency planning and sustainability.

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Based on feedback from the Joint Committee in November and the experience of operating the plan for six months, further enhancements have been made to the process including the implementation of residual risk levels and risk movement.

Risk control measures implemented as a result of the planning process have resulted in 8 risks with a reduced risk level and 6 remaining static. Further work is underway through the risk management process to understand the potential for reducing the remaining organisational risks.

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.

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SCOTLAND
EXCEL

Risk Management Plan

2016

CONTENT

1. Risk management arrangements within Scotland Excel

1.1 During 2014-15, the organisation has implemented a range of standard procedures in keeping with the organisation'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 will be carried out by the Senior Management Team and the top 5 risks will be 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 will put in place a range of measures and processes. These will include:

(1) The Senior Management team owns and regularly reviews the risk register reporting on it to the governance committee of elected members.

(2) 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.

(3) Ensuring that staff are equipped and supported to identify and manage risk in their area.

(4) The organisation will ensure that is has effective arrangements in place for managing risks in partnerships.

(5) Ensuring that the management of risk contributes to achieving positive outcomes for the organisation including encouraging innovation and identifying new opportunities.

3. Summary report on previous year's risk position

3.1. As part of the review of service this is a new risk register that reflects the current and future risks identified for the organisation.

4. Current internal and external business context for the organisation

4.1. The Scotland Excel Senior Management Team (SMT) have 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 revised strategic risk register.

4.2. As a basis for refreshing 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.

- Becoming the partner of choice for delivering shared services.

4.3. 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
  o The Christie Commission on the Future Delivery of Public Services
  o Changes in the political landscape, such as the breakup of CoSLA and the formation of the new Local Government Partnership
  o Health and social care integration – joint bodies as new legal entities who may procure through other means and not access Scotland Excel contracts

- ECONOMIC CONTEXT
  o The increasing focus on public sector procurement as a driver of economic benefits and the the relationship between procurement and the local economic agenda
  o Financial pressures and budget cuts in member councils
  o Financial (and other) factors impacting on resilience of suppliers – potential for provider failure/ business continuity risk

- SOCIAL CONTEXT
  o The increasing focus on public sector procurement as a driver of social benefits

- TECHNICAL CONTEXT
  o Complexities of certain new markets and matching in-house capacity/ capability
  o The third phase of the national Public Procurement Reform Programme – potential to be out of step with what's seen as good practice – detached from key requirements
  o Linked to the above, recommendations in the Review of Scottish Public Sector Procurement in Construction - the need to review, position the organisation to better serve customers (PCA good example)
  o Scotland's Digital Future/ delivery of Public Services strategy and the Local Government Information and Communication Technology (ICT) strategy – access in local communities. – Opportunity. – reputation that we say we can deliver ICT contract but can't deliver.

- LEGISLATIVE CONTEXT:
  o The Procurement Reform (Scotland)Bill
  o Changes to EU and UK procurement legislation
  o Consultation on the Community Empowerment (Scotland) Bill – Scotland Excel Contracts may not be fully utilised. Sales and marketing need to respond and there is opportunity for small projects team to be involved.
  o 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
  o Public Bodies (Joint Working) (Scotland) Act 2014

- ENVIRONMENTAL CONTEXT
  o The increasing focus on public sector procurement as a driver of environmental benefits

4.4. Further to the above consideration of the current external business environment, 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:

- Performance against Transforming Scotland Excel priorities

- 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– poor forecasting in terms of timelines
- 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

4.5.   On the basis of the extensive consideration of the above business context, the organisation has identified and agreed the key strategic risks to be recorded within its risk register going forward from 01/09/2015.

5.   The risk register from October 2015

5.1.   The risk register is shown in detail in Appendix 1. The risks are categorised under the themes noted below (referred to in more detail earlier in paragraph 4.2), reflecting the strategic aims of the organisation and one additional category to enable capture of significant risks that are inherent in business as usual for the organisation:

- Supporting the delivery of better and more effective public services

- Being sustainable in everything we do.

- Placing customers at the heart of our business.

- Becoming the partner of choice for delivering shared services.

5.2. In summary, the evaluation of Scotland Excel's risks shows the risk profile as:

IMPACT		Remote (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Extreme (5)		5	10 R1	15 R4 R5 R14	20 R11 R12	25
Major (4)		4	8 R8	12 R13	16 R2	20
Moderate (3)		3	6 R6 R7	9 R9	12 R3	15
Minor (2)		2	4	6	8 R10	10
Insignificant (1)		1	2	3	4	5

LIKELIHOOD

Low (1-3),   Moderate (4-9),   High (10-16),   or   Very High (17-25)
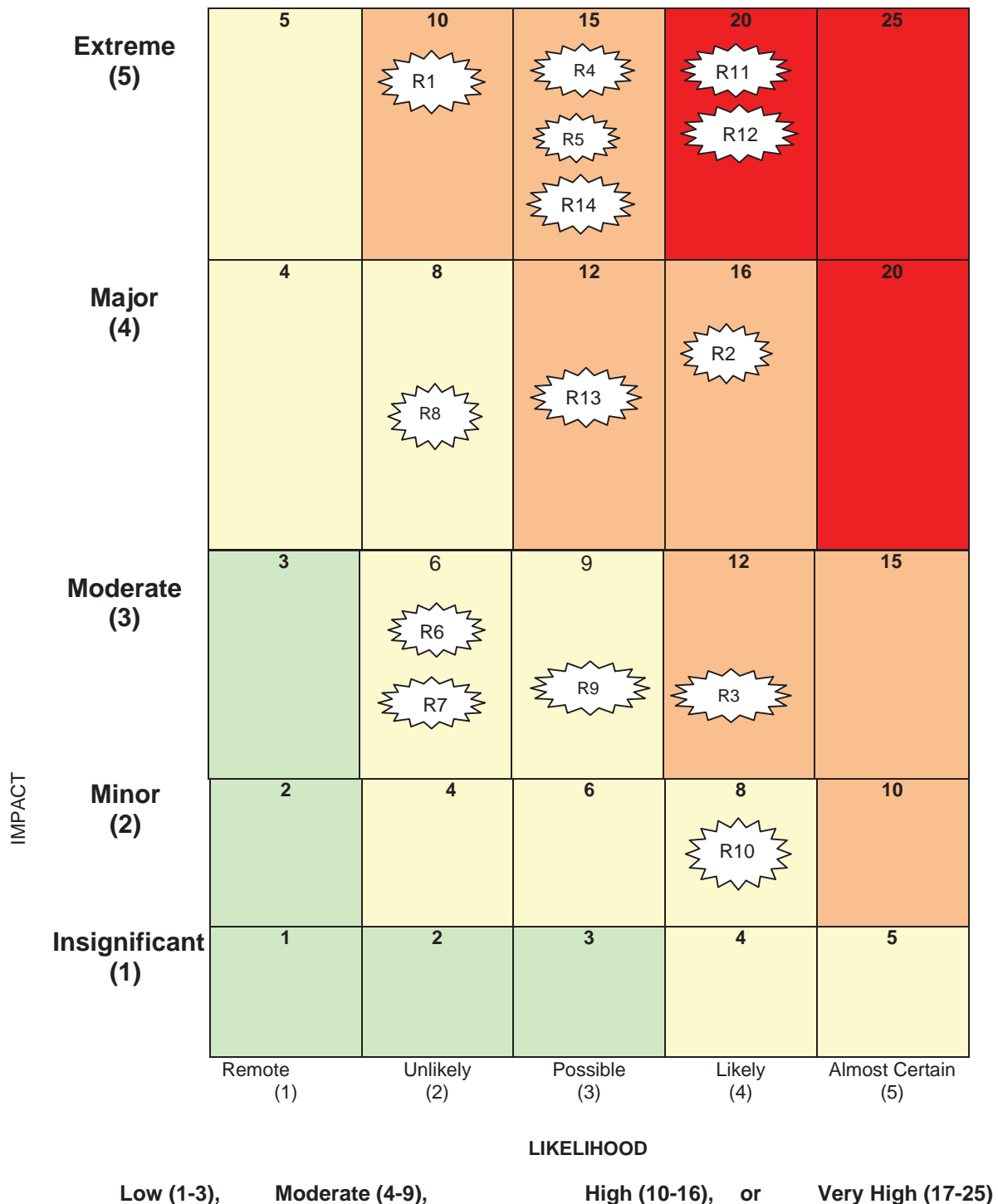
5.3. The organisation's top five risks (in terms of potential significance) are:
   (1) Long Term Sustainability of Organisation
   (2) Recruitment and Retention of Staff
   (3) Expectations of Stakeholders for Scotland Excel to be a "Thought Leader"
   (4) Supplier or Service Provider Failure
   (5) Business Continuity

5.4. 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.

5.5. Strategic risks will be reported on a 6 monthly basis to the Executive Sub Committee.

5.6. As a minimum, the Senior Management Team will review the entire strategic risk register on a quarterly basis.

5.7. 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.

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 1 Title <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	▪ 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. ▪ Head of Service role created with responsibility for engaging with stakeholders to ensure that requirements are met and relationships are managed effectively. ▪ 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	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.			

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 2 Title: <u>Context:</u> (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 Impact of TTIP – Transatlantic Partnership	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, as per Zero Waste Scotland for the development of waste contracts. ▪ Contract governance arrangements mitigate some risk on capability, (i.e. opportunity to identify issues before a tender goes to market)	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.			

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 3 Title: 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	Scotland Excel fails to develop to meet demands and diversification as the requirement for new shared services develops.	SB	▪ Ensuring that there is ongoing robust market testing of all new shared service propositions ▪ Ensuring 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.	4	4	16	12	→

Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date		Status	
		The control measures of the organisation have reduced the impact of this risk.						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 4 Title: 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	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	▪ Horizon scanning in place with appropriate staff reviewing monthly ▪ Strengthening partnerships in the wider stakeholder environment through meetings, conferences and collaborative working ▪ An 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.	3	5	15	15	↕

Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date		Status	

Risk 5

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 5 Title: 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	The failure of a service provider could have significant implications for service provision within member council areas.	HC	▪ 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.	3	5	15	15	↕

Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		

Risk 6

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 6 Title: Context: (1) Lack of awareness of or input to development of frameworks.	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	▪ 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	→

Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the impact of this risk.						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 7 Title: 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.	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	▪ 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 secure 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 reviewed as part of our procurement strategy.	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.						

Risk 8

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 8 Title: 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.	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	▪ Scotland Excel has engaged PR professionals to raise awareness of the organisation and the benefits from the contracts that are in place. ▪ Promotional materials including guides for buyers and suppliers produced. ▪ Regular updates to all stakeholders via the quarterly newsletter / magazine. ▪ 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.	3	4	12	8	→

Action Ref	Linked Actions	Latest Notes	Assigned to	Due Date	Status
		The control measures of the organisation have reduced the likelihood of this risk.			

Risk 9

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 9 Title: 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.	Scotland Excel is faced with negative publicity or a media crisis which compromises the organisation's stakeholders	SB	▪ 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 proactively ▪ Scotland Excel make use of external specialists to supplement in-house resources as required ▪ Executive team have had media training to ensure effective handling of any issues that may arise.	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.			

REF: Risk 10

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 10 Title: Context: (1) Implementation of stakeholder policy in contracts (2) Ethical sourcing of products and supplies in the whole supply chain.	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	▪ 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 CSR or benefits which have the potential for a positive media interest, and plans are put in place to deal with these proactively ▪ Contract governance process ensures that appropriate steps are taken to drive ethical sourcing within framework agreements.	2	4	8	8	↕

Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		

REF: Risk 11

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 11 Title: Context: (1) Financial sustainability ▪ Need to attract resources ▪ Council budget cuts ▪ Potential for national organisations / local government withdrawing support (2) Competition from other bodies entering the market where Excel has to remain the provider of choice (3) Desired growth and consequent logistics/ location challenges for the organisation	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 and the ability to remain the provider of choice in the public procurement sector.	JW	▪ Financial Sustainability: o Identifying new opportunities to provide additional chargeable services based on customer demand o Developing and implementing transparent budget management procedures ▪ Competition: o Competitor analysis is undertaken and is used to develop and communicate unique selling propositions (USPs) o Opportunity to reprioritise services based on competitive landscape (e.g. avoid duplication and free up resources) ▪ Growth and logistics: o Ensure 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	4	5	20	20	↕

Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		

Risk 12

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 12 Title:	Scotland Excel encounters problems in recruiting and retaining staff of suitable skill, quality and experience to meet the agreed contract delivery schedule.	JW	▪ Organisational development strategy has been 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.	4	5	20	20	↕
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.								

Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		

Risk 13

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 13 Title:	Legislative changes can impact on the organisation and its stakeholders creating challenges for the organisation to respond to and address.	HC	▪ 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.	3	4	12	12	↕
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) (5)Horizon scanning for future legislative changes								

Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 14 Title: Context: (1) Loss of staff (many staff or key individuals) (2) Loss of facilities (3) Loss of systems (4) Loss of data	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	▪ Scenario planning ▪ Business continuity planning ▪ Plans to recruit, motivate and retain the best staff for the organisation ▪ Full review of IT services to ensure that options for working off site to facilitate continuity of service.	4	5	20	15	→

Action Ref	Linked Actions	Assigned to	Due Date	Status

Latest Notes

The control measures of the organisation have reduced the likelihood of this risk.

Scotland Excel

To: **Executive Sub Committee**

On: **13 May 2016**

**Report
by
Director Scotland Excel**

Tender: **Customer Service Platform**

Schedule: **04/15**

Period: **1 June 2016 until 31 May 2019 with an option to extend for up to one further year until 31 May 2020**

1.   Introduction and Background

This proposed arrangement is for a new collaborative framework agreement for the provision of a Customer Service Platform solution for councils.

A Customer Service Platform will provide councils with a software solution that staff can use to input and process customer service requests, along with an online portal that allows customers to input these service requests personally, without the need to interact with staff.

Scotland's councils deliver a diverse range of customer services and a key goal for all councils is to ensure each citizen has a positive customer experience. Delivering services to customers is vital to ensure councils fulfil their duty of care to the public.

An effective Customer Service Platform can reduce the administrative burden placed on councils acknowledging and responding to service requests, maintaining records and managing data as well as provide essential reporting tools to council staff. It can also ensure that disparate systems share information to produce a full and accurate customer profile, reducing duplicated effort and associated costs.

A tendering exercise completed by The Improvement Service in 2007 established an agreement with a supplier for a Customer Relationship Management System which several councils utilised. Councils have also developed and maintained similar, in-house systems. Changes in ICT and Customer Service strategies, as well as changing technologies and customer expectations, have resulted in a review of the systems used to deliver service requests in councils and the development of this strategy for a Customer Service Platform.

2.   Scope, Participation and Spend

As part of strategy development, the User Intelligence Group (UIG) endorsed the inclusion of two lots as summarised in Table 1. This lotting strategy recognises the current structure of the supply market and was designed to align more closely with council requirements, thus maximising uptake whilst creating opportunities for SME participation.

Table 1: Lotting Structure

Lot No.	Description	Estimated % of spend
1	Hosted solutions	60%
2	On-Premises solutions	40%

Hosted solutions (Lot 1) involve having data stored by the service provider, who owns and maintains infrastructure, software and administrative tasks and makes the system available to clients, usually over the Internet.

On-Premises solutions (Lot 2) involve software that is installed to run on computers, servers, storage devices and any other Council infrastructure in council buildings and data centres.

The nature of the services procured under this framework means that accurately predicting an overall framework spend value is difficult.

Individual council's purchasing decisions will depend on their own IT and Customer Services strategies; as such, it is difficult to predict the split of spend between the lots. It is expected that, as councils move away from having in-house data centres and IT expertise as well as reduced capital budget availability, many may move towards having software on a hosted basis, therefore resulting in an increase in Lot 1 spend.

Sixteen councils have expressed an interest in actively participating in this framework to date. Several councils have contracts in place for this year and therefore do not currently intend to utilise the framework until these arrangements expire. Highland Council, Scottish Borders Council, Edinburgh Council and Argyll and Bute Council have all recently tendered or awarded a contract for similar software packages and therefore do not intend to utilise the framework. The NHS boards and NHS National Shared Services were named on the contract advert and so may use the framework at a later date. In addition, some councils have existing IT outsourcing arrangements and this issue has been identified in the contract notice to ensure that councils with outsourced IT could access and benefit from the framework. Notwithstanding the above, all member Councils and associate members of Scotland Excel were included as potential purchasers in the Contract Notice for this framework and may access it on the advertised terms.

Based on council spend on similar systems and spend data from the previous Improvement Services contract, the framework was advertised at a value of £15 million over the four year period (£3.75m per annum). Due to the nature of the service, spend is likely to increase gradually over the four year period and peak towards the end of the framework as councils ensure they have adequate contract cover for the foreseeable future.

3.   Procurement Process

A User Intelligence Group (UIG) consisting of procurement and technical representatives was established and endorsed a procurement strategy to deliver end user requirements. In addition, a working group of IT and Customer Service representatives was formed to fully develop the technical specifications and support the tender evaluation.

As part of preliminary market research, a Prior Information Notice (PIN) was published on 20 May 2015, which resulted in expressions of interest from 79 organisations. Meetings were held with 11 of those organisations including both existing and new suppliers of Scottish councils. During these meetings, technical specifications, market trends, community benefits and licence/pricing models were discussed.

To ensure maximum competition, the UIG agreed that an open tender process should be followed to establish the successor framework to the Improvement Service's 2007 arrangement.

The Scotland Excel framework was advertised on the Official Journal of the European Union (OJEU) and the Public Contracts Scotland (PCS) portal on the 7 January 2016. The tender process was conducted using the Public Contracts Scotland Tender (PCS-T) system.

The procurement process followed a two stage tendering procedure. At the first stage, tender 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 of the process, the offers were evaluated against 60% Technical and 40% Commercial criteria.

Within the technical section, bidders were required to evidence their knowledge and experience by responding to questions covering the following areas:

Technical
System Usability
Customer Data
Relevant User Access and Administration
Defining and Managing Workflow
Raising and Managing Service Requests
Customer Self Service
Reporting and Performance Management
Audit, Logging and Archiving
Technical Requirements

Service Requirements
Integrations
Community Benefits

As part of the technical evaluation, Scotland Excel reserved the right to ask bidders to demonstrate aspects of the solution to the work group to verify and clarify aspects of their bid.

Within the commercial section, bidders were invited to offer on a lot by lot basis and their offers were evaluated as such.

4. Report on Offers Received

The tender document was downloaded by 94 organisations, with 10 tender responses received. A summary of the offers received is provided in Appendix 1.

The technical evaluation was carried out by the technical panel members and facilitated by Scotland Excel. As part of the technical evaluation, demonstrations were held with several tenderers in order to verify and clarify aspects of their bids. This allowed technical panel members the chance to ask tenderers specific questions in relation to their bids.

In particular, the technical panel members evaluated all of the proposals to meet the technical and functional requirements set out in the tender document and reached consensus on the technical scoring attributed to each offer.

The commercial evaluation was carried out by Scotland Excel based on the methodology stated in the tender documents.

Based on the criteria and scoring methodology as set out in the tender documents, a full evaluation of the offers received was completed. Appendix 2 confirms the scoring achieved by each bidder.

5. Recommendations

Under EU procurement legislation a framework agreement can be concluded with a single supplier or more than one supplier. If the framework agreement is concluded with more than one supplier, the minimum number of suppliers must be three (provided there is a sufficient, acceptable number of suppliers satisfying the selection criteria and meeting the award criteria).

Based on the evaluation undertaken, and in line with the criteria and weightings set out above and in the published tender documents, it is recommended that a multi supplier framework agreement is awarded to 2 suppliers in Lot 1, and to 3 suppliers in Lot 2 as detailed in Appendix 2.

Potential bidders were advised in the published tender documents that it was anticipated that the number of providers appointed to each lot would be one, as long as there were sufficient numbers of acceptable bids received however

Scotland Excel reserved the right to appoint more than one provider to each lot if required to meet the needs of its members and achieve best value. In the case of lot 1 of this framework, considered evaluation of submitted bids has resulted in 2 suppliers being recommended as acceptable bids providing the most economically advantageous tenders in accordance with the published tender requirements, ensuring competitive value and sufficient capacity to meet the needs of potential participating authorities. In the case of lot 2, similar considered evaluation of submitted bids has led to a recommendation that 3 suppliers be appointed as the most economically advantageous tenders in accordance with the published tender requirements.

The recommended suppliers offer best value and represent a mix of small and large organisations. The range of suppliers recommended also provides competitive options for all participating councils, high quality software solutions as well as offering a degree of choice and capacity that will allow councils to consider which bidder is most suitable dependent on the current IT set up and infrastructure within the council.

6.   Benefits

Savings
As this framework is for a new service that has not previously been procured by councils, Scotland Excel has been unable to conduct a traditional benchmarking exercise against current costs and volumes provided by councils. Current rates that are paid for systems that councils have in place do not represent the technical specifications or license requirements requested in the tender. Furthermore, the discounting structure within the contract is particular to each supplier and it is not possible to calculate an exact saving before it becomes clear which supplier each council will select, as the discounting methodology within the tender relates to aggregation of volume.

However, market intelligence indicates that the framework has achieved favourable rates that achieve better value for Scottish councils compared to other UK government frameworks.

Scotland Excel therefore proposes that, although we cannot report a savings figure, we will work closely with councils over the next year to provide accurate savings figures. These will be reported as part of the Contract Delivery Plan update at relevant governance meetings.

It should be noted that, along with the favourable market rates, there are several other benefits, as per the list below, which will provide the councils with efficiencies and cost savings. These include:

- Rationalisation of and reduction in IT systems used within councils, reducing maintenance and service costs
- Improved interoperability with existing council systems
- Reduction in number of servers if Lot 1 (Hosted solutions) is used
- Reduction in rekeying between different systems leading to more efficient use of staff members' time

- Improved knowledge sharing

The framework also gives the opportunity to reduce costs for integrations and/or system developments by ensuring that, if these are paid for by one council using the framework, they are made available for all councils free of charge*. This has been included within the terms and conditions of the framework and provides councils with the opportunity to share development costs as well as reduce the overall costs associated with integrations.

Price Stability
Due to the nature of the service, individual councils will be required to submit detailed requirements to bidders in order to receive an accurate cost for their specific council needs. Councils will have access to the tendered prices in order to compare and query any discrepancies between them and the prices submitted for each council's requirements.

Sustainable Procurement Benefits
The main aim of the Customer Service Platform framework is to ensure that councils have a user friendly solution that allows the public to communicate with the council and allows the council to efficiently and effectively deal with these service requests from the public.

The recommended providers and their offerings provide innovative and forward-looking solutions to common council issues including: reduced rekeying between different systems, improved integration between council systems, improved public access via different channels and the option to integrate with the Improvement Service's "myaccount" authentication solution, giving councils the opportunity to offer services online via their website.

Finally, the solution gives councils the opportunity to reduce their in-house IT hardware, for example, reducing the number of servers they operate, reducing their energy consumption and removing legacy hardware that is no longer efficient, if they choose to purchase from Lot 1 (Hosted solutions).

Community Benefits
As well as the sustainable benefits associated with the services offered under the framework, community benefits have been offered from recommended suppliers including ICT based apprenticeships placements for local university or college students and white paper creation for use across the Scottish public sector.

Recommended suppliers also offered school talks regarding IT career paths and support for "Code Club" initiatives. The initiative gives school children, aged 9 to 11, the opportunity to learn how to code and aims to provide new skills they can use in everyday life as well as give them an awareness of how technology is created.

*The only fees that will be paid are those related to an integrations implementation
Fair work practices including living wage

An unscored question asked bidders to confirm their living wage status. Of the 4 recommended suppliers:

- Three have confirmed that they pay the living wage to all employees (except volunteers, apprentices and interns).
- One confirmed that they pay the living wage to all employees except a small proportion of their workforce. After further investigation, the supplier stated that this was due to using contractors to supplement their own workforce. Scotland Excel will work with this supplier to discuss why this is and whether this can be improved upon during the lifetime of the framework.

Other Benefits

Further benefits offered by recommended suppliers through the framework are outlined below;

- Discounting methodology to support the uptake of the framework by councils
- Integrations paid for by one council are available for all councils utilising the framework at no additional cost (except for specific costs to install them)
- Provision of hosted solution options for councils wishing to move towards hosted IT provision
- Mobile application modules and social media modules to support the mobile working and channel shift agenda respectively
- Sharing of processes and forms across councils to ensure best practice is communicated across the local authority community

7. **Contract Mobilisation and Management**

Each participating supplier will be invited to a mobilisation meeting to enable Scotland Excel to outline the operation of the framework, roles and responsibilities, management information requirements and community benefits commitments.

Both suppliers and participating members will be issued with a mobilisation pack containing all required details to launch and engage in procurement activities within the framework.

In accordance with Scotland Excel's established contract and supplier management programme, this framework has been classified as a level 2 arrangement in terms of both risk and spend requiring annual supplier and user group reviews as appropriate.

Scotland Excel will conduct supplier reviews on a six monthly basis and meet with the UIG on a regular basis throughout the lifetime of the framework to ensure that the services delivered under the framework continue to meet councils' needs and identify any required "roadmap" developments.

8. **Summary**

This framework is for a Customer Service Platform solution, including all relevant installation and maintenance, and aims to maximise collaboration both at the outset and during the framework lifetime, facilitates the procurement of high quality software solutions, promotes added value and delivers best value.

A range of benefits can be reported to Councils over the life of the framework in relation to savings, innovation and community benefits. The framework also seeks to encourage the uptake of hosted solutions by councils and provide adequate coverage for those councils wishing to stay with on-premises solutions. The framework can aid councils to achieve their Digital First, Channel Shift and Cost Reduction strategies by providing them with best value in the marketplace and ensure a future-proof, innovative solution to aid their customer service teams.

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

Appendix 1 - SME Status

Tenderer's Name	SME Status	Location	Lots Tendered
Agilisys Limited	Large	London	1 and 2
Civica UK Limited	Large	Leeds	1 and 2
Connect Assist Ltd	Small	Nantgarw	1
Evolutionary Systems Company Ltd.	Small	London	1
Firmstep Limited	Small	London	1
IEG4 Limited	Small	Alderley Edge	1
KANA Software Ireland Limited	Large	Belfast	1 and 2
Methods Digital Ltd	Small	London	1 and 2
Netcall telecom Limited	Large	Hemel Hempstead	1 and 2
Optevia Limited	Small	Maidstone	1 and 2

Appendix 2 - Scoring and Recommendations

Lot 1 – Hosted solutions		
Tenderer	**Company Number**	**Score**
Firmstep Limited*	4283951	80.5
Netcall telecom Limited*	02831215	68.3
Civica UK Limited	01628868	57.6
KANA Software Ireland Limited	441149	57.0
Connect Assist Ltd	5540728	56.5
Evolutionary Systems Company Ltd.	07559069	53.5
Optevia Limited	04310773	51.8
IEG4 Limited	5733146	49.2
Methods Digital Ltd	08906750	46.6
Agilisys Limited	04327369	40.8

Lot 2 – On-Premises solutions		
Tenderer	**Company Number**	**Score**
Civica UK Limited*	01628868	81.0
Netcall telecom Limited*	02831215	78.5
KANA Software Ireland Limited*	441149	69.1
Optevia Limited	04310773	56.4
Methods Digital Ltd	08906750	50.7
Agilisys Limited	04327369	44.8

*Denotes recommended supplier

Scotland Excel

To: **Executive Sub Committee**

On: **13 May 2016**

**Report
by
Director Scotland Excel**

Care Home Services for Older People

1   Purpose

To update the Scotland Excel Executive Sub Committee on the project considering the future procurement of care home services for older people.

2   Recommendations

Members of the Scotland Excel Executive Sub Committee are invited to:

  i.   note the progress made in developing and implementing Scotland Excel's new contract management service role;
 ii.   note the procurement strategy development work undertaken;
iii.   note the outcome from the National Care Home Contract (NCHC) fee negotiations for 2016/ 2017;
 iv.   note the establishment of the Reform of the NCHC Project group; and
  v.   comment on the proposed next steps.

3   Introduction and Background

On 28 August 2015, the Scotland Excel Executive Sub Committee approved a procurement and contract management role for Scotland Excel in respect of the provision of care home services for older people. The Executive Sub Committee specifically approved Scotland Excel:

- moving ahead to work with those councils supportive of the contract management service; and
- developing an overarching procurement strategy.

Since the August 2015 meeting:

- 24 councils have provided funding to take forward the contract management service and develop the procurement strategy;
- three forums have been held with nominated lead contacts from the 24 councils to refine the contract management service to better align with local requirements and to start shaping the procurement strategy; and
- Scotland Excel has maintained regular dialogue with COSLA, Scottish Local Government Partnership, providers and other key stakeholders.

In parallel to this work, COSLA has completed fee negotiations with providers for 2016/ 2017. COSLA and providers have also formed in partnership with Scottish Government and other key partners a reform of the NCHC/ residential care commissioning project, supported by project group of expert officers.

4 Market Intelligence

Good progress has been made in the first element of the procurement and contract management service – provision of supplementary market intelligence.

Scotland Excel has worked with the nominated council leads to agree a council reporting format, which includes a standard performance dashboard. Scotland Excel commenced production of the reports in February 2016, with all councils scheduled to receive their first tailored report by end June 2016. The reports set out national intelligence and draw comparatives against local commissioning statistics. The intelligence cuts across a range of key areas including occupancy, market concentration, quality and spend. It is expected that the council reports will support the ongoing development of local strategic commissioning plans and complement local contract monitoring information.

Scotland Excel has also been in dialogue with the Residential Care Task Force Implementation Group, National Contingency Planning Group, Care Inspectorate, Scottish Care and the Coalition of Care and Support Providers in Scotland (CCPS) to progress the development of reporting that could act as an early warning indicator of any major providers under potential financial distress. After extensive consultation, Scotland Excel and Scottish Care have scheduled a provider forum for 12 May 2016 to discuss potential reporting content and validation processes. It is expected that around 20 providers could be subject to a future voluntary reporting system. These providers represent approximately 60% of the 24 participating councils' overall spend.

5   Procurement Strategy

During March 2016, council leads were surveyed on a range of commercial and quality considerations that could be considered in any future contracting model. In terms of commercial considerations, the strongest support was for rates to:

- be set on a national basis;
- include performance incentives;
- be varied via national negotiations; and
- be fixed for a set period (greater than 1 year).

In terms of quality matters, the strongest support was for consideration to be given to:

- a minimum quality threshold;
- community benefits;
- workforce matters;
- Scotland Excel collating quantitative management information from providers; and
- councils collating qualitative management information e.g. personal outcomes.

In addition to the survey, a workshop was held with council leads to consider a number of potential procurement options for the future delivery of care home services for older people. The options that were explored in some detail were:

- negotiated shared contract (status quo);
- preferred provider list;
- national framework; and
- local/ regional arrangements.

Council leads considered how strongly each option would deliver against a series of statements identified as important in previous discussions. In addition, council leads were asked to rate how important each statement was to them. At the conclusion, the collated scores confirmed that there was no clear preference for any procurement approach. The workshop outcome suggests that any of the options considered could potentially be structured to meet objectives.

Moving forward, the length of time and level of resource required for each procurement option also needs to be carefully considered. Building on the work undertaken with council leads, there now needs to be consultation with providers, Social Work Scotland and Integrated Joint Boards (representing council, NHS, provider and service user views) to progress the development of the procurement strategy. This work will be progressed with the Reform of the NCHC Project group remit (refer Section 7).

6 NCHC Fee Negotiations

COSLA conducts the annual NCHC fee negotiations for its member councils with Scottish Care and CCPS representatives. Scotland Excel formed part of the 2016/ 2017 negotiating team.

The latest annual negotiation has resulted in a fee uplift of 2.5% from April 2016, with a further fee uplift of 3.9% to apply from October 2016. The settlement requires all providers delivering publically funded care to pay all care staff, regardless of age, experience or time in employment, a minimum of £8.25 per hour from 1 October 2016.

Despite the agreement, some providers have raised disquiet with the agreement. In particular, some providers have expressed concern over:

- the level of provider contribution to meet the £8.25 per hour requirement;
- maintaining pay differentials between staff; and
- nursing pay and conditions.

7 Reform of the NCHC Project

In response to residual concerns, an integral outcome from the fee negotiations was an agreement to establish a group to consider NCHC reform. The remit of this group is to consider whether the current NCHC is fit for purpose in light of policy, demographic and financial drivers as outlined in the Future of Residential Care for Older People in Scotland report, published in March 2014. This group reports to the Delivering Change in Adult Social Care Partnership Group, which ultimately reports to the Ministerial Steering Group on Health and Community Care.

There has been some evidence of confusion across councils between the remit of the reform work and the work being taken forward by Scotland Excel. It is hoped that Scotland Excel's membership of the Project group will ensure the best use of finite resources. Scotland Excel will work in close partnership with all Project group members to help shape the strategic direction for residential care. Scotland Excel will continue to promote to the group, its role as the local government shared resource with the skills to work with all partner organisations to take forward procurement recommendations, including exploring the cost of care.

There is an expectation that the group will report by October 2016 to ensure that any recommendations with financial implications will be considered as part of the spending review process. Scotland Excel will endeavour to align its activities with both the Project group's timelines and those of the Scottish Local Government Partnership.

7 Next Steps

In order to ensure that the procurement strategy is successfully delivered, and to ensure that this Scotland Excel led activity is both recognised and makes a significant contribution to the work of the NCHC Project group, continued significant stakeholder involvement is required. Without building on existing support there is a significant risk that the market will not engage with any recommended procurement option and/or the recommended option will not be politically acceptable. Accordingly, the following programme of activity to develop the procurement strategy will be discussed and agreed with stakeholders:

Activity	Detail	Purpose	Timeframe
Council requirements	Consideration of procurement options	Establish a clear view of requirements	March/ April
Provider engagement	Discuss likely procurement options	Build support	May/ June
Service user engagement	Discuss requirements of end users of services	Signpost work in progress and build in service user views	May
Research	Market intelligence around costs, market segmentation, demand projections	Build rationale for final recommendations	June
Drafting	Deliver first draft procurement strategy based on stakeholder consultation and incorporating market intelligence		July
Review ⸱	Sense check recommendations with all stakeholders	Build support for outcome	July
Strategy publication and implementation	Agree implementation timeframes and stakeholder involvement	Build ownership of strategy and support implementation	September

Scotland Excel will continue to provide regular updates to Scotland Excel Executive Sub Committee members as this work progresses.

8 Recommendation

The Scotland Excel Executive Sub Committee is requested to note progress to date and comment on the planned next steps.

Scotland Excel

To: **Executive Sub Committee**

On: **13 May 2016**

**Report
by
Director Scotland Excel**

Local Authority Living Wage Commitment – Briefing Paper

1   Purpose

To provide an overview by way of background of the new local authority living wage commitment agreed in the local government settlement for 2016/17 and highlight the impact of this commitment for Scotland Excel contracts, noting that a future Scotland Excel strategy will be produced in relation to applicable existing arrangements.

2   Introduction and Background

Payment of the living wage and other fair work practices are widely regarded as important tools to help improve the quality of social care services. Attracting and retaining high quality care staff enables the delivery of high quality and consistent care to vulnerable individuals but can be difficult to achieve in service areas characterised by low wages.

In order to support fair working practices in some of these areas the 2016/17 Local Government Settlement includes a requirement for local authorities to pay the living wage of £8.25 per hour to all care workers in adult social care from 1 October 2016. This requirement extends to purchased care services as well as in-house (local authority) provision impacting care homes, care at home and housing support services. The commitment does not extend to care workers in children's services or ancillary staff working in social care settings such as catering and cleaning staff.

The Scottish Government has provided resource to contribute to this commitment within the local government settlement monies for health and social care. However it is anticipated that the allowed funds will contribute to the increase in basic pay with local authorities and providers expected to fund the remaining cost. In addition to these costs, funding will also need to be found for the resulting on costs including increased national insurance and pension contributions and as well as the costs of maintaining appropriate pay differentials within organisations. The cost impact will vary amongst local authorities depending on local markets, current rates of pay and provider business models.

While the benefits of paying living wage to care staff is unlikely to be disputed local authorities face a number of complexities in the implementation of the commitment including procurement and state aid concerns. Local authorities will be required to

find appropriate solutions to these issues however as the local government settlement agreement states that the Scottish Government reserves the right to remove access to, or recover, funding specifically linked to the living wage commitment should a local authority fail to deliver on the commitment.

3 Issues and Risks

3.1 Procurement

The requirement to pay living wage also raises some practical issues in terms of procurement both for existing and new contracts.

It is not possible to mandate the payment of living wage in a procurement exercise therefore local authorities will rely on providers voluntarily offering to pay living wage as part of their tender submission. As it is not possible to favour the payment of living wage over other fair working practices local authorities will have to assess any scored elements of a tender process accordingly. It will not be possible to exclude providers from tender exercises solely on the basis of failing to pay the living wage therefore local authorities may find themselves in a situation where a provider is successful in a tender exercise on the basis of other criteria but may not pay the living wage.

For existing contracts where the living wage is not currently paid there is concern about whether a variation to require living wage payment is possible or whether this would result in a material change requiring contracts to be re-tendered. While new procurement legislation suggests a variation within 10% of the contract value could be permissible the cost implications in some areas may exceed 10%. In addition, there is concern around the potential for legal challenge from providers unsuccessful in a tender exercise where the resulting contract is subsequently varied as the successful provider did not offer to pay the living wage. This is likely to be a particular concern, for example, where an unsuccessful provider in a tender exercise lost out due to having higher costs as a result of paying the living wage.

3.2 State Aid

Concerns about whether the implementation of the living wage commitment may result in the award of unlawful state aid to providers have been raised with the Scottish Government State Aid Policy Team. The feedback relating to state aid suggests that entering into a contract following an open and transparent procurement process compliant with procurement legislation is unlikely to raise state aid risks. Similarly, varying a contract in a way which is compatible with procurement legislation is likely to be low risk although individual local authorities may wish to consider any implications of this on a case by case basis.

3.3 Financial Impact

As the commitment to pay living wage does not extend to care workers operating in the children's services sectors or in other parts of the UK this is likely to create issues for providers relating to pay parity where their organisations operate across sectors where the living wage will may be paid.

Such a significant shift in policy for adult social care is likely to have a knock on effect on children's services with providers expected to begin increasing staff rates to ensure equity between staff in adults and children's services and to ensure staff retention. While the benefit of paying living wage in other areas of social care is widely recognised and often encouraged, the current funding arrangements do not extend to cover increases in these service areas.

The funding from Scottish Government to contribute to the payment of living wage is linked to the 2016/17 local government pay settlement with further funding to support the commitment in the longer term to be agreed in future settlement agreements. Despite the short term nature of the funding a move away from payment of the living wage in the event funding is not continued seems unlikely.

4   Guidance

Questions regarding the issues highlighted above have been posed to the Scottish Government, the responses to which are currently being drafted into a guidance document by COSLA in collaboration with the Scottish Government and provider representatives, Scottish Care and the Coalition of Care and Support Providers (CCPS), for publishing to local authorities in early May 2016.

This guidance will provide some options for tackling issues highlighted however local authorities will require to make decisions and seek their own legal advice on how to best honour their commitments depending on their individual contracts and local circumstances. Working collaboratively with current and potential providers within the terms of applicable legislation, contract terms and standing orders is likely to be key to successfully delivering against the living wage commitment.

5   Impact on Scotland Excel Contracts

Scotland Excel currently has a role in three areas of social care contracts for adults/older people:

- Care home services for older people
- Social and care agency workers

- Care homes for adults with learning disabilities

5.1 Care Home Services for Older People

While Scotland Excel has begun work on the development of a new strategy for the procurement of care home places and monitoring of the care home market, the existing National Care Home Contract (NCHC) continues to operate. Led by COSLA, the fee negotiation process was concluded in March this year setting the rates for the remaining financial year. The conclusion of the negotiation process agreed an increase of 2.5% to take effect from April 16 with a further increase of 3.9% to take effect from October 16. Included in the negotiation agreement is the payment of living wage to care staff therefore no further changes to this arrangement will be required from October 16 in response to the living wage commitment.

5.2 Social and Care Agency Workers

The Scotland Excel framework for social and care workers was designed and implemented to support payment of the living wage. In order to ensure suppliers were not penalised for offering a fair rate of pay to agency workers the commercial evaluation of the tender was based on evaluating the supplier's fee element of the rate. This creative approach meant that suppliers were under no pressure to reduce pay rates in order to be 'competitive'. Suppliers submitted minimum and maximum rates, which incorporated the living wage, ensuring best value for local authorities and allowing them to engage agency workers at a living wage pay rate.

Where required agency worker payment bands have been adjusted to reflect annual changes to the living wage rate ensuring the current living wage can be incorporated. This approach has been widely recognised as good practice with the agency worker framework winning in the innovation categories of both the Scottish and national GO awards.

No further changes to the framework are required ahead of the Oct 16 deadline.

5.3 Care Homes for Adults with Learning Disabilities

The most recently awarded framework is the framework for care homes for adults with learning disabilities. This is a first generation contract covering a small and specialist area therefore only a limited number of placements have been made under the framework to date.

Of the 26 providers party to this framework nine currently pay living wage to all of their staff with a further five committing to becoming accredited by the Living Wage

Foundation as part of the tender process. Scotland Excel will continue to work with providers to increase the uptake of the framework and to identify which of the remaining providers pay living wage to their care staff.

It is anticipated that there may be some providers not paying living wage to care staff therefore Scotland Excel will need to explore options for addressing this with local authorities and providers to ensure the framework supports the local authority commitment going forward.

6   Conclusion

Scotland Excel will produce a strategy to review and manage necessary changes to the framework for care homes for adults with learning disabilities.

In addition to the guidance, there are several examples whereby local authorities have successfully implemented payment of the living wage within key social care contracts despite the complexities involved. Sharing case studies and examples of good practice amongst local authorities will help support implementation.

7   Recommendation

The Executive Sub Committee is requested to note the update provided, and support the development of a Scotland Excel strategy to support applicable existing arrangements.

Scotland Excel

To: **Executive Sub Committee**

On: **13 May 2016**

Report
by
Director Scotland Excel

Request for Associate Membership of Scotland Excel by Live Borders

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

Live Borders was established in 2003 to manage the sport and leisure facilities of the Scottish Borders Council. Today, as a charitable "arms length organisation" of the council it delivers a wide range of services from various locations in the community. These services meet a a diverse range of needs and expectations from improving health, sporting performance with the aim of delivering improved lives through physical activity, sport and leisure.

To ensure the efficient and cost effective delivery of these services the trust has approached Scotland Excel and requested approval to become an associate member with access to our contracts under Scottish Borders Council's annual requisition fee.

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

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access. Membership commences once committee has approved the application and a Membership Agreement between Scotland Excel and the organisation is signed. The Membership Agreement protects Scotland Excel and Renfrewshire Council in the event of default by the Associate Member in any contract.

Scotland Excel monitors all requests from arms length organisations to become associate members to ensure that any legal requirements are met as not all such organisations are fully funded from their local authority, in this case Live Borders qualify for membership as they in accordance with the Local Authorities (Goods and Services) Act 1970, section 1B, namely that the organisation is not a public body, but it has functions of a public nature or engages in activities of that nature and the purpose of accessing Scotland Excel's services is to facilitate the discharge of those functions and activities.

4   Recommendation

It is recommended to committee that the Live Borders application to join Scotland Excel as an associate member be approved, at no fee, subject to completion and signing of the agreement document.

Scotland Excel

To: **Executive Sub Committee**

On: **13 May 2016**

Report
by
Director Scotland Excel

Request for Associate Membership of Scotland Excel by Lochalsh & Skye Housing Association

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 organization Lochalsh & Skye Housing Association has applied to Scotland Excel for associate membership.

The Housing Association was set up in 1983 as an independent non-profit making housing organisation to develop, manage and maintain housing for rent.

Since then there has been a tremendous growth in the size and the geographical spread of the Association's own housing stock and the association now manages 625 properties.

As the association has evolved, it has adopted new and innovative approaches to meeting its objectives including working in partnership with individuals, groups and organisations for the benefit of all concerned. The association is also committed to regularly reviewing operations to ensure that they are delivering services which are responsive to the needs of customers and which provide value for money.

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The association has an important role in contributing towards the regeneration of communities and strives to participate in activities which enable social inclusion and make a positive contribution to the social, economic and cultural well being of the whole community.

To ensure the efficient and cost effective delivery of these services the trust has 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. The Membership Agreement protects Scotland Excel and Renfrewshire Council in the event of default by the Associate Member in any contract.

Scotland Excel monitors all requests from arms length organisations to become associate members to ensure that any legal requirements are met as not all such organisations are fully funded from their local authority, in this case Lochalsh & Skye Housing Association qualify for membership as they in accordance with the Local Authorities (Goods and Services) Act 1970, section 1(1B), namely that the organisation is not a public body, but it has functions of a public nature or engages in activities of that nature and the purpose of accessing Scotland Excel's services is to facilitate the discharge of those functions and activities.

4   Recommendation

It is recommended to committee that the Lochalsh & Skye Housing Association application to join Scotland Excel as an associate member be approved, at a £500 fee, subject to completion and signing of the agreement document.

Scotland Excel

To: Executive Sub Committee

On: 4 March 2016

**Report
by
Director Scotland Excel**

Request for Associate Membership of Scotland Excel by Angus Live

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

Angus Live was established as trust created to provide cultural activities including library services, visual arts, museums and galleries.

To ensure the efficient and cost effective delivery of these services the trust has approached Scotland Excel and requested approval to become an associate member with access to our contracts under Angus Council's annual requisition fee.

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. The Membership Agreement protects Scotland Excel and Renfrewshire Council in the event of default by the Associate Member in any contract.

Scotland Excel monitors all requests from arms length organisations to become associate members to ensure that any legal requirements are met as not all such organisations are fully funded from their local authority, in this case Angus Live Culture qualify for membership as they in accordance with the Local Authorities (Goods and Services) Act 1970, section 1B, namely that the organisation is not a public body, but it has functions of a public nature or engages in activities of that nature and the purpose of accessing Scotland Excel's services is to facilitate the discharge of those functions and activities.

4   Recommendation

It is recommended to committee that the Angus Live application to join Scotland Excel as an associate member be approved, at no fee, subject to completion and signing of the agreement document.