

Minute of Meeting Scotland Excel Joint Committee

Date	Time	Venue
Friday, 27 November 2015	10:45	City Chambers, Glasgow City Council, 80 George Square, Glasgow, G2 1DU

PRESENT

Councillors Shand and Howatson (both Aberdeenshire Council); Valentine (Angus Council); Morton (Argyll and Bute Council); Rankin and Whyte (both City of Edinburgh Council); Macdonald (Comhairle Nan Eilean Siar Council); Roberts (East Ayrshire Council); McMillan (East Lothian Council); Murray (Falkirk Council); Craik (Fife Council); McElroy and MacLeod (both Glasgow City Council); Fernie (Highland Council); Clocherty (Inverclyde Council); Bryant (Midlothian Council); McLean (North Ayrshire Council); Holmes (Renfrewshire Council); Mitchell (Scottish Borders Council); Provost Logan (South Lanarkshire Council); and Councillors Wright (The Moray Council); Westlake (Shetland Islands Council) and McMillan (West Lothian Council).

CHAIR

Councillor Holmes, Convener, presided.

APOLOGIES

Councillors Drummond (Clackmannanshire Council); Dykes (Dumfries and Galloway Council); Bailie Sawers (Dundee City Council); and Councillors Hendry (East Dunbartonshire Council); Innes (East Lothian Council); Kelly (North Lanarkshire Council); Stockan (Orkney Council); Kellas (Perth and Kinross Council); Wardhaugh (South Lanarkshire Council) and Ryall (West Dunbartonshire Council).

IN ATTENDANCE

J Welsh, Director, H Carr, Head of Strategic Procurement, S Brannagan, Head of Customer & Business Services, A Richmond, Senior Procurement Specialist and L Jones, Personal Assistant to the Director (all Scotland Excel); and A Russell, Director of Finance & Resources, A MacArthur, Head of Corporate Finance, M Conaghan, Legal & Democratic Services Manager, D Forbes, Finance Manager, E Currie, Senior Committee Services Officer and K Druce, Assistant Democratic Services Officer (all Renfrewshire Council).

DECLARATIONS OF INTEREST

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

1 MINUTE OF JOINT COMMITTEE

There was submitted the Minute of the meeting of the Joint Committee held on 12 June 2015.

DECIDED: That the Minute be approved.

2 MINUTES OF EXECUTIVE SUB-COMMITTEE

There were submitted the Minutes of the meetings of the Executive Sub-committee held on 12 June, 28 August and 2 October 2015.

DECIDED: That the Minutes be approved.

3 REVENUE ESTIMATES 2016/17

The Director of Scotland Excel gave a presentation to members in relation to the revenue estimates 2016/17 and the work of Scotland Excel.

There was submitted a joint report by the Treasurer and the Director of Scotland Excel relative to the revenue estimates for Scotland Excel including the requisition for the constituent authorities for financial year 2016/17. The report intimated that Scotland Excel was formally launched on 1 April, 2008 and continued to review its operations to ensure it remained sustainable, 'fit for purpose' and was best structured to deliver its objectives.

The report intimated that the annual revenue estimates process for each year up to 2015/16 had included agreement to draw from retained reserves to fund a number of workstreams relating to the procurement improvement programme. The strategy to retain and utilise reserves in this manner had proved to be an effective financial planning mechanism and had lasted significantly longer than was originally anticipated and had assisted in maintaining core requisitions below the cost of service delivery to member councils.

The budget estimates outlined in the report presented the planned 2016/17 financial position for Scotland Excel taking into account the estimated costs of core operations, incorporating £0.300 million costs of ongoing procurement improvement activities previously funded from reserves; the non-recurring costs related to procurement reform activities due to come to an end during 2016/17, to be met from reserves; and the non-recurring costs related to upgrade investment in ICT provision, to be met from available reserves.

Appendix 1 to the report detailed the revenue estimates 2016/17 and Appendix 2 to the report detailed the member authority requisition levels.

Councillor Holmes, seconded by Councillor McElroy, moved that the Revenue Estimates of Scotland Excel for the financial year 2016/17, as detailed in Appendix 1 to the report, be agreed; that the utilisation of reserve funding to support procurement reform projects due to terminate during 2016/17 be agreed; that the utilisation of reserve funding to support the ICT development programme be agreed; and that the requisition from constituent authorities, as detailed in Appendix 2 to the report, be agreed.

Councillor Roberts, seconded by Councillor McMillan, moved as an amendment that the report be continued to allow options to be provided.

On a vote being taken, 6 members voted for the amendment and 17 members voted for the motion. The motion was accordingly declared carried.

Councillor Morton requested that the information contained in the presentation given by the Director of Scotland Excel earlier in the meeting in relation to the revenue estimates 2016/17 and the work of Scotland Excel be provided to members in bullet point format. It was agreed that this would be circulated with the minutes of the meeting and a copy forms the Appendix to this Minute.

DECIDED:

(a) That the revenue estimates of Scotland Excel for the financial year 2016/17, as detailed in Appendix 1 to the report, be agreed;

(b) That the utilisation of reserve funding to support procurement reform projects due to terminate during 2016/17 be agreed;

(c) That the utilisation of reserve funding to support the ICT development programme be agreed;

(d) That the requisition from constituent authorities, as detailed in Appendix 2 to the report, be agreed; and

(e) That the information contained in the presentation given by the Director of Scotland Excel earlier in the meeting in relation to the revenue estimates 2016/17 and the work of Scotland Excel be provided to members in bullet point format.

4 AUDITED ANNUAL ACCOUNTS 2014/15

There was submitted a joint report by the Treasurer and the Director of Scotland Excel relative to the audited annual accounts for 2014/15 for Scotland Excel which had been approved for signature at the meeting of the Scotland Excel Executive Sub-committee held on 28 August 2015.

The report intimated that the Audit Certificate issued by Audit Scotland provided an unqualified opinion that the abstract of the accounts presented a true and fair view of the financial position of the Joint Committee as at 31 March 2015, in accordance with the accounting policies detailed in the accounts. A report on the 2014/15 audit by Audit Scotland was also submitted for members information and indicated that there were no matters arising from the audit which required specific reporting to members.

Copies of both the audited annual accounts 2014/15 and Audit Scotland's report on the audit were available on the Scotland Excel website.

DECIDED: That the report be noted.

5 **SOCIAL CARE UPDATE**

There was submitted a report by the Director of Scotland Excel relative to Scotland Excel's expanding role in the provision of social care procurement services.

The report intimated that significant local authority resources had been invested in the purchase of social care services from the private and voluntary sectors to meet the increasingly complex needs of the most vulnerable members of our communities. In response to this investment Scotland Excel had established a portfolio of social care contracts on behalf of local authority members.

Scotland Excel's social care contracts covered some of the most complex, high value and high risk services procured by local authorities. The current contract portfolio consisted of seven contracts designed specifically for care in a Scottish context, encompassing the wide range of legislative and policy requirements prevalent across community care, children's services and adult services and these were detailed in the report together with the advertised annual value for each contract.

The National Care Home Contract arrangements had been in place since 2006 and were coordinated through COSLA. Scotland Excel had agreed to provide a suite of new procurement and contract management services for the care home services for older people to supplement existing contract monitoring services. Funding contributions for each of the 25 participating local authorities had been agreed to provide the necessary procurement, data analysis, financial accounting and legal skills required to deliver the planned activities.

A number of other areas of new work had been identified by local authorities as potential areas for further collaboration. These included two significant areas of local authority expenditure, adult supported living and care at home. Annual spend on adult supported living was approximately £400 million and a procurement exercise in this area could produce greater transparency and understanding on costs as well as provide clarity on terms and conditions and national oversight and monitoring of the financial stability and performance of key providers. Annual spend on care at home services was approximately £450 million and whilst this market was far less concentrated, there remained scope to improve understanding of trends and variations across Scotland and, as a result, enhance local commissioning responses. National work was needed to dissect costs of service provision, identify service gaps and deliver a more cohesive approach to procurement of these services across Scotland.

There were no other collaborative procurement organisations offering social care contracts covering critical services such as those provided by Scotland Excel. This role was challenging and had taken significant investment from Scotland Excel and local authorities to develop the market knowledge, contract expertise and stakeholder relationships to enable Scotland Excel to lead the way in the development of successful national social care arrangements. There were a number of areas of potential further involvement for Scotland Excel in the provision of social care procurement services, which would be driven by local authority demand.

DECIDED:

- (a) That the progress made to date in developing and managing social care contracts be noted; and
- (b) That Scotland Excel continue to explore new social care procurement opportunities with local authorities.

6 LIVING WAGE ACCREDITATION

There was submitted a report by the Director of Scotland Excel relative to the Living Wage Accreditation.

The report intimated that Scotland Excel had, through the tender process, encouraged employers to support paying the Living Wage to their staff employed in the delivery of goods and services across the whole contract portfolio. The next stage in promoting this key area of corporate social responsibility would be the pursuit of accreditation as a Living Wage Employer at a cost of £200 per year.

Some of the benefits of paying the Living Wage had been identified as those receiving it could afford a decent quality of life; for some it meant working fewer hours and having time to see their families, volunteer in their communities or look after their health. Independent research had identified that employers found paying the Living Wage had resulted in a 25% fall in absenteeism; 80% of employers believed it had enhanced the quality of the work of their staff; and 66% of employers reported a significant impact on recruitment and retention within their organisation.

DECIDED:

- (a) That the report be noted; and
- (b) That approval be given to Scotland Excel pursuing accreditation as a Living Wage Employer.

7 SCOTLAND EXCEL RISK REGISTER

There was submitted a report by the Director of Scotland Excel relative to a review of the risk register that had been maintained to assess threat or risks that could impact on delivery of Scotland Excel's organisational objectives and to identify actions that were being taken to mitigate such risks.

The report intimated that as there had been numerous changes in the local authority landscape, the Scotland Excel's Senior Management Team had, over recent weeks, reviewed the register and had compiled a new risk register, a copy of which formed the appendix to the report. The review of the risk register had identified the current risks which might impact upon the organisation and its stakeholders.

The risk register contained a matrix setting out all risks identified for the organisation and highlighted the top five risks, The risks would continue to be monitored and reviewed on a quarterly basis and reported to the Executive Sub-committee on a six-monthly basis.

It was proposed that the format of the risk register be amended to a traffic light style of reporting; that it contain the previous year's figures; mention customers and stakeholders and be reported to the Joint Committee on an annual basis. This was agreed.

DECIDED:

(a) That in future the risk register be in a traffic light style format of reporting and contain the previous year's figures and mention customers and stakeholders;

(b) That the risk register be reported to the Executive Sub-committee on a six-monthly basis; and

(c) That the risk register be reported to the Joint Committee on an annual basis.

SEDERUNT

Councillor Wright left the meeting prior to consideration to the following item of business.

8 CONTRACT DELIVERY PLAN

There was submitted a report by the Director of Scotland Excel relative to the progress against the 2015/16 contract delivery plan.

Appendix 1 to the report detailed the contracts to be renewed; Appendix 2 to the report detailed new contracts to be developed and delivered in 2015/16 and Appendix 3 to the report detailed contracts with extension options and contract management activity ongoing in 2015/16.

It was proposed that future reports on progress against contract delivery plans summarise where targets had not been reached. This was agreed.

A discussion took place relative to the number of vacancies within Scotland Excel and cost implications associated with these vacancies. The Director of Scotland Excel agreed to provide this information to members.

DECIDED:

(a) That the progress to date be noted;

(b) That future reports on progress against contract delivery plans summarise where targets had not been reached; and

(c) That the Director of Scotland Excel provide information to members relative to the number of vacancies within Scotland Excel and the cost implications associated with these vacancies.

SEDERUNT

Councillor Howatson left the meeting prior to consideration of the following item of business.

9 **SPEND ACTIVITY AND ESTIMATED FORECAST SAVINGS - QUARTER 1 2015/16**

There was submitted a report by the Director of Scotland Excel providing an overview of the spend activity and estimated savings achieved through the Scotland Excel collaborative contacts.

The report included additional spend data provided by suppliers for four quarters from 1 July 2014 to 30 June 2015. Appendix 1 to the report detailed the expenditure summary per council and Appendix 2 to the report detailed the expenditure summary by contract.

It was proposed that, in future, a further column be added to the appendices detailing the previous year's figures. This was agreed.

DECIDED:

(a) That the participation levels and associated benefits estimated be noted; and

(b) That, in future, a further column be added to the appendices detailing the previous year's figures.

SEDERUNT

Councillor Mitchell left the meeting prior to consideration of the following item of business.

10 **COURT PROCEEDINGS UPDATE**

There was submitted a report by the Clerk relative to an update on court proceedings raised by Street Lighting Supplies & Co Ltd against Scotland Excel and Renfrewshire Council.

The report intimated that Street Lighting Supplies & Co Ltd had initially raised court proceedings in Paisley Sheriff Court against Scotland Excel and Renfrewshire Council in an attempt to prevent a contract being made. Scotland Excel had successfully argued that the case should not be heard within the Sheriff Court and should be transferred to the Court of Session. At the Court of Session the pursuer continued to argue that no contract award should be made. Scotland Excel successfully resisted that argument and the Court declined to make an interim order in that regard. The pursuer then sought to amend their claim to one for damages only claiming £345,000 and a proof before answer had been fixed for 5 to 10 November 2015.

Prior to the hearing, the pursuer had agreed to abandon their action and make a significant payment in respect of Scotland Excel's legal expenses. This case was prior to the commencement of Scotland Excel's insurance cover in respect of such court actions. Any similar actions raised against Scotland Excel would now be dealt with under the terms of that insurance cover.

DECIDED: That the report be noted.

11 **MEETINGS OF SCOTLAND EXCEL JOINT COMMITTEE 2016**

There was submitted a report by the Clerk relative to proposed meeting dates for the Joint Committee during 2016.

DECIDED: That meetings of the Joint Committee be held at 10.45 am on 17 June and 9 December 2016 within the City Chambers, Glasgow City Council.

12 **DATE OF NEXT MEETING**

DECIDED: That it be noted that the next meeting of the Joint Committee would be held at 10.45 am on 17 June, 2016 within the City Chambers, Glasgow City Council.