

Notice of Meeting and Agenda Scotland Excel Joint Committee

Date	Time	Venue
Friday, 29 June 2018	10:45	City Chambers, Glasgow City Council, 80 George Square, Glasgow, G2 1DU

KENNETH GRAHAM
Clerk

Membership

Councillor Alan Donnelly and Councillor John Reynolds (Aberdeen City Council); Councillor Bill Howatson and Councillor Alastair Bews (Aberdeenshire Council); Councillor Angus Macmillan Douglas (Angus Council); Councillor Rory Colville (Argyll and Bute Council); Councillor Alasdair Rankin and Councillor Graham Hutchison (City of Edinburgh Council); Councillor Phil Fairlie (Clackmannanshire Council); Provost Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Stephen Thompson (Dumfries and Galloway Council); Bailie Willie Sawers (Dundee City Council); Councillor Gordon Jenkins (East Ayrshire Council); Councillor John Jamieson (East Dunbartonshire Council); Councillor John McMillan (East Lothian Council); Councillor Tony Buchanan (East Renfrewshire Council); Councillor Gary Bouse (Falkirk Council); Councillor Altany Craik and Councillor Ross Vettraino (Fife Council); Bailie Norman MacLeod and Councillor Jane Morgan (Glasgow City Council); Councillor Alister Mackinnon and Councillor Andrew Baxter (Highland Council); Councillor Jim Clocherty (Inverclyde Council); Councillor Derek Milligan (Midlothian Council); Councillor Donald Gatt (Moray Council); Councillor Todd Ferguson (North Ayrshire Council); Councillor Paul Di Mascio and Councillor Kenneth Stevenson (North Lanarkshire Council); Councillor Barbara Foulkes (Orkney Islands); Councillor Colin Stewart (Perth and Kinross Council); Councillor John Shaw (Renfrewshire Council); Councillor Simon Mountford (Scottish Borders Council); Councillor Amanda Westlake (Shetland Islands Council); Councillor Peter Henderson (South Ayrshire Council); Councillor Eileen Logan and Councillor Collette Stevenson (South Lanarkshire Council); Councillor Alison Laurie (Stirling Council); Councillor Ian Dickson (West Dunbartonshire Council); Councillor John McGinty (West Lothian Council).

Councillor John Shaw (Convener): Councillor Paul Di Mascio (Vice 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 <http://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx>

For further information, please either email

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

Members of the Press and Public

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

Items of business

Apologies

Apologies from members.

Declarations of Interest

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

- | | | |
|-------------|---|------------------|
| 1 | Minute of Joint Committee | 5 - 14 |
| | Minute of meeting of the Joint Committee held on 8 December 2017. | |
| 2 | Minutes of Executive Sub-committee | 15 - 44 |
| | Minutes of meetings of the Executive Sub-committee held on 8 December 2017, 26 January, 23 March, 27 April and 1 June 2018. | |
| 3 | Membership of Scotland Excel Executive Sub-committee | 45 - 46 |
| | Report by Clerk. | |
| 4 | Scotland Excel Unaudited Annual Accounts 2017/18 | 47 - 84 |
| | Report by Treasurer. | |
| 5 | Internal Audit Reports | |
| 5(a) | Internal Audit Reporting Arrangements | 85 - 88 |
| | Report by Chief Auditor. | |
| 5(b) | Internal Audit Report Summary - Contract Management (Tendering) | 89 - 94 |
| | Report by Chief Auditor. | |
| 5(c) | Internal Audit Annual Report 2017/18 | 95 - 106 |
| | Report by Chief Auditor. | |
| 6 | Funding Model Review | 107 - 126 |
| | Report by Director of Scotland Excel. | |
| 7 | Review of Governance Structure of Scotland Excel | 127 - 144 |
| | Report by Director of Scotland Excel. | |
| 8 | Extension of Lease and Office Expansion | 145 - 148 |
| | Report by Director of Scotland Excel. | |
| 9 | Additional Drawdown of Reserves 2018/19 | 149 - 150 |
| | Report by Director of Scotland Excel. | |

10	Care Home Services for Older People	151 - 154
	Report by Director of Scotland Excel.	
11	Proposed Contract Rebate/Supplier Levy Strategy	155 - 158
	Report by Director of Scotland Excel.	
12	Operating Plan Update 2017/18	159 - 172
	Report by Director of Scotland Excel.	
13	Corporate Strategy 2018/23 and Operating Plan 2017/18	173 - 218
	Report by Director of Scotland Excel.	
14	Annual Procurement Report	219 - 274
	Report by Director of Scotland Excel.	
15	Community Benefits and Fair Work Practices Update	275 - 280
	Report by Director of Scotland Excel.	
16	Organisation Information Report	281 - 282
	Report by Director of Scotland Excel.	
17	Date of Next Meeting	
	Note that the next meeting of the Joint Committee will be held at 10.45 am on 7 December 2018 within Glasgow City Council, City Chambers, Glasgow.	



Minute of Meeting Scotland Excel Joint Committee

Date	Time	Venue
Friday, 08 December 2017	10:45	City Chambers, Glasgow City Council, 80 George Square, Glasgow, G2 1DU

Present

Councillor Alan Donnelly (Aberdeen City Council); Councillor Charles Buchan (substitute for Provost Bill Howatson) (Aberdeenshire Council); Councillor Les Sharp (Clackmannanshire Council); Provost Norman Macdonald (Comhairle Nan Eilean Siar Council); Councillor Stephen Thompson (Dumfries & Galloway Council); Councillor John Jamieson (East Dunbartonshire Council); Councillor John McMillan (East Lothian Council); Councillor Gary Bouse (Falkirk Council); Councillor Altany Craik and Councillor Ross Vetraino (both Fife Council); Bailie Norman MacLeod and Councillor Jane Morgan (both Glasgow City Council); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor Barbara Foulkes, (Orkney Islands Council); Councillor John Shaw (Renfrewshire Council); Councillor Amanda Westlake (Shetland Islands Council); Councillor Peter Henderson (South Ayrshire Council); Councillor Colette Stevenson (South Lanarkshire Council); Councillor Ian Dickson (West Dunbartonshire Council) and Councillor John McGinty (West Lothian Council).

Chair

Councillor Shaw, Convener, presided.

In Attendance

J Welsh, Director, H Carr, Head of Strategic Procurement, S Brannagan, Head of Customer & Business Services and E McKay, Category Manager (all Scotland Excel); M Conaghan, Legal & Democratic Services Manager, A MacArthur, Head of Finance, E Currie, Senior Committee Services Officer, M Ball, Senior Accountant and K O'Neill, Assistant Democratic Services Officer (all Renfrewshire Council).

Apologies

Provost Bill Howatson (Aberdeenshire Council); Councillor Angus Macmillan Douglas (Angus Council); Councillor Rory Colville (Argyll and Bute Council); Councillor Graham Hutchison and Councillor Alasdair Rankin (both City of Edinburgh Council); Bailie Willie Sawers (Dundee City Council); Councillor Gordon Jenkins (East Ayrshire Council); Councillor Jim Clocherty (Inverclyde Council); Councillor Marc Macrae (Moray Council); Councillor Todd Ferguson (North Ayrshire Council); Councillor Ian Campbell (Perth & Kinross Council); Councillor Simon Mountford (Scottish Borders Council); and Councillor Eileen Logan (South Lanarkshire Council).

Declarations of Interest

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

1(a) Minute of Joint Committee

There was submitted the Minute of the meeting of the Joint Committee held on 30 June 2017.

DECIDED: That the Minute be approved.

1(b) Minutes of Executive Sub Committee

There were submitted the Minutes of the meetings of the Executive Sub-committee held on 30 June, 25 August, 15 September, 13 October and 17 November 2017.

DECIDED: That the Minutes be approved.

2 Audited Annual Accounts 2016.2017

Under reference to item 2 of the Minute of the meeting of the Executive Sub-committee held on 15 September 2017 there was submitted a joint report by the Treasurer and the Director of Scotland Excel relative to the audited annual accounts for Scotland Excel for 2016/17.

The report intimated that the audit certificate issued by Audit Scotland provided an unqualified opinion that the annual accounts presented a true and fair view of the financial position of the Joint Committee as at 31 March 2017, in accordance with the accounting policies detailed in the accounts. A report on the 2016/17 audit by Audit Scotland was also attached to the report.

It was noted that the Executive Sub-committee had approved the audited annual accounts 2016/17 for signature.

DECIDED: That the report be noted.

3 Revenue Estimates 2018/2019

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 2018/19 and indicative planning figures for 2019/20 and 2020/21.

Appendix 1 to the report detailed the revenue estimates 2018/19 and Appendix 2 to the report detailed the member authority requisition levels.

DECIDED:

(a) That the revenue estimates of Scotland Excel for the financial year 2018/19, as detailed in Appendix 1 to the report, be agreed;

(b) That the requisitions from constituent authorities, as detailed in Appendix 2 to the report, be agreed;

(c) That the indicative estimates for 2019/20 and 2020/21 be noted; and

(d) That the Director of Scotland Excel further explore the options for addressing the indicative funding gap over the medium term, as detailed in section 5 of the report, and submit a report to the next meeting of the Joint Committee.

Sederunt

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

4 Initial Options on the Future Governance Structure of Scotland Excel

There was submitted a report by the Director of Scotland Excel relative to initial options for the future constitutional/governance structure of Scotland Excel with a view to generating sustainable future revenue streams to support new service development and allow member requisitions to be protected from inflationary increases.

The report intimated that in addition to Scotland Excel's current core functions, such sustainability may be created by enabling full commercialisation of Scotland Excel's consultancy services to other bodies and allowing Scotland Excel to access other funding streams to fund more short or longer term projects.

Initial research had identified four possible options being, maintaining the current model; widening the powers available under the current model; adding a trading company to the current or amended model; and converting the current model into an arm's length external organisation ("ALEO") of Scotland Excel's local authority members with a trading subsidiary and these were detailed in the report.

The Executive Sub-committee and the Chief Executive Officers Management Group had been consulted on this proposal and as a result Scotland Excel would concentrate further investigation on the first, second and third models. It was emphasised that these options were at the early stages of consideration and as such no conclusions had been made.

It was noted that a further report on the possible future governance arrangements would be submitted to the next meeting of the Joint Committee with a view to implementation.

DECIDED: That further investigation of the possible future governance structure of Scotland Excel be approved.

5 Lease

There was submitted a report by the Director of Scotland Excel relative to the current property lease for Scotland Excel's premises in Renfrewshire House, Paisley which was due to expire in February 2018.

The report intimated that Scotland Excel had diversified its funding model to bring in funding from both the Scottish Government and a contract rebate leading to increased staff numbers and a number of initiatives were currently underway to increase available floor space. It was proposed that Scotland Excel extend its current lease with Renfrewshire Council to February 2019 and that a review of options for future accommodation be carried out. A report on this matter would be submitted to the meeting of the Joint Committee to be held in December 2018.

It was noted that recommendation 3ii of the report should read 'December 2018' and not 'December 2019'.

DECIDED:

(a) That a one year extension to the lease to February 2019 be approved;

(b) That a property options appraisal and a recommendation for a new lease be provided to the Joint Committee in December 2018; and

(c) That authority be delegated to the Director of Scotland Excel to extend the current lease with Renfrewshire Council.

6 Associate Membership Proposal

There was submitted a report by the Director of Scotland Excel relative to an update on associate membership and the proposal of a new fee structure for housing association associate members.

The report intimated that the Associate Membership Strategy had been agreed at the meeting of the Joint Committee held on 9 December 2016. Housing associations (Registered Social Landlords) had been identified at a potential market for membership and had been the primary focus for new membership in 2017.

The strategy recommended a review of fee structures and resulted in a pilot fee structure of a minimum fee of £500 irrespective of housing stock levels; £1.50 per unit where number was greater than the minimum level; and a maximum fee of £30,000. The maximum fee level ensured that no housing association paid more than council members and therefore would not seek membership rights and powers.

It was noted that no allowance for inflationary increases currently existed within associate membership and it was proposed that general, non-housing association fees should also be reviewed and any annual increases considered across all fees.

DECIDED: That the progress made on associate members be noted and that the proposed fee structure be approved.

7 Request for Associate Membership of Scotland Excel by North Glasgow Housing Association Ltd (trading as ng homes)

There was submitted a report by the Director of Scotland Excel indicating that North Glasgow Housing Association Limited, trading as ng homes, had submitted an application, on an emergency basis, to become an associate member of Scotland Excel in order to instruct works as a result of issues arising from the Grenfell Tower fire.

The report intimated that paragraph (h) of Scotland Excel's Scheme of Delegations authorised the Director "to act in an emergency situation with the approval of the Clerk and where possible after consulting the Convener, or in his absence the Vice-Convener of the Joint Committee and the Chair of the Management Group, and thereafter report on the action taken to the first available meeting of the Joint Committee."

The Convener and the Legal and Democratic Services Manager, Renfrewshire Council, acting in the clerk's absence, had been consulted and agreed on the Director's course of action to approve immediate associate membership.

DECIDED: That the Director's decision to approve the application by ng homes to become an associate member of Scotland Excel, at an annual membership fee of £8,160, under delegated authority be noted.

8 Update on the Contract Delivery Plan

There was submitted a report by the Director of Scotland Excel relative to the progress against the 2017/18 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 2017/18 and Appendix 3 to the report detailed contracts with extension options and contract management activity ongoing in 2017/18.

DECIDED: That the progress made to date be noted.

9 Operating Plan 2017/2018

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

The report intimated that in June 2015 the Joint Committee approved a new three-year corporate strategy and rolling annual operating plan. Quarterly reports were being produced to track Scotland Excel's performance against operating plan activities and these reports summarised the progress made against the key priorities identified each year using a 'traffic light' symbol which provided a quick guide to the status of each action. Appendix 1 to the report provided an update on progress undertaken during the first half of 2017/18 and updates on ten key performance indicators (KPIs) included within the plan.

The report highlighted that progress reports would be produced at the end of each quarter and submitted to the Executive Sub-committee at their next scheduled meeting. Half yearly and annual reports would also be submitted to future meetings of the Joint Committee.

DECIDED: That the progress made by Scotland Excel in delivery of the 2017/18 operating plan be noted.

10 Community Benefits and Fair Work Practices Update

There was submitted a report by the Director of Scotland Excel providing an update on the community benefits facilitated and delivered from the Scotland Excel portfolio of framework agreements for the period to 30 September 2017 together with an update on Fair Work Practices.

The report intimated that the requirement to include community benefits in the delivery of goods and services was an integral element within Scotland Excel frameworks. Community benefits were reviewed with suppliers at contract management review meetings and reported to local authority procurement managers at quarterly business review meetings. The system used to capture and record community benefits had been updated to address the requirements of the statutory guidance made under the Procurement Reform (Scotland) Act 2014 and to further support the drive to deliver sustainable procurement.

Table 1 to the report detailed a summary of the social value added across the portfolio since 2013. The appendix to the report detailed the community benefits by council for the period April to September 2017.

The next community benefits data collection, analysis and review cycle would be completed in line with management information processes to cover the period to the end of March 2018. The results would be reviewed with the supply base and where appropriate would be incorporated into supplier performance objectives.

DECIDED: That the report be noted and the measures proposed to monitor delivery of community benefits for 2017/18 financial year be supported.

11 Procurement Commercial Improvement Programme (PCIP) Results

There was submitted a report by the Director of Scotland Excel providing an update on the status of the procurement assessment programme within member councils and the work undertaken by Scotland Excel to support councils with the Procurement and Commercial Improvement Programme (PCIP).

It was noted that all 32 councils had now undertaken a PCIP assessment.

DECIDED: That the progress of the 2017 Procurement and Commercial Improvement Programme be noted.

12 Scotland Excel Risk Register

There was submitted a report by the Director of Scotland Excel relative to the risk register maintained to assess risks and threats that could impact on delivery of Scotland Excel's organisational objectives and to identify actions that were being taken to mitigate such risks. A copy of the Risk Management Plan was appended to the report.

The report intimated that the risk register had been reviewed and had identified the current risks to the organisation. The risks would continue to be monitored and reviewed on a quarterly basis by the Senior Management Team and be reported on a six-monthly basis to the Executive Sub-committee and the Joint Committee.

It was proposed that the Director of Scotland Excel submit a report to the next meeting of the Joint Committee regarding Brexit; that the section entitled 'Summary report on previous year's risk position' which was missing from the Risk Management Plan be added and issued to members for information; that information be provided to members on who forms the User Intelligence Groups and how invitees are selected for each UIG; that the titles of each risk be added to the report; and that risk 11 be updated to refer to the Business Development Tool. This was agreed.

DECIDED:

- (a) That the report and progress made to date be noted;
- (b) That the Director of Scotland Excel submit a report to the next meeting of the Joint Committee regarding Brexit;
- (c) That the section entitled 'Summary report on previous year's risk position' which was missing from the Risk Management Plan be added and issued to members for information;
- (d) That information be provided to members on who forms the User Intelligence Groups and how invitees are selected for each UIG;
- (e) That the titles of each risk be added to the report; and
- (f) That risk 11 be updated to refer to the Business Development Tool.

13 Fife Proposal

There was submitted a report by the Director of Scotland Excel relative to the status of a transformation project proposal that Scotland Excel had been asked to submit to Fife Council.

The report intimated that Fife Council approached Scotland Excel in August 2017 with regard to potential involvement in their organisation-wide transformation programme. Fife Council sought a new approach to transformation support by working more extensively with a public sector partner rather than a private sector partner.

Fife Council asked Scotland Excel to construct a draft proposal for its views on what a commercial transformation programme would look like for the council. Due to time constraints this proposal was required by early September 2017. Scotland Excel undertook a limited number of meetings with officers at the council and produced a first draft proposal.

Scotland Excel believed that this approach by Fife Council should be recognised as sector leading whereby an existing public sector shared service was involved in a significant transformation programme. Scotland Excel believed this would ensure talent, knowledge and experience was retained within the public sector with an option to extend to other members.

The proposal supported the strategic aims of Scotland Excel to work in partnership with members and other bodies to deliver innovative services and solutions. It also sought to support the work of addressing the financial challenges within Fife council and allowed the lessons learned to be shared across the wider local government sector.

Fife council would review Scotland Excel's proposal and, if accepted, it was anticipated that it would commence in April 2018.

It was proposed that the Director of Scotland Excel submit an update report to the next meeting of the Joint Committee. This was agreed.

DECIDED:

(a) That the programme be supported should Scotland Excel be successful with its proposal; and

(b) That the Director of Scotland Excel submit an update report to the next meeting of the Joint Committee.

14(a) Affordable Housing Project Update Report

There was submitted a report by the Director of Scotland Excel relative to the Affordable Housing Programme operated by Scotland Excel on behalf of the Scottish Government.

The report intimated that the Scottish Government, as part of the Affordable Housing Supply Programme (AHSP) had committed to delivering at least 50,000 affordable homes by March 2021 backed by over £3 billion of investment. The sector would be required to undertake considerable procurement activity in relation to this programme.

The wider public sector had benefited from significant investment and focus in procurement reform since publication of the Review of Public Procurement in Scotland - Report and Recommendations in 2006. The affordable housing sector had not been part of this national transformation programme.

Scotland Excel had submitted a proposal to the Scottish Government in 2016 on the role the organisation could play in delivering the Scottish Government's aspirations within the AHSP. The proposal sought funding of £412,000 for a two-year pilot programme to develop procurement capability, implement policy and identify financial savings. This proposal was accepted by the Scottish Government and approved by Scotland Excel Joint Committee.

The report provided details on the project deliverables and benefits and provided an update on the project since its launch in April 2017.

DECIDED: That the progress made on the Affordable Housing Programme be noted.

14(b) Procurement of Social Care Services Update Report

There was submitted a report by the Director of Scotland Excel relative to the expansion of Scotland Excel's social care procurement shared service.

The report intimated that Scotland Excel had approached the Scottish Government for financial investment to expand its social care procurement shared service. This funding had allowed Scotland Excel to commence an ambitious work programme that ensured procurement played its part in supporting the Scottish Government's flagship reform of social care. The project team was established in May 2017 with the aim of extending the benefits of collaborative procurement to two key areas of social care expenditure, Adult Supported Living and Care at Home, and the objectives of the project were detailed in the report.

An initial meeting with commissioners attracted representation from 24 health and social care partnerships. Scotland Excel had established two sub-groups, one for Supported Living Services and one for Care at Home and using a process entitled "Working Together for Change" both sub-groups had considered the commissioning and procurement of these services.

It was proposed that information relating to quality of care be added to the document 'What success looks like' which formed the appendix to the report. This was agreed.

DECIDED:

(a) That the progress made in the Procurement of Social Care Services Project be noted; and

(b) That information relating to quality of care be added to the document 'What success looks like' which formed the appendix to the report.

15 Meetings of Scotland Excel Joint Committee 2018

There was submitted a report by the Clerk relative to proposed meeting dates for the Joint Committee during 2018.

It was noted that the date referred to in paragraph 3.4 of the report should read 17 November 2017.

DECIDED:

(a) That meetings of the Joint Committee be held at 10.45 am on 29 June and 7 December 2018 within the City Chambers, Glasgow City Council; and

(b) That it be noted that the date referred to in paragraph 3.4 of the report should read 17 November 2017.



Minute of Meeting Scotland Excel Executive Sub-Committee

Date	Time	Venue
Friday, 08 December 2017	09:45	City Chambers, Glasgow City Council, 80 George Square, Glasgow, G2 1DU

Present

Councillor Charles Buchan (substitute for Provost Bill Howatson) (Aberdeenshire Council); Provost Norman A Macdonald (Comhairle Nan Eilean Siar); Councillor Stephen Thompson (Dumfries and Galloway Council); Councillor Altany Craik (Fife Council); Bailie Norman MacLeod (Glasgow City Council); Councillor Alister MacKinnon (Highland Council); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor John Shaw (Renfrewshire Council); Councillor Amanda Westlake (Shetland Islands Council) and Councillor Collette Stevenson (South Lanarkshire Council).

Chair

Councillor John Shaw, Convener, presided.

In Attendance

J Welsh, Director, H Carr, Head of Strategic Procurement, S Brannagan, Head of Customer and Business Services, D Benstead, Principal Procurement Specialist, K Carlin, Assistant Procurement Specialist; C Richardson and Z Brawn, both Procurement Co-ordinators (all Scotland Excel); and M Ball, Senior Accountant and E Currie, Senior Committee Services Officer (both Renfrewshire Council).

Apologies

Provost Bill Howatson (Aberdeenshire Council); Councillor Angus Macmillan Douglas (Angus Council); Councillor Graham Hutchison (City of Edinburgh Council); and Councillor Todd Ferguson (North Ayrshire Council).

Declaration of Interest

Councillor Di Mascio declared an interest in item 3e of the agenda and indicated his intention to leave the meeting during consideration of the item and not to take part in any discussion or voting thereon.

1 Minute

There was submitted the Minute of the meeting of the Executive Sub Committee held on 17 November 2017.

DECIDED: That the Minute be approved.

2 Revenue Budget Monitoring

There was submitted a joint revenue budget monitoring report by the Treasurer and the Director of Scotland Excel for the period 1 April to 1 November 2017.

The report intimated that gross expenditure was £23,000 under budget and income was currently £37,000 over-recovered which resulted in a net underspend of £60,000.

DECIDED: That the report be noted.

Sederunt

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

3(a) Contract for Approval: Supply and Distribution of Milk

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework agreement for the supply and distribution of pasteurised milk and associated products which would be effective from 1 March 2018 until 28 February 2021, with the option to extend for an additional one year period until 28 February 2022.

The report intimated that the framework would provide local authorities and other participating bodies with a mechanism to procure a range of dairy products and supported the duties established by the Schools (Health, Promotion and Nutrition) (Scotland) Act 2007 and the standards set out by the Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2008.

The framework had been divided into geographical lots. Appendix 1 to the report detailed the participation, spend and savings summary of the 31 councils participating in the framework. It was noted that Tayside Contracts would also be participating in the framework.

The forecast annual spend for participating councils was circa £7.5 million per annum, however, the framework had been advertised at a value of £9 million per annum equating to an estimated value of £36 million over the term of the contract. Tender responses had been received from seven suppliers and a summary of offers received was detailed in Appendix 2 to the report. Based on the criteria and scoring

methodology set out within the tender document, a full evaluation of the compliant offers had been completed and Appendix 3 to the report detailed the scoring achieved by each bidder.

Based on the evaluation undertaken and in line with the criteria and weightings detailed within the report it was recommended that a multi-supplier framework agreement be awarded to seven suppliers across the 36 geographical lots as detailed in Appendix 3 to the report.

DECIDED: That the award of the framework agreement, as detailed in Appendix 3 to the report, be approved.

3(b) Contract for Approval: Supply and Delivery of Trade Materials

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework agreement for the supply and delivery of trade materials which would be effective from 17 February 2018 to 16 February 2021, with an option to extend to 16 February 2022.

The report intimated that the framework would provide councils and other participating bodies with a mechanism to procure a broad range of trade materials for council stores, schools, work depots and other facilities, as well as for collection from supplier trade counters.

The framework had been divided into four lots as detailed in table 1 of the report. Appendix 1 to the report detailed the participation, spend and savings summary of all 32 councils participating in the framework. It was noted that the Scottish Prison Service, NHS Scotland, Advanced Procurement for Universities and Colleges and the Wheatley Group would also be participating in the framework.

The total framework spend was an estimated value of £32m over the term of the contract, however, to accommodate the likely growth from associate members the framework had been advertised at an overall value of £40m. Tender responses had been received from 29 suppliers. A summary of offers received, including those suppliers deemed to be non-compliant, was provided in Appendix 2 to the report.

It was noted that the majority of tenderers for lot 1 offered the same products across the three product quality levels which was contrary to the requirements set out in the tender. It had not been possible to make a recommendation that would deliver the necessary geographical coverage and competition and following endorsement from the User Intelligence Group it was recommended that this lot be not awarded. Scotland Excel would separately tender for power tools only in February 2018 and would extend the life of the power tools lot on the current framework until the new framework was in place.

It was further noted that lot 3 received bids with less than the required product coverage. Full product and geographical coverage had been ensured by slightly reducing the threshold to 65%. All bids with product coverage below this threshold were deemed as non-compliant and were not evaluated further.

Based on the criteria and scoring methodology set out within the tender document, a full evaluation of the remaining compliant offers had been completed and Appendix 3 to the report detailed the scoring achieved by each bidder.

Based on the evaluation undertaken and to secure best value, capacity and coverage it was recommended that a multi-supplier framework agreement be awarded to 17 suppliers across the three lots as detailed in Appendix 3 to the report.

DECIDED:

(a) That the award of the framework agreement, as detailed in Appendix 3 to the report, be approved; and

(b) That the recommendation not to award lot 1 and the extension of the current arrangements for power tools only be approved; and

(c) That it be noted that a separate tender exercise would be carried out to ensure sufficient product coverage.

3(c) Contract for Approval: Repair and Maintenance of Catering Equipment

There was submitted a report by the Director of Scotland Excel relative to the award of a new framework for catering equipment repair and maintenance which would be effective from 8 January 2018 to 7 January 2020 with an option to extend for up to two 12 month periods until 7 January 2022.

The Convener advised that the Director of Scotland Excel had withdrawn this report.

DECIDED: That it be noted that the report had been withdrawn.

3(d) Contract for Approval: Supply, Delivery, Installation and Maintenance of Water Coolers and Associated Consumables

There was submitted a report by the Director of Scotland Excel relative to the award of a new framework agreement for the purchase and rental of water coolers and associated services which would be effective from 8 January 2018 until 7 January 2020 with an option to extend for up to two further 12 month periods until 7 January 2022.

The report intimated that the framework would provide councils with a mechanism to purchase and rent a range of water coolers including free standing bottled water coolers and plumbed in water coolers. Council could also procure the associated maintenance and sanitisation services.

The framework had been divided into three lots as detailed in table 1 of the report and had been advertised at a value of £6m over the four year period. Tender responses had been received from eight suppliers and a summary of offers received was detailed in Appendix 1 to the report.

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

DECIDED: That the award of the framework agreement, as detailed in Appendix 2 to the report, be approved.

Declaration of Interest

Councillor Di Mascio having declared an interest in relation to the following item of business left the meeting and did not take part in any discussion or voting thereon.

3(e) Contract for Approval: Pest Control Services and Associated Products

There was submitted a report by the Director of Scotland Excel relative to the award of a new framework agreement for pest control services and associated products which would be effective from 8 December 2017 until 30 November 2019 with an option to extend for up to two further one year periods until 30 November 2021.

The report intimated that the framework covered the removal of rats and mice, crawling insects, flying insects and the supply of pest control chemicals and accessories. Additionally, it also included the use of hawks and falcons as a bird deterrent.

The framework had been divided into four lots as detailed in table 1 of the report and was advertised at a total value of £8m for the four year period. Tender responses had been received from 9 suppliers and a summary of all offers received was detailed in Appendix 1 to the report.

It was noted that the quality and range of responses for lot 2 meant that it had not been possible to carry out a full evaluation due to a number of abnormally low and high bids. This lot had been excluded from the evaluation process and no recommendation would be made. As a result of lot 2 being excluded from the evaluation process the total value had been revised to £6m for the four year period.

Based on the evaluation undertaken and in line with the criteria and weightings detailed within the report it was recommended that a multi-supplier framework agreement be awarded to seven suppliers across the three lots as detailed in Appendix 2 to the report.

DECIDED: That the award of the framework agreement, as detailed in Appendix 2 to the report, be approved.

Sederunt

Councillor Di Mascio entered the meeting prior to consideration of the following item of business.

4(a) Request for Associate Membership: Routes to Work

There was submitted a report by the Director of Scotland Excel advising that Routes to Work, an arm's length charity of North Lanarkshire Council that existed to support North Lanarkshire's unemployed, had submitted an application to become an associate member of Scotland Excel.

DECIDED: That the application by Routes to Work to become an associate member of Scotland Excel, at no annual membership fee, subject to completion and signing of the agreement document, be approved.

4(b) Request for Associate Membership of Scotland Excel: Design Dundee

There was submitted a report by the Director of Scotland Excel advising that Design Dundee, a charity founded by Dundee City Council, Scottish Enterprise, The University of Abertay, The University of Dundee and The Victoria and Albert Museum to manage the Victoria and Albert Museum of Design in Dundee, had submitted an application to become an associate member of Scotland Excel.

DECIDED: That the application by Design Dundee to become an associate member of Scotland Excel, at an annual membership fee of £500, subject to completion and signing of the agreement document, be approved.

4(c) Request for Associate Membership of Scotland Excel: Scottish Children's Reporter Administration

There was submitted a report by the Director of Scotland Excel advising that the Scottish Children's Reporter Administration, a national body focused on children and young people most at risk, had submitted an application to become an associate member of Scotland Excel.

DECIDED: That the application by the Scottish Children's Reporter Administration to become an associate member of Scotland Excel, at an annual membership fee of £500, subject to completion and signing of the agreement document, be approved.

5 Employee Absence Management Report

There was submitted a report by the Director of Scotland Excel relative to employee absence statistics for Scotland Excel. The report advised of the absence levels for the month of October 2017, the previous six and 12 months and provided information relating to the absence statistics and reasons.

DECIDED: That the report be noted.

6 Date of Next Meeting

DECIDED: That it be noted that the next meeting of the Executive Sub-committee would be held at 10.45 am on 26 January 2018 in Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley.

Minute of Meeting Scotland Excel Executive Sub-Committee

Date	Time	Venue
Friday, 26 January 2018	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

Present

Councillor Graham Hutchison (City of Edinburgh Council); Provost Norman A Macdonald (Comhairle Nan Eilean Siar); Bailie Norman MacLeod (Glasgow City Council); Councillor Todd Ferguson (North Ayrshire Council); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor John Shaw (Renfrewshire Council) and Councillor Collette Stevenson (South Lanarkshire Council).

By Videolink

Provost Bill Howatson (Aberdeenshire Council) and Councillor Amanda Westlake (Shetland Islands Council).

Chair

Councillor John Shaw, Convener, presided

In Attendance

J Welsh, Director, S Brannagan, Head of Customer and Business Services, D Benstead, Principal Procurement Specialist, L Richard, Strategic Procurement Manager; R Cook, Procurement Co-ordinator and L Gordon, Category Manager (all Scotland Excel); and M Ball, Senior Accountant, D Low, Senior Committee Services Officer and K O'Neill, Assistant Democratic Services Officer (all Renfrewshire Council).

Apologies

Councillor Angus Macmillan Douglas (Angus Council); Councillor Altany Craik (Fife Council); Councillor Alister Mackinnon (Highland Council) and Councillor Stephen Thompson (Dumfries and Galloway Council).

Declarations of Interest

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

1 Minute

There was submitted the Minute of the meeting of the Executive Sub-committee held on 8 December 2017.

DECIDED: That the Minute be approved.

2 Revenue Budget Monitoring

There was submitted a joint revenue budget monitoring report by the Treasurer and the Director of Scotland Excel for the period 1 April 2017 to 5 January 2018.

The report intimated that gross expenditure was £33,000 under budget and income was currently £37,000 over-recovered which resulted in a net underspend of £70,000.

DECIDED: That the report be noted.

3 Contract for Approval: Repair and Maintenance of Catering Equipment

There was submitted a report by the Director of Scotland Excel relative to the award of a framework agreement for the repair and maintenance of catering equipment which would be effective from 16 February 2018 until 7 January 2020, with the option to extend for up to two 12 month periods until 7 January 2022.

The report intimated that the framework would provide councils with a mechanism to procure repair and maintenance services for commercial gas, electrical and refrigeration catering equipment.

The framework had been divided into three lots as detailed in table 1 of the report and had been advertised at a value of £8 million for the four year period. Tender responses had been received from eight suppliers and a summary of offers received was detailed in Appendix 1 to the report.

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

Arising from discussion on the report it was proposed that a report be submitted to a future meeting of this Sub-committee on Scotland Excel's tendering processes and that tendering processes should be reviewed by Internal Audit as part of their audit plan. This was agreed.

DECIDED:

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

(b) That a report be submitted to a future meeting of this Sub-committee on Scotland Excel's tendering processes and that tendering processes should be reviewed by Internal Audit as part of their audit plan.

4 Contract for Approval: Supply and Delivery of Swimming Pool Chemicals, CO2 Gas and Associated Products

There was submitted a report by the Director of Scotland Excel relative to the award of a framework agreement for the supply and delivery of swimming pool chemicals, CO2 gas and associated products which would be effective from 16 February 2018 until 7 January 2020, with the option to extend for up to two 12 month periods until 7 January 2022.

The report intimated that the new framework would provide councils with a mechanism to procure swimming pool chemicals, CO2 gas for pH control in swimming pools and associated products.

The framework had been divided into two lots as detailed in table 1 of the report and had been advertised at a value of £5 million for the four year period. Tender responses had been received from four suppliers and a summary of offers received was detailed in Appendix 1 to the report.

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

It was noted that any reference in the appendices to the report to Univar Limited should be replaced with Univar BV.

DECIDED:

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

(b) That it be noted that any reference in the appendices to the report to Univar Limited should be replaced with Univar BV.

5 Contract for Approval: Supply and Delivery of Library Books, Educational Textbooks and Multimedia Supplies

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework agreement for the supply and delivery of library books, educational textbooks and multimedia supplies which would be effective from 1 February 2018 until 31 January 2020, with the option to extend for up to two 12 month periods until 31 January 2022.

The report intimated that the framework would provide councils with a mechanism to procure a range of library books including but not limited to adult and children fiction and non-fiction books, reference books, foreign language books, audio books, large print books and DVDs. Councils would also be able to procure a wide range of educational textbooks from various publishers.

The framework had been divided into 19 lots as detailed in table 1 in the report. Appendix 1 to the report detailed the participation, spend and savings summary of the 31 councils participating in the framework. It was noted that Advance Procurement for Universities and Colleges (APUC) and National Health Service Scotland (NHSS) had confirmed their intention to participate in this framework.

Historic spend data suggested a framework spend of circa £11.4 million per annum, however, to allow for councils and other associate members to migrate over, the framework had been advertised at £14 million per annum. Tender responses had been received from 24 suppliers and a summary of offers received was detailed in Appendix 2 to the report. Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the compliant offers had been completed and Appendix 3 to the report detailed the scoring achieved by each bidder.

Based on the evaluation undertaken and in line with the criteria and weightings detailed in the report it was recommended that a multi-supplier framework agreement be awarded to 24 suppliers across the 19 lots as detailed in Appendix 3 to the report.

DECIDED: That the award of the framework agreement, as detailed in Appendix 3 to the report, be approved.

6 Request for Associate Membership: Kingdom Support and Care CIC

There was submitted a report by the Director of Scotland Excel advising that Kingdom Support and Care CIC (KSC), a wholly owned subsidiary of Kingdom Housing Association Ltd who were an associate member of Scotland Excel, had submitted an application to become an associate member of Scotland Excel.

DECIDED: That the application by Kingdom Support and Care CIC (KSC) to become an associate member of Scotland Excel, with fees being encompassed within the £5,652 already paid by their parent organisation Kingdom Housing Association, subject to completion and signing of the agreement document, be approved.

7 Request for Associate Membership: Caledonia Housing Association Limited

There was submitted a report by the Director of Scotland Excel advising that Caledonia Housing Association Limited, a registered Scottish charity, had submitted an application to become an associate membership of Scotland Excel.

DECIDED: That the application by Caledonia Housing Association Limited to become an associate member of Scotland Excel, at an annual membership fee of £5,175, subject to completion and signing of the agreement document, be approved.

8 Date of Next Meeting

DECIDED: That it be noted that the next meeting of the Executive Sub-committee would be held at 10.45 am on 23 February 2018, in Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley.

Minute of Meeting Scotland Excel Executive Sub-Committee

Date	Time	Venue
Friday, 23 March 2018	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

Present

Councillors Charles Buchan (Aberdeenshire Council) and Altany Craik (Fife Council); Bailie Norman MacLeod (Glasgow City Council); Councillors Paul Di Mascio (North Lanarkshire Council); John Shaw (Renfrewshire Council) and Amanda Westlake (Shetland Islands Council).

By Videolink

Councillor Stephen Thompson (Dumfries and Galloway Council).

Chair

Councillor John Shaw, Convener, presided.

In Attendance

J Welsh, Director; H Carr, Head of Strategic Procurement; J Yeoman, Senior Procurement Specialist; R Green, Procurement Co-ordinator; N Burleigh, Category Manager and L Gordon, Category Manager (all Scotland Excel); S Afzal, Senior Auditor (Audit Scotland); and M Ball, Senior Accountant; R Devine, Senior Committee Services Officer and K O'Neill, Assistant Democratic Services Officer (all Renfrewshire Council).

Apologies

Provost Bill Howatson (Aberdeenshire Council); Councillors Angus Douglas (Angus Council) and Graham Hutchison (City of Edinburgh Council); Provost Norman A Macdonald (Comhairle Nan Eilean Siar); Councillors Todd Ferguson (North Ayrshire Council) and Collette Stevenson (South Lanarkshire Council).

Declarations of Interest

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

1 Minute

There was submitted the Minute of the meeting of the Executive Sub-committee held on 26 January 2018.

DECIDED: That the Minute be approved.

2 Revenue Budget Monitoring

There was submitted a joint revenue budget monitoring report by the Treasurer and the Director of Scotland Excel for the period 1 April 2017 to 2 March 2018.

The report intimated that gross expenditure was £45,000 under budget and income was currently £45,000 over-recovered which resulted in a net underspend of £90,000. During discussions it was suggested that future consideration be given to increasing the levy to reduce draw on reserves. Members were also advised that financial briefing/training could be provided for members to enable proper scrutiny of future financial reports.

DECIDED: That the report be noted.

3 Annual Audit Plan 2017/18

There was submitted a report by the Treasurer relative to the annual audit plan 2017/18 for Scotland Excel which outlined Audit Scotland's planned activities in their audit for the 2017/18 financial year. Members were advised that financial briefing/training could be provided for members to enable proper scrutiny of future financial reports.

DECIDED: That Audit Scotland's annual audit plan 2017/18 be noted.

4 Contract for Approval: Children's Residential Care and Education Services including Short Breaks

There was submitted a report by the Director of Scotland Excel relative to the award of a flexible framework agreement for Children's Residential Care and Education Services including Short Breaks which would be effective from 1 May 2018 until 30 April 2022.

The report stated that the Scottish Government had collated information from local authorities on children and young people who were looked after, on the child protection register and in secure care. According to the most recent report, 'Children's Social Work Statistics Scotland, 2015-16' there were 15,317 looked after children and young people in Scotland. A total of 829 of these children and young people were cared for in accommodation, which was under the remit of the framework for children's residential care and education services including short breaks.

The framework therefore needed to offer sufficient services to meet the changing profile of children and young people. A synopsis of the process involved would be circulated to members. Scotland Excel responded to this requirement by developing the renewal as a flexible framework. The proposed framework aimed to bring flexibility and scope to meet the future needs of children and young people and local authorities by allowing the addition of new providers and/or services at certain points. For

providers who were awarded a place on the flexible framework agreement at its commencement date the maximum period of award was up to 48 months. New entrants were permitted to apply to be included within the flexible framework agreement for years three and four of its duration, and would be evaluated against the same criteria as the initial evaluation therefore ensuring a consistent approach to quality of services on the flexible framework for providers who are awarded a place.

All 32 local authorities had confirmed that they intended to participate on the flexible framework and had confirmed anticipated spend, which was detailed in Appendix 1.

The framework had been divided into four service options as detailed in table 1 of the report and had been advertised at a value of £105.4 million per annum for the four-year period. Tender responses had been received from 46 providers and 243 services across the framework. During discussion regarding payment of the living wage by suppliers it was noted that individual Councils utilising the framework would be made aware whether suppliers complied prior to their decision.

Out of these services there were 6 across 4 providers who were treated as non-compliant. Those providers were Care 4 Children Residential Services Ltd; Moore House School Limited; Radical Services Limited and Royal Blind.

Based on the evaluation undertaken in line with the criteria and weightings detailed within the report it was recommended that a flexible framework agreement be awarded to 46 suppliers as outlined in Appendix 3.

DECIDED:

(a) That a synopsis of the process be circulated to members; and

(b) That the award of the flexible framework agreement for Children's Residential Care and Education Services including short breaks, as detailed in Appendix 3 to the report, be approved.

5 Contract for Approval: Supply of Digital Publications and Services

There was submitted a report by the Director of Scotland Excel relative to the award of a national collaborative framework agreement for digital publications and services, which would be effective from 1 February 2018 (with an effective date of 16 April, 2018) until 31 January 2020, with the option to extend for up to two one year month periods until 31 January 2022.

The report intimated that the new framework would provide councils with a mechanism to procure a range of e-books, e-audiobooks, e-magazines and e-comics with the main users of the framework likely to be public libraries,

The framework had been divided into four lots as detailed in table 1 of the report and had been advertised at a value of £1 million per annum. A breakdown of the technical assessment/evaluation was circulated.

Tender responses had been received from seven suppliers and a summary of offers received was detailed in Appendix 1 to the report. Based on the evaluation undertaken in line with the criteria and weightings detailed within the report it was recommended that a multi-supplier framework agreement be awarded to five suppliers as outlined in Appendix 2.

DECIDED: That the award of the framework agreement for digital publications and services as detailed in Appendix 2 to the report, be approved.

6 Contract for Approval: Supply, Delivery, Servicing and Maintenance of Fire Safety Products

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework agreement for the supply, delivery, servicing and maintenance of fire safety products which would be effective from 16 April 2018 until 15 April 2020, with the option to extend for up to two further 12 month periods.

The report intimated that the framework would provide councils and Scotland Excel associate members with a mechanism to procure fire safety products such as extinguishers and fire blankets in addition to the servicing, repair and maintenance of these products. The framework also included the servicing, repair and maintenance of fire safety systems such as wet risers, dry risers, fire hydrants and sprinkler systems.

The framework had been divided into three lots as detailed in table 1 of the report and had been advertised at a value of £10 million over the four-year period. Tender responses had been received from five suppliers and a summary of offers received was detailed in Appendix 1 to the report.

Based on the evaluation undertaken in line with the criteria and weightings detailed within the report it was recommended that the framework agreement be awarded to five suppliers across the four lots as outlined in Appendix 2.

DECIDED: That the award of the framework agreement for the supply, delivery, servicing and maintenance of fire safety products as detailed in Appendix 2 to the report, be approved.

7 Request for Associate Membership of Scotland Excel by Hawthorn Housing Co-operative Limited

There was submitted a report by the Director of Scotland Excel advising that Hawthorn Housing Co-operative Ltd had submitted an application to become an associate member of Scotland Excel.

DECIDED: That the application by Hawthorn Housing Co-operative Ltd to become an associate member of Scotland Excel, at an annual membership fee of £500, be approved subject to completion and signing of the agreement documentation.

8 Strategy Report

There was submitted a report by the Director of Scotland which provided an update on the approach being taken to produce the new Scotland Excel strategy through to 2023.

The current strategy covered the period 2015 to 2018. Scotland Excel was working towards the production of a new strategy to support the delivery of their organisational outcomes. In a departure from the standard three-year stance, the organisation had decided to take a longer five-year view incorporating an additional review in year three.

The approach being undertaken was detailed in Figure 1. Working with staff across the organisation, the corporate vision had been debated and options tested. Similarly, the mission had been considered and reflected the values and behaviours of the organisation. Four over-arching goals had been identified that reinforced the desired outcomes. These were delivered through a number of strategic objectives. As in the current strategy, an annual operating plan would be produced, outlining the following years activities and commitments planned to achieve agreed objectives.

DECIDED: That the contents of the report be noted.

9 Date of Next Meeting

DECIDED: That it be noted that the next meeting of the Executive Sub-committee would be held at 10.45 am on 27 April 2018 in Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley.

The Convener advised that the total portfolio value prior to the Executive Sub Committee meeting on 23 March 2018 had been £979,196,122. Following approval of the 3 frameworks the value would be over £1 billion for the first time.

Members of the Executive Sub-committee complimented Scotland Excel on the Supplier Excellence Award event held on 20 February 2018 in the Radison Blu Hotel, Glasgow which had been of the highest quality and professional.

The Sub-committee was advised that the Director of Scotland Excel had been invited and would attend the Scottish National Party Association of Nationalist Councillors Conference to be held in Inverness later in 2018 to provide a presentation on care provision and that the Director would also be available to present to other political conferences.

Minute of Meeting Scotland Excel Executive Sub-committee

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

Present

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

By Videolink

Councillor Stephen Thompson (Dumfries and Galloway Council).

Chair

Councillor John Shaw, Convener, presided.

In Attendance

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

Apologies

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

Declarations of Interest

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

1 Minute

There was submitted the Minute of the meeting of the Executive Sub-committee held on 23 March 2018.

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

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

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

2 Contract for Approval: Supply and Delivery of Power Tools

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

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

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

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

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

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

Sederunt

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

3 Contract Delivery Plan Update

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

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

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

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

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

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

DECIDED:

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

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

4 Operating Plan Update

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

DECIDED: That the report be noted.

5 Update of Review of Governance Structure of Scotland Excel

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

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

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

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

DECIDED:

(a) That the report be noted; and

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

6 Update on Provision of Sanitary Products within Educational Establishments

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

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

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

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

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

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

7 Update Report on Plastic Straws

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

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

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

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

DECIDED: That the report be noted.

8 Procurement of Care Home Services for Older People

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

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

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

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

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

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

DECIDED:

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

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

9 Procurement of Care and Support Services

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

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

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

Partnership's, providers and the Scottish Government.

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

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

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

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

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

10 Employee Absence Management Report

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

DECIDED: That the report be noted.

11 Date of Next Meeting

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

Minute of Meeting Scotland Excel Executive Sub-committee

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

Present

Councillor Altany Craik (Fife Council); Bailie Norman MacLeod (Glasgow City Council); Councillor Alister Mackinnon (Highland Council); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor John Shaw (Renfrewshire Council); and Councillor Amanda Westlake (Shetland Islands Council).

By Videolink

Provost Bill Howatson (Aberdeenshire Council); and Provost Norman A Macdonald (Comhairle Nan Eilean Siar).

Chair

Councillor John Shaw, Convener, presided.

In Attendance

J Welsh, Director, H Carr, Head of Strategic Procurement, S Brannagan, Head of Customer & Business Services, M Robertson, Marketing and Communications Manager, and K Copland, Procurement Co-ordinator (all Scotland Excel); L Belshaw, Democratic Services Manager, E Currie, Senior Committee Services Officer, L Dickie, Finance Manager and K Crawford, Accountant (all Renfrewshire Council).

Apologies

Councillor Angus Macmillan Douglas (Angus Council); Councillor Graham Hutchison (City of Edinburgh Council); Councillor Stephen Thompson (Dumfries and Galloway Council); Councillor Todd Ferguson (North Ayrshire Council); and Councillor Collette Stevenson (South Lanarkshire Council).

Declarations of Interest

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

1 Minute

There was submitted the Minute of the meeting of the Executive Sub-committee held on 27 April 2018.

The Convener referred to the discussion at the last meeting regarding having 'Any Other Competent Business' on future agendas. He advised that Scotland Excel was a joint committee formed under Section 57 of the Local Government (Scotland) Act 1973 and that also in terms of Section 57, the Joint Committee established the Executive Sub-committee. Accordingly, the requirements of the Act in terms of access to meetings and documents of local authorities applied equally to Scotland Excel Joint Committee and the Executive Sub-committee as they applied to meetings of local authorities. "Any Other Competent Business" did not comply with the terms of the Act and Scotland Excel's Procedural Standing Orders. If a member had an urgent item of business to raise, which was not detailed in the agenda, then he/she should raise this at the start of the meeting and the Convener would then rule whether or not this item of business was indeed urgent and whether or not it would be considered at all during the course of the meeting. Any matter raised and not agreed by the Convener as urgent would not be recorded in the Minute of the meeting. This was also the position with any matters which officers or members advised on at the close of the meeting.

DECIDED:

(a) That the Minute be approved; and

(b) That the position in relation to "Any Other Competent Business" be noted.

2 Contract for Approval: Salt for Winter Maintenance

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework agreement for salt for winter maintenance which would be effective from 1 July 2018 until 30 June 2022.

The report intimated that the framework covered a full range of salt and de-icing equipment and accessories including bulk and bagged rock salt, marine salt and treated salt to allow councils to deliver various public services.

The framework had been divided into seven lots as detailed in table 1 of the report and had been advertised at an estimated value of £65 million over the four-year period with the forecast annual spend for participating councils being £16.2 million per annum.

It was noted that 30 Councils had confirmed their intention to participate in the framework. In addition, Tayside Contracts, NHS Scotland and Advanced Procurement for Universities and Colleges had confirmed their intention to participate.

Tender responses had been received from nine suppliers and a summary of offers received was detailed in Appendix 2 to the report.

Based on the criteria and scoring methodology set out within the tender document, a full evaluation of the compliant offers had been completed and Appendix 3 to the report detailed the scoring achieved by each bidder.

Based on the evaluation undertaken in line with the criteria and weightings set out in the report it was recommended that a multi-supplier framework agreement be awarded to nine suppliers across the seven lots as outlined in Appendix 3 to the report.

DECIDED: That the award of the framework agreement for salt for winter maintenance, as detailed in Appendix 3 to the report, be approved.

3 Treatment and Disposal of Recyclable and Residual Waste

The Convener advised that the Director of Scotland Excel had withdrawn this report.

DECIDED: That it be noted that the report had been withdrawn.

4 Request for Associate Membership: Homes for Life Housing Partnership

There was submitted a report by the Director of Scotland Excel advising that Homes for Life Housing Partnership had submitted an application to become an associate member of Scotland Excel.

DECIDED: That the application by Homes for Life Housing Partnership to become an associate member of Scotland Excel, at an annual membership fee of £500, be approved subject to completion and signing of the agreement documentation.

5 Corporate Strategy 2018/23 and Operating Plan 2017/18

There was submitted a report by the Director of Scotland Excel relative to the development of a new corporate strategy 2018/23 and operating plan 2017/18.

The report intimated that the Executive Sub-committee were being requested to review the proposed new corporate strategy and first-year operating plan prior to it being submitted to the meeting of the Joint Committee to be held on 29 June 2018 for approval.

The new corporate strategy built on the progress made over the past three years and had been developed in close consultation with local authority stakeholders and Scotland Excel staff. It aligned with the challenges facing local government and the wider public sector, responded to procurement and commercial requirements of members, and recognised Scotland Excel's need to secure sustainable funding and growth.

The four business goals which informed Scotland Excel's strategic direction had been updated to reflect the experience and influence gained and these were detailed in the report. The strategy now covered a five-year period to support a longer-term view of the organisation's future and would be reviewed at the end of year three and updated, if required. This year's operating plan set out an ambitious agenda which would lay the foundations for delivering the aims of the strategy over the next five years.

Progress reports would be produced quarterly and half-yearly and annual reports would be submitted to meetings of the Joint Committee with reports for the interim quarters submitted to the Executive Sub-committee. Reports would also track performance against strategy outcomes using fourteen key performance indicators currently being finalised.

DECIDED: That the report be noted.

6 Draft Funding Model Proposal

There was submitted a report by the Director of Scotland Excel providing an overview of potential future funding models for Scotland Excel.

The report intimated that the revenue estimates 2018/19 report presented to the Joint Committee at its meeting held on 8 December 2017 highlighted the challenging future financial landscape for local government and the impact on Scotland Excel. Throughout 2017/18 Scotland Excel had been reviewing opportunities and options to address the issue and to identify additional income. A number of successes had been achieved with projects generating additional benefits to members but each on a 'cost recovery' model.

In addition to the operational deficit there were other areas where ongoing funding gaps existed. The main area of concern was within the Scotland Excel Care Portfolio and the report provided further information on the gaps within care and the options explored in order to try and diversify its funding base.

Scotland Excel had identified other potential funding opportunities, being consultancy services, new build housing, learning and development, rebates and associate membership expansion and the report detailed a short summary on the background, financial scale and opportunity for each project.

The report highlighted that in order to facilitate the expansion of the additional services outlined in section 3 of the report Scotland Excel required to review its existing office space. Discussions were ongoing with Renfrewshire Council in relation to Scotland Excel expanding their office space within Renfrewshire House. Scotland Excel were also investigating the possibility of relocating elsewhere.

To ensure members had a full picture of the five-year forecast, indicative figures had been incorporated into the total funding gap. A number of options had been identified to address the deficit faced by Scotland Excel over the coming fiscal periods and these were detailed in the report.

DECIDED:

(a) That it be noted that the funding opportunity projects were being progressed by Scotland Excel;

(b) That it be noted that the Care Home for Older People project continued to seek direct funding from the participating councils for 2020/21 and beyond;

(c) That it be noted that Scotland Excel continued to work with colleagues in Renfrewshire Council to identify methods to address the short-term deficit; and

(d) That it be noted that a report would be submitted to the meeting of the Joint Committee to be held on 29 June 2018 detailing the proposal and documenting the proposed approach that would be taken in the coming months in order to present a balanced budget to the meeting of the Joint Committee to be held on 7 December 2018.

Sederunt

Provost Macdonald left the meeting prior to consideration of the following item of business.

7 Risk Register Update

There was submitted a report by the Director of Scotland Excel providing an update on the risk register maintained to assess threats and risks that could impact on the delivery of Scotland Excel's organisational objectives and to identify actions that had been taken to mitigate such risks. A copy of the risk register was appended to the report

DECIDED: That the report be noted.

8 Date of Next Meeting

DECIDED: That it be noted that the next meeting of the Executive Sub-committee would be held at 9.45 am on 29 June 2018 in Glasgow City Chambers.



Scotland Excel

To: Scotland Excel Joint Committee

On: 29 June 2018

**Report
by
the Clerk**

Membership of Scotland Excel Executive Sub-committee

1 Summary

- 1.1 The membership of the Scotland Excel Executive Sub-committee is renewed annually.
- 1.2 The purpose of this report is to seek the Joint Committee's approval to the continued appointment of the existing membership of the Sub-committee.

2 Recommendations

- 2.1 That the Joint Committee agree that the members of the Executive Sub-committee shall continue to come from those Councils listed in paragraph 3.3 of the report; and
- 2.2 That membership of the Executive Sub-committee be next reviewed at the meeting of the Joint Committee in June 2019.

3 Background

- 3.1 The Scotland Excel Terms and Conditions document signed by all member councils provides that there shall be an Executive Sub-committee with the role and functions of the Sub-committee to be determined by the Joint Committee.
- 3.2 In June 2017, the Joint Committee agreed to increase the number of members of the Sub-committee from 12 to 13 to include both the Convener and Vice Convener and the Procedural Standing Orders for the Joint Committee were amended to reflect that change. However, the new arrangements remained subject to the requirement that where possible the membership of the Executive Sub-committee shall reflect the geographic diversity of the constituent authorities.

- 3.3 It was agreed at that meeting that the membership of the Executive Sub-committee should comprise elected members from the following Councils:-

Renfrewshire

North Lanarkshire

Angus

Aberdeenshire

Comhairle nan Eilean Sar

Fife

Glasgow City

Highland

North Ayrshire

City of Edinburgh

South Lanarkshire

Shetlands Islands

Dumfries & Galloway

- 3.4 The Joint Committee is requested to consider the appointment of members to the Executive Sub-committee for the period to June 2019 when it is proposed that the membership would be reviewed.
- 3.5 The main function of the Executive Sub-committee is to consider and decide upon the award of contracts and frameworks. The proposal to continue with the existing membership will ensure that the knowledge and experience built up over the lifetime of the current arrangements is not lost or diluted.

Scotland Excel

To: Joint Committee

On: 29 June 2018

Report by The Treasurer

Scotland Excel Unaudited Annual Accounts 2017-18

1. Summary

- 1.1.** The attached Annual Accounts for the year ended 31 March 2018 have been completed and forwarded to Audit Scotland for audit.
- 1.2.** The Accounts show a surplus for the year of £273,059 against a budgeted deficit of £166,000, returning an underspend of £439,059. Excluding project expenditure and income the Joint Committee returned a deficit of 76,266, compared to a budgeted deficit of £166,000, returning an underspend of £89,734. Further comments on the Accounts are shown on Pages 5 to 7 of the report.
- 1.3.** In accordance with the Local Authority Accounts (Scotland) Regulations 2014, the unaudited accounts have only been signed by the Treasurer as proper the officer. The audited accounts will be signed by the Convener and Director, as well as the Treasurer, in accordance with the regulations.

2. Recommendations

- 2.1.** The Joint Committee is asked to note the Accounts and that, once the audit has been completed, the audited Accounts will be further presented to the Executive Sub Committee.



Scotland Excel

Annual Financial Statements 2017/18

CONTENTS

Management Commentary	3
Statement of Responsibilities for the Annual Accounts	8
Governance Statement	9
Remuneration Report	12
Independent Auditor's Report	15
Movement in Reserves Statement for the year ended 31 March 2018	16
Comprehensive Income and Expenditure Statement for the year ended 31 March 2018	17
Balance Sheet as at 31 March 2018	18
Cash flow Statement for the year ended 31 March 2018	19
Note 1 Expenditure Funding Analysis for the year ended 31 March 2018	20
Note 2 Summary of Significant Accounting Policies	21
Note 3 Accounting Standards Issued not Adopted	24
Note 4 Critical Judgements in Applying Accounting Policies	24
Note 5 Assumptions made about the future	24
Note 6 Events after the balance sheet date	25
Note 7 Details of Movement in Reserves	25
Note 8 Reconciliation of the Balance on the Comprehensive Income & Expenditure Statement to the Movement in Reserves Statement	27
Note 9 Financing & Investment Income	27
Note 10 Operating Leases	27
Note 11 Debtors	28
Note 12 Creditors	28
Note 13 Transfer to Creditors	28
Note 14 Related Parties	28
Note 15 External Audit Costs	29
Note 16 Retirement Benefits	30
Note 17 Contingent Liabilities and Assets	33

Management Commentary

Introduction

Scotland Excel is the Centre of Procurement Expertise for the local government sector. Established in 2008, we are a leading non-profit shared service funded by Scotland's 32 local authorities.

At Scotland Excel we are leaders of change. Over the past nine years, we have helped to raise the profile of procurement in local authorities by championing its potential to shape markets, support policy priorities and, ultimately, ensure the sustainable delivery of the services that every community needs.

Our services are designed to help councils meet the twin challenges of reducing budgets at a time of growing demand. Shared procurement services increase efficiency and ensure money is saved to protect front line services. By working together through Scotland Excel, councils can realise a host of social, economic and environmental benefits from their procurement spend.

Our c. £1b contract portfolio supports the delivery of social care, construction, roads, transport, environment, corporate, education and ICT services. Our contracts achieve annual savings of c. £12.7m, and encourage innovation, facilitate policy, support local economies and generate social value for communities.

Scotland Excel offers award-winning training and provides assessment, consultancy and improvement services to help councils transform their procurement capability. We represent the sector at a national level on all matters relating to public procurement, and provide support for national sector initiatives.

Structure

Scotland Excel is governed by three groups of stakeholders from our member organisations:

The Joint Committee is made up of one or more Elected Members (Councillors) from each of Scotland's local authorities. It meets twice a year and is responsible for the strategic direction of the organisation and for approving the annual budget and business plan.

The Executive Sub-Committee is a sub-group of Elected Members from the Joint Committee who meet regularly to approve contract awards and other business decisions.

The Chief Executive Officers' Management Group consists of six local authority Chief Executives responsible for monitoring Scotland Excel's performance against its business plan and objectives.

Strategic Aims

Scotland Excel has established a 3 year Strategy and Operating Plan that states the goals, value, vision and mission that the organisation will work to.

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

Deliver a range of collaborative procurement and supplier development services which support customers at a strategic and operational level

Deliver a range of shared services which support customers in the development of their professional, organisational and commercial capability

Deliver a range of new shared services which support the effectiveness and efficiency of customer operations

Goal 2: Being sustainable in everything we do

Work with stakeholders to develop procurement strategies which support the delivery of national and local policy priorities

Deliver positive and measurable social, economic and environmental impact to local communities

Lead and support customers in the development and implementation of best practice in sustainable procurement

Goal 3: Placing customers at the heart of our business

Work with customers to develop and implement bespoke plans for maximising the value of our services

Develop robust communications strategies which support customer engagement and position Scotland Excel and its customers as leaders in public procurement /shared services

Represent the views and needs of customers in the wider stakeholder environment

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

Implement organisational development policies which support a highly skilled, motivated and engaged workforce

Implement best practice processes and technology which support the efficient and effective delivery of services to customers

Implement robust strategies, governance, risk management and funding models which demonstrate a measurable return on investment to customers and secure Scotland Excel's future

Values

The following principles, which were developed by staff from across the organisation, guide our approach to our work.

Professional: We establish goals and objectives to achieve excellence and demonstrate leadership in everything we do.

Courageous: We listen with an open mind and respond honestly and constructively.

Respectful: We achieve the best possible outcomes through our determination, resilience and innovation.

Integrity: We are transparent and fair in all our actions securing trust and building confidence.

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.

A copy of the current three year business plan, risk register and the 2017-18 operating plan year end report, which measures performance against the business plan for the current year, can be found at the link below.

**Scotland Excel
Annual Accounts 2017/18**

<http://www.scotland-excel.org.uk/home/Resources/Publications.aspx>

Financial Performance

Revenue

The Comprehensive Income and Expenditure Account on page 17 summarises the total costs of providing services and the income available to fund those services.

Excluding accounting adjustments relating to pensions and short term accumulating absences, the Joint Committee has returned a surplus of £273,059 for the financial year 2017/18, compared to a budgeted deficit of £166,000; returning an underspend of £439,059. Excluding project expenditure and income the Joint Committee returned a deficit of 76,266, compared to a budgeted deficit of £166,000, returning an underspend of £89,734.

The difference between the employee costs in the figure below and the figure reported in the Comprehensive Income and Expenditure report is due to accounting adjustments for pension costs (£412,000), accrued employee benefits, £2,916 and employee costs relating to projects (£654,743).

The difference between other income in the figure below and the figure reported in the Comprehensive Income and Expenditure report is due to accounting adjustments for pension interest costs £127,000 and income relating to projects (£1,112,948)

	Budget £	Actual £	Variance £
Employee Costs	2,944,400	2,908,802	35,598
Property Costs	226,500	215,961	10,539
Supplies and Services	203,900	177,333	26,567
Contractors & Others	-	15,612	(15,612)
Administrative Costs	296,800	333,659	(36,859)
Payments to Other Bodies	38,600	31,902	6,698
Total Expenditure	3,710,200	3,683,269	26,931
Requisition Income	(3,484,200)	(3,484,200)	-
Other Income	(60,000)	(122,803)	62,803
Total Income	(3,544,200)	(3,607,003)	62,803
(Surplus)/Deficit for Year Excluding Projects	166,000	76,266	89,734
Project Expenditure	689,198	763,623	(74,425)
Project Income	(689,198)	(1,112,948)	423,750
(Surplus)/Deficit for Year for Projects	-	(349,325)	349,325
Total (Surplus)/Deficit for Year	166,000	(273,059)	439,059

The underspend in Employee Costs is due to vacancies during the year and also a number of staff exercising their right to flexible working.

The underspend within Property Costs is due to the office fit out costing less than anticipated.

Supplies and Services is underspent due to the IT development project underspending due to the delay in the suppliers completing the specified work.

The Contractors and Others overspend relates to costs this year due to a requirement to complete and mobilise the Energy Efficiency Contractors framework, and also for external consultants to support the work of the Social Care and Construction category teams.

**Scotland Excel
Annual Accounts 2017/18**

The overspend within Administration Costs relates to advertising costs for a recruitment event and also the costs associated with the Annual Conference and Supplier Awards, which is matched by an over recovery in Other Income.

All costs relating to Project Expenditure have been fully recovered by Project Income.

The over recovery of Other Income relates to additional funding received from Invest in Renfrewshire for support of the graduate intern scheme. In addition, income was received for the costs that were awarded by the court when Scotland Excel were successful in defending a legal challenge and also income was received from the Annual Conference and Supplier Awards.

Capital and Reserves

The Joint Committee does not have the legal powers necessary to hold assets and as such the organisation has no capital spend. Cash balances held by the Joint Committee are matched by creditor balances. The largest creditor balance relates to the revenue reserve balance of £658,443.

The balance on revenue reserves is made up as follows:

General Revenue Reserve	£291,664
National Care Home Ring-fenced Reserve *	£68,193
Affordable Housing Programme	£47,966
Adult Supp Living/Care at Home	£1,395
Small Value Procurement	£146,604
SEEMIS	£209
Commissioning Training	£102,290
Digital Transformation	£122
Balance at 31 March 2018	£658,443

* The ring-fenced reserve in relation to the National Care Home contract has resulted from underspends specifically related to this contract and is only distributable to those Authorities participating in the contract.

Provisions, Contingencies and Write-offs

In general, any contingent liabilities known to the Joint Committee are covered by insurance arrangements.

There were no debt write-offs during the year.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed at Note 16. The appointed actuaries have confirmed a net deficit position of £1.697 million, an improvement of £2.976 million in their assessment of the position of the pension fund. The net deficit position of the pension reserve impacts on the net asset position of Scotland Excel as a whole, however the funding of these future liabilities will be met from future requisitions from members and as such the going concern assumption is valid.

The appointed actuaries remain of the view that the asset holdings of the Strathclyde Pension Fund and the contributions from employees and employers provide sufficient security and income to meet future pension liabilities.

Scotland Excel Annual Accounts 2017/18

Service changes and Future Developments

The overall strategic aim of Scotland Excel is to deliver best value for local authorities through the development and management of collaborative contracts; and to stimulate, facilitate and deliver advanced procurement across local government. Given the financial challenges facing local authorities and the wider public sector however, it is important that Scotland Excel reflects council priorities and ensures the organisation supports and complements the drive for efficiencies and cost reduction.

A copy of the 2018-23 Corporate Strategy and 2018-19 Operating Plan can be found at the address below.

<http://www.scotland-excel.org.uk/home/Resources/Publications.aspx>

Events after the Balance Sheet Date

Events from the Balance Sheet Date until the Date of Signing the Accounts have been taken into consideration

Impact of Economic Climate

It is recognised that over the medium term Local Government in Scotland is potentially facing a contraction in available resources relating predominantly to the provision of revenue grant from the Scottish Government and that this may have a consequential impact on the level of requisition funding available to Scotland Excel. It has been agreed that the 2018/19 requisition remain at 2017/18 levels but the Joint Committee will continue to pursue efficiencies and cost reductions.

Scotland Excel had identified a number of potential funding opportunities to secure additional income which will reduce the reliance on requisition income in future years to fund cost pressures.

Conclusion

We would wish to take this opportunity to acknowledge the team effort required to produce the accounts and to record our thanks to all the staff involved for their continued hard work and support. Further information on the Annual Accounts can be obtained from Scotland Excel, Renfrewshire House, Cotton Street, Paisley, PA1 1AR; or by telephone on 0300 300 1200.

Statement of Responsibilities for the Annual Accounts

The Joint Committee's Responsibilities

The Joint Committee is required:

- to make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Joint Committee has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The Director of Finance and Resources at Renfrewshire Council is the designated Officer and operates as the Treasurer for Scotland Excel;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003);
- Approve the Annual Accounts for signature.

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee's Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this statement of accounts, the Treasurer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates which were reasonable and prudent;
- Complied with legislation;
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation);
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Joint Committee at the reporting date and the transactions of the Joint Committee for the year ended 31 March 2018.

Alan Russell CPFA

Treasurer

29 June 2018

Governance Statement

Scope of Responsibility

Scotland Excel's Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Joint Committee also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Joint Committee's elected members and senior officers are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Joint Committee's Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Joint Committee is directed and controlled. It also describes the way it engages with, and accounts to its stakeholders.

The Joint Committee has also put in place a system of internal control designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The main features of our governance arrangements are summarised below:

- Clearly defined Procedural Standing Orders, Scheme of Delegation, Financial Regulations and Standing Orders Relating to Contracts. Financial Regulations are currently being updated
- Comprehensive business planning arrangements, setting key targets and action plans designed to achieve our corporate objectives,
- Application of the Chartered Institute of Purchasing and Supply, Code of Professional Ethics,
- Regular performance reporting to the Executive Sub Committee and public performance reporting through the Annual Report,
- A range of policies to regulate employee related matters, including the employee code of conduct, and disciplinary procedures,
- Arrangements to manage risk, including the risk management strategy and Corporate Risk Register and business continuity plans,
- Clear customer complaints procedures,
- Comprehensive policies and procedures for information security,
- An anti-fraud and corruption strategy and arrangements supported by a range of policies and guidelines.

Within the overall control arrangements the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded and material errors are detected and corrected. The system is based on a framework of management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. The system includes:

- Financial management is supported by comprehensive financial regulations and codes,
- Comprehensive budgeting systems, and detailed guidance for budget holders,
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts,
- Setting targets to measure financial and other performance,
- The preparation of regular financial reports that indicate actual expenditure against the forecasts,

With Renfrewshire Council being the lead authority, all financial transactions of the Joint Committee are processed through the financial systems of the Council and are subject to the same controls and scrutiny as those of Renfrewshire Council. This includes regular reviews by the Chief Auditor of Renfrewshire Council.

Review of Effectiveness

Members and officers of the Joint Committee are committed to the concept of sound governance and the effective delivery of services and take into account comments made by internal and external auditors.

The effectiveness of the governance framework is reviewed annually by the Director, including the use of a self-assessment tool involving completion of a 30 point checklist covering four key areas of governance.

- Service Planning and Performance Management
- Internal Control Environment
- Budgeting, Accounting and Financial Control
- Risk Management and Business Continuity

The Joint Committee approved further investigation of possible future governance structures. Whilst the review is not yet finalised and recommendations have not yet been approved, findings to this point indicate that the existing governance framework should be maintained and that the current Scheme of Delegation should be updated to correct some minor anomalies and better clarify and reflect current practice.

This self-assessment indicated that the governance framework is being complied with in all material respects.

The Joint Committee's internal audit service operates in accordance with the Public Sector Internal Audit Standards. Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process. The Chief Auditor provides an annual report to the Joint Committee and an independent opinion on the adequacy and effectiveness of the system of internal control. The Chief Auditor's annual assurance statement concluded that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Joint Committee's internal control systems.

Statement on the Role of the Chief Financial Officer

CIPFA published this statement in 2010 and under the Code, the Joint Committee is required to state whether it complies with the statement, and if not, to explain how their governance arrangements deliver the same impact. The full statement is:

The Chief Financial Officer in a public service organisation:

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

**Scotland Excel
Annual Accounts 2017/18**

To deliver these responsibilities the Chief Financial Officer:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

The Joint Committee complies with the principles set out in CIPFA's Role of the Chief Financial Officer.

Assurance

In conclusion, it is our opinion that the annual review of governance together with the work of internal and external auditors and certification of assurance from the Director provide sufficient evidence that the principles of good governance operated effectively and the Joint Committee complies with its governance arrangements in all material respects. Systems are in place to continually review and improve the governance and internal control environment. Future actions will be taken as necessary to maintain and further enhance the Joint Committee's governance arrangements.

Remuneration report

All information disclosed in sections two to five in this Remuneration Report will be audited by the council's appointed auditor, Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

1. Remuneration policy for elected members

The Joint Committee makes no remuneration payment to any elected member, nor does it pay any expenses, fees or allowances to elected members. Further, no recharges have been made by member authorities in relation to elected member remuneration.

2. Remuneration policy for senior employees

The Director's salary is matched to the Renfrewshire Council Chief Officer pay scale CO21.

2016/17	Senior Employees		2017/18
Total Salary, fees and allowances	Name	Post Held	Total Salary, fees and allowances (i)
£			£
100,172	Julie Welsh	Director	104,831
75,307	Hugh Carr	Head of Strategic Procurement	77,393
73,242	Stephen Brannagan	Head of Customer & Business Services	75,566
248,721	Total		257,790

(i) includes any other payments made to or receivable by the person in connection with the termination of their employment, or, in the case of a councillor, the total of any payment made to that person in connection with their ceasing to hold office before the end of a fixed term appointment;

The above tables show the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2018, whether or not those amounts were actually paid to, or received by, those persons within that period.

3. Pension rights

Pension benefits for Joint Committee employees are provided through the Local Government Pension Scheme (LGPS).

From 1st April 2015 benefits are based on career average pay. Pension benefits are based on the pay received for each year in the scheme increased by the increase in the cost of living, as measured by the appropriate index (or indices). The scheme's normal retirement age is linked to the state pension age for each member.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non manual employees.

**Scotland Excel
Annual Accounts 2017/18**

2016/17	Member contribution rates on earnings in the bands below	2017/18
Up to £20,500	5.5%	Up to £20,700
£20,501 to £25,000	7.25%	£20,701 to £25,300
£25,001 to £34,400	8.5%	£25,301 to £34,00
£34,401 to £45,800	9.5%	£34,701 to £46,300
Over £45,801	12%	Over £46,301

If a person works part-time their contribution rate will be based on their part time pay.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of the pensionable pay for each year of membership, adjusted in line with the cost of living. (Prior to 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government employment, not just that relating to their current post.

Senior Employees		Accrued Pension benefits as at 31 March 2018		Change in accrued pension benefits since 31 March 2017		Pension contributions made by Scotland Excel during 2017-2018 (i)
Name	Post Held	Pension £m	Lump Sum £m	Pension £m	Lump Sum £m	£
Julie Welsh	Director	0.018	0.002	+0.003	+0.000	20,142
Hugh Carr	Head of Strategic Procurement	0.010	0.000	+0.002	+0.000	14,869
Stephen Brannagan	Head of Customer & Business Services	0.004	0.000	+0.004	+0.000	14,518
Total		0.032	0.002	+0.009	+0.000	49,529

**Scotland Excel
Annual Accounts 2017/18**

4. Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2017/18, in bands of £5,000.

2016/17 Number of employees	Remuneration Band	2017/18 Number of employees
-	£50,000 - £54,999	-
-	£55,000 - 59,999	1
-	£60,000 - £64,999	-
-	£65,000 - 69,999	-
1	£70,000 - £74,999	-
1	£75,000 - £79,999	2
-	£80,000 - £84,999	-
-	£85,000 - £89,999	-
-	£90,000 - £94,999	-
-	£95,000 - £99,999	-
<u>1</u>	£100,000 - £104,999	<u>1</u>
3		4

5. Exit packages

Scotland Excel agreed no exit packages in 2017-18.

Independent Auditor's Report

Annual Accounts 2017-18

Under audit arrangements approved by the Accounts Commission, the auditor with responsibility for the audit of the accounts for Scotland Excel for the year ended 31 March 2018 is:

Mark Ferris
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Statement

The audit of the accounts is not yet complete i.e. the figures are subject to audit. The certified accounts will be presented to the Joint Committee for approval after the audit is complete

Movement in Reserves Statement for the year ended 31 March 2018

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into usable reserves (that is, those reserves that can be applied to fund expenditure) and unusable reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the Joint Committee's services, more details of which are shown in the **comprehensive income and expenditure statement**.

		Usable reserves		Unusable reserves	
		Revenue Reserve	Pension Reserve	Employee Statutory Adjustment Account	Total Reserves
	Note	£	£	£	£
Balance at 31 March 2016 carried forward		-	(2,195,000)	(60,470)	(2,255,470)
<i>Movement in reserves during 2016-17</i>					
Total comprehensive income and expenditure		(309,990)	(2,280,000)	-	(2,589,990)
Adjustments between accounting basis and funding basis underregulations	7a & 7b	212,438	(198,000)	(14,438)	-
Transfer from Creditors	7a	482,936			482,936
Net increase or (decrease) before transfers to other statutory reserves		385,384	(2,478,000)	(14,438)	(2,107,054)
Transfers to or (from) other statutory reserves		-	-	-	-
Transfer to creditors	13	(385,384)	-	-	(385,384)
Increase or (decrease) in 2016-17		-	(2,478,000)	(14,438)	(2,492,438)
Balance at 31 March 2017 carried forward		-	(4,673,000)	(74,908)	(4,747,908)
<i>Movement in reserves during 2017-18</i>					
Total comprehensive income and expenditure		(263,025)	3,515,000	-	3,251,975
Adjustments between accounting basis and funding basis underregulations	7a & 7b	536,084	(539,000)	2,916	-
Transfer from Creditors	7a	385,384			385,384
Net increase or (decrease) before transfers to other statutory reserves		658,443	2,976,000	2,916	3,637,359
Transfers to or (from) other statutory reserves					-
Transfer to creditors	13	(658,443)			(658,443)
Increase or (decrease) in 2017-18		-	2,976,000	2,916	2,978,916
Balance at 31 March 2018 carried forward		-	(1,697,000)	(71,992)	(1,768,992)

Comprehensive Income and Expenditure Statement for the year ended 31 March 2018

This statement shows the accounting cost of providing services and managing the Joint Committee during the year. It includes, on an accruals basis, all of the Joint Committee's day-to-day expenses and related income. It also includes transactions measuring the value of non-current assets actually consumed during the year and the real projected value of retirement benefits earned by employees during the year. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that local authorities need to take into account. The required adjustments between accounting basis and funding basis under regulations are shown in the **movement in reserves statement**.

2016/17		2017/18
£	Note	£
3,187,104	Employee Costs	3,972,629
177,100	Property Costs	215,961
119,395	Supplies & Services	179,488
132,835	Contractors	67,657
363,541	Administration Costs	380,466
64,159	Payments to Other Bodies	39,775
4,044,134	Cost of Services	4,855,976
(324,424)	Sales, Fees & Charges	(850,658)
-	- Government Grants	(381,000)
74,481	Financing & Investment Income and Expenditure	9 122,907
(3,484,200)	Requisitions from Members Authorities	14 (3,484,200)
309,990	(Surplus) or deficit on the provision of services	263,025
2,280,000	Actuarial (Gains) or losses on pension assets and liabilities	16a (3,515,000)
2,280,000	Other Comprehensive Income & Expenditure	(3,515,000)
2,589,990	Total Comprehensive Income & Expenditure	(3,251,975)

Balance Sheet as at 31 March 2018

The **balance sheet** shows the value as at 31 March 2018 of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the Joint Committee is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets.

2016/17		Note	2017/18
£			£
	<u>Current Assets</u>		
620,120	Funds held by Renfrewshire Council		625,876
19,891	Debtors and Prepayments	11	308,545
150	Cash in Hand		150
<hr/> 640,161			<hr/> 934,571
	<u>less Current Liabilities</u>		
(715,069)	Creditors And Accruals	12	(1,006,563)
<hr/> (74,908)	Net (Liabilities)/Asset Excluding Pension		<hr/> (71,992)
	<u>Long Term Liabilities</u>		
(4,673,000)	Pension (liability)/Asset	16c	(1,697,000)
<hr/> (4,747,908)	Net (Liabilities)/Asset Including Pension		<hr/> (1,768,992)
	<u>Represented by:</u>		
	Usable Reserves - Revenue		
385,384	Balance due to Scottish Government and related parties		658,443
(385,384)	Transfer to Creditors	13	(658,443)
	Unusable Reserves		
(74,908)	Employee Statutory Adjustment Account	7c	(71,992)
(4,673,000)	Pension Reserve	7b	(1,697,000)
<hr/> (4,747,908)			<hr/> (1,768,992)

The unaudited accounts were issued on the 29 June 2018. Balance Sheet signed by:

Alan Russell CPFA
Treasurer
29 June 2018

Cash flow Statement for the year ended 31 March 2018

This statement shows the changes in cash and cash equivalents during the year. It shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of requisition income or from the recipients of services provided. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Joint Committee's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is, borrowing) to the Joint Committee.

2016/17		2017/18
£		£
	Operating Activities	
	Cash Inflows	
(3,793,803)	Sale of goods and rendering of services	(4,215,115)
(52,750)	Grants	(246,188)
(4,519)	Interest received	(4,093)
(3,851,072)	Cash inflows generated from operating activities	(4,465,396)
	Cash Outflows	
2,563,936	Cash paid to and on behalf of employees	2,981,096
871,764	Cash paid to suppliers of goods and services	959,021
453,535	Other payments for operating activities	519,523
3,889,235	Cash outflows generated from operating activities	4,459,640
38,163	Net (increase)/decrease in cash and cash equivalents	(5,756)
658,433	Cash and cash equivalents at the beginning of the reporting period - short term deposits with Renfrewshire Council	620,270
620,270	Cash and cash equivalents at the end of the reporting period - short term deposits with Renfrewshire Council	626,026
38,163	Net cash outflow in cash and cash equivalents in year	(5,756)

Note 1 Expenditure Funding Analysis for the year ended 31 March 2018

This statement shows how annual expenditure is used and funded from resources and provides a reconciliation of the statutory adjustments between the Joint Committees financial performance on a funding basis and the (surplus) or deficit on the provision of service in the Comprehensive Income and Expenditure statement.

2017/18	(Surplus)/Deficit for Year	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£
Balance as at 31st March 2018	(439,059)			(439,059)
Approved draw on reserves	166,000			166,000
Employee Statutory Adjustment		(2,916)		(2,916)
Pension Cost			412,000	412,000
Pension Interest			127,000	127,000
(Surplus) or deficit on the provision of service				263,025

2016/17	(Surplus)/Deficit for Year	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£
Balance as at 31st March 2017	(101,958)			(101,958)
Approved draw on reserves	199,510			199,510
Employee Statutory Adjustment		14,438		14,438
Pension Cost			119,000	119,000
Pension Interest			79,000	79,000
(Surplus) or deficit on the provision of service				309,990

Note 2 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2018 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Best Value Accounting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Joint Committee and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations.

The following accounting concepts have been considered in the application of accounting policies:

Accruals basis - the accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which payment is made or income received.

Going concern - the going concern concept assumes that the Joint Committee will continue in existence for the foreseeable future.

Understandability – users of the financial statements are assumed to have a reasonable knowledge of accounting and local government.

Relevance – the information in the financial statements is useful for assessing Joint Committee's stewardship of public funds and for making economic decisions.

Materiality - information is included in the financial statements where the information is of such significance that it could influence the decisions or assessments of users of the information.

Reliability – information included in the financial statements faithfully represents the substance of transactions, is free from bias and material error, is complete within the bounds of materiality and cost, and has been prudently prepared.

Primacy of legislative requirements - legislative requirements have priority over accounting principles in the event of conflict between legislation and the Accounting Code.

The accounts have been prepared under the historic cost convention. The following accounting policies used in the preparation of the statements have been reviewed in line with changes made to the Accounting Code following the introduction of International Financial Reporting Standards.

Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- i. Revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- ii. Revenue from the provision of services is recognised when the Joint Committee can measure reliably the percentage of completion of the transaction and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- iii. Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

**Scotland Excel
Annual Accounts 2017/18**

- iv. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- v. Suppliers invoices paid in the two weeks following the year-end are accrued together with specific accruals in respect of further material items provided the goods or services were received by the Balance Sheet date.

Cash and Cash Equivalents

Cash is defined as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts where they are deemed material.

Employee Benefits

Benefits payable during employment

All salaries and wages earned up to the Balance Sheet date are included in the Accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi-leave entitlements earned by employees but not taken before the year end; and which employees may carry forward into the next financial year.

Post employment benefits

The Joint Committee participates in the Local Government Pension Scheme which is administered by Strathclyde Pension Fund. The Local Government Pension Scheme is accounted for as a defined benefit scheme, and in accordance with International Accounting Standard 19 (IAS19,) the Joint Committee has disclosed certain information concerning the assets, liabilities, income and expenditure relating to the pension scheme. IAS 19 requires that an organisation must account for retirement benefits when it is committed to giving them, even if the giving will be many years into the future.

This involves the recognition in the Balance Sheet of the Joint Committee's share of the net pension asset or liability in Strathclyde Pension Fund and a pension reserve. The Comprehensive Income and Expenditure Statement also recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year.

The liabilities of the Strathclyde Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees. Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate of return on high quality corporate bonds.

The assets of the Strathclyde Pension Fund attributable to the Joint Committee are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

Note 16 to the Core Financial Statements provides further information.

Events after the Balance Sheet date

Events after the balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statements are authorised for issue. There are two types of events:

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period, and the Statements are adjusted to reflect such events
- Non-adjusting events – those that are indicative of conditions that arose after the reporting period, and the Statements are not adjusted. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the event and its estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statements. Note 6 provides further information.

Prior Period Adjustments

Where there has been a change in accounting policy, that change will be applied retrospectively, that is, prior period figures will be restated unless the Code specifies transitional provisions that shall be followed. Where there has been a change in accounting estimate, that change will be applied prospectively, that is, prior period figures will not be restated. Where a material misstatement or omission has been discovered relating to a prior period, that misstatement or omission will be restated unless it is impracticable to do so.

Government Grants and other Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Joint Committee when there is reasonable assurance that:

- the Joint Committee will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Joint Committee are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Monies advanced as grants and contributions are carried in the Balance Sheet as creditors.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. The Joint Committee is not party to any finance leases.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease). The risks and rewards of ownership remain with the lessors along with the title of the property.

Property, Plant and Equipment

Scotland Excel is a Joint Committee as constituted under s106(1) of the Local Government (Scotland) Act 1973. The Joint Committee has no legal power to hold assets. Any cash assets held are matched by an equivalent creditor balance.

Reserves

The Revenue Reserve contains any balance of requisition income from members of the Joint Committee. The remaining reserves, excluding the Pension Reserve, relate to various projects that Scotland Excel are currently undertaking.

The Pension Reserve arises from the IAS19 accounting disclosures for retirement benefits and recognises the Joint Committee share of actuarial gains and losses in the Strathclyde Pension Fund and the change in the Joint Committee's share of the Pension Fund net liability chargeable to the Income and Expenditure Account.

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the Revenue Reserve from accruing for short term accumulating absences at the end of the financial year. Generally accepted accounting practices require that all short-term employee benefits, including accumulating compensated absences, should be recognised as a cost in the accounts for the year to which they relate. This means that where employees' full holiday entitlement, time in lieu or credit flexi-time balance has not been taken by the financial year-end, the cost of the untaken days or time is calculated and recorded as an accrued expense. However, statutory arrangements require that the impact of such accrued expenditure on the Revenue Reserve is neutralised by transfers to or from the Employee Statutory Adjustment Account.

VAT

Income and Expenditure excludes any amount relating to Value Added Tax (VAT), as all VAT is payable to HM Revenue & Customs and all VAT is recoverable from them.

Note 3 Accounting Standards Issued not Adopted

There are no accounting standards relevant to the financial statements of the Joint Committee which have not been adopted.

Note 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 2, the Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect is detailed below.

Leases	An analysis of the terms of the lease for the office accommodation at Renfrewshire House leased by the Joint Committee has concluded it is an operating lease. Note 10 provides further information.
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Note 5 Assumptions made about the future

The Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

**Scotland Excel
Annual Accounts 2017/18**

The items in the Balance Sheet at 31 March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumption
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Joint Committee with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an decrease in the pension liability of £2.084 million. However, the assumptions interact in complex ways. During 2017/18, the appointed actuaries advised that the net pension liability had decreased by £3.515 million as a result of estimates being corrected.

Note 6 Events after the balance sheet date

Events taking place after the authorised for issue date per the balance sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2018, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non adjusting events.

Note 7 Details of Movement in Reserves

a. Revenue Reserve

2016/17		2017/18
£		£
(482,936)	Balance as at 1 April	(385,384)
(198,000)	Transfer to pension reserve	(539,000)
(14,438)	Transfer to employee statutory adjustment account	2,916
309,990	(Surplus) or Deficit on the provision of services (from the Comprehensive Income & Expenditure Account)	263,025
<u>(385,384)</u>	Balance as at 31 March	<u>(658,443)</u>

This represents the excess of member authority requisitions over expenditure in any one year, together with the balance of members contributions in relation to the National Care Home contract and various projects.

**Scotland Excel
Annual Accounts 2017/18**

b. Pension Reserve

2016/17		2017/18
£		£
(2,195,000)	Balance as at 1 April	(4,673,000)
(2,280,000)	Actuarial Gains and Losses (see note 16)	3,515,000
(198,000)	Net additional amount required by statute and non-statutory proper practices to be taken into account when determining the surplus or deficit on the revenue reserves for the year	(539,000)
(4,673,000)	Balance as at 31 March	(1,697,000)

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Joint Committee accounts for post-employment benefits in the **comprehensive income and expenditure statement** as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Joint Committee makes employer's contributions to pension funds. The credit balance on the Pension Reserve shows a surplus in the benefits earned by past and current employees and the Joint Committee's share of Strathclyde Pension Fund resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

c. Employee Statutory Adjustment Account

2016/17		2017/18
£		£
60,470	Balance as at 1 April	74,908
(60,470)	Reversal of prior year accrual for short-term accumulating compensated absences	(74,908)
74,908	Recognition of the accrual for short-term accumulating compensating absences at 31 March	71,992
74,908	Balance as at 31 March	71,992

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on revenue balances from accruing for short-term accumulating compensated absences at the end of the financial year. Generally accepted accounting practices require that all short-term employee benefits, including accumulating compensated absences, should be recognised as a cost in the accounts for the year to which they relate. This means that where employees' full holiday entitlement, time in lieu or credit flexi-time balance has not been taken by the financial year-end, the cost of the untaken days or time is calculated and recorded as an accrued expense. However, statutory arrangements [or regulations] require that the impact of such accrued expenditure on revenue balances is neutralised by transfers to or from the Employee Statutory Adjustment Account.

Note 8 Reconciliation of the Balance on the Comprehensive Income and Expenditure Statement to the Movement in Reserves Statement

The surplus for the year on the Revenue Reserves was £536,084 less than the Comprehensive Income and Expenditure Statement result. The table below gives a breakdown of the differences between the income and expenditure included in the Joint Committee's Comprehensive Income and Expenditure Statement in accordance with the Code and the amounts that statute and non-statutory proper practice require the Joint Committee to debit and credit the Revenue Reserve Balance.

2016/17 £		2017/18 £
	Amounts to be included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining Movement in Reserves Statement	
(622,000)	Net charges made for retirement benefits in accordance with IAS19	(1,027,000)
<u>(14,438)</u>	Net charges for employment short-term accumulating absences	<u>2,916</u>
(636,438)		(1,024,084)
	Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining Movement in Reserves Statement	
<u>424,000</u>	Employers contributions payable to the Strathclyde Pension Fund	<u>488,000</u>
<u>(212,438)</u>	Net additional amount required to be debited or credited to the Revenue Reserves balance for the year	<u>(536,084)</u>

Note 9 Financing & Investment Income

2016/17 £		2017/18 £
(4,519)	Interest on Balances	(4,093)
79,000	Pension Interest Cost	127,000
<u>74,481</u>	Total Financing and Investment (Income)/Cost	<u>122,907</u>

Note 10 Operating Leases

Scotland Excel acquired an operating lease for accommodation at Renfrewshire House which was originally from February 2013 until February 2018 but has been extended to February 2019. The expenditure charged in year to the Comprehensive Income and Expenditure Statement was £85,131 (2016/17 £87,320).

2016/17 £		2017/18 £
	Future Minimum Lease Payments	
76,076	- not later than one year	61,265
-	- later than one year and not later than five years	-
<u>-</u>	- later than five years	<u>-</u>
<u>76,076</u>	Total	<u>61,265</u>

**Scotland Excel
Annual Accounts 2017/18**

Note 11 Debtors

2016/17		2017/18
£		£
1,454	Other local authorities	-
18,437	Other Entities and Individuals	308,545
<u>19,891</u>	Total short term debtors	<u>308,545</u>

Note 12 Creditors

2016/17		2017/18
£		£
52,750	Central government bodies	-
387,324	Other local authorities	698,443
74,908	Short Term Accumulating Absences	71,992
180,279	Accrued Payrolls	228,624
19,808	Other entities and individuals	7,504
<u>715,069</u>	Total short term creditors	<u>1,006,563</u>

Note 13 Transfer to Creditors

2016/17		2017/18
£		£
<u>385,384</u>	In terms of Section 58 of the Local Government (Scotland) Act 1973, Joint Committees have no specific powers to retain reserves to meet future funding requirements and the amount due to funding bodies has been transferred to creditors.	<u>658,443</u>

Note 14 Related parties

The Joint Committee's related parties are those bodies or individuals that have the potential to control or significantly influence the Joint Committee, or to be controlled or significantly influenced by the Joint Committee. The Joint Committee is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties.

The member authorities of the Joint Committee have contributed requisitions in the following proportions to enable the Joint Committee to carry out its objectives. In accordance with Scotland Excel's Terms and Conditions, member authority requisitions are adjusted to reflect changes in the size of the populations within member authority areas.

The Joint Committee in turn pays Renfrewshire Council for support services. The amount paid in respect of these services for the year ended 31 March 2018 was £173,750 (2016/17 £186,850).

**Scotland Excel
Annual Accounts 2017/18**

2016/17			2017/18
£	Council	Percentage	£
140,607	Aberdeen City	4.0%	140,607
156,621	Aberdeenshire	4.5%	156,621
82,591	Angus	2.4%	82,591
67,842	Argyll & Bute	1.9%	67,842
48,605	Clackmannanshire	1.4%	48,605
100,395	Dumfries & Galloway	2.9%	100,395
99,296	Dundee City	2.8%	99,296
85,835	East Ayrshire	2.5%	85,835
77,160	East Dunbartonshire	2.2%	77,160
74,806	East Lothian	2.1%	74,806
69,647	East Renfrewshire	2.0%	69,647
276,829	Edinburgh (City of)	7.9%	276,829
36,111	Eilean Siar	1.0%	36,111
103,989	Falkirk	3.0%	103,989
213,737	Fife	6.1%	213,737
333,882	Glasgow City	9.6%	333,882
143,652	Highland	4.1%	143,652
63,793	Inverclyde	1.8%	63,793
66,090	Midlothian	1.9%	66,090
71,138	Moray	2.0%	71,138
93,410	North Ayrshire	2.7%	93,410
198,471	North Lanarkshire	5.7%	198,471
33,061	Orkney	0.9%	33,061
99,076	Perth & Kinross	2.8%	99,076
112,758	Renfrewshire	3.2%	112,758
81,351	Scottish Borders	2.3%	81,351
33,914	Shetlands Council	1.0%	33,914
80,817	South Ayrshire	2.3%	80,817
186,501	South Lanarkshire	5.4%	186,501
69,522	Stirling	2.0%	69,522
68,763	West Dunbartonshire	2.0%	68,763
113,930	West Lothian	3.3%	113,930
3,484,200	Total	100%	3,484,200

Note 15 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2017/18 were £5,700 (£5,620 in 2016/17). There were no fees paid to Audit Scotland in respect of any other services.

Note 16 Retirement Benefits

As part of the terms and conditions of employment of its employees, the Joint Committee offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The scheme for employees is Strathclyde Pension Fund which is administered by Glasgow City Council. This is a "funded" defined benefit final salary scheme meaning that the Joint Committee and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liability with investment assets.

16a. Transactions relating to retirement benefits

The cost of retirement benefits is recognised in Gross Expenditure when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made in the accounts is based upon pension contributions payable by the Joint Committee in the year, and an adjustment is made within the Movement in Reserves Statement to replace the cost of retirement benefits with employers' contributions. The following transactions have been made in the accounting statements in 2017/18:

2016/17 £		Note	2017/18 £
Comprehensive Income & Expenditure Statement			
Cost of Services			
543,000	Current service cost	(i)	900,000
-	Past service cost/(gain)	(ii)	-
-	Settlements & curtailments	(iii)	-
<u>543,000</u>			<u>900,000</u>
Financing & Investment Income & Expenditure			
<u>79,000</u>	Net Interest	(iv)	<u>127,000</u>
<u>622,000</u>	Total post employment benefit charged to the Surplus or Deficit on the Provision of Services		<u>1,027,000</u>
Other post employment benefit charged to the Comprehensive Income and Expenditure Statement			
(2,171,000)	Return on assets excluding amounts included in net interest		172,000
<u>4,451,000</u>	Actuarial (gains) and losses arising on changes in financial assumptions		<u>(3,687,000)</u>
<u>2,280,000</u>	Total Actuarial (gains) and losses		<u>(3,515,000)</u>
<u>2,902,000</u>	Total post employment benefit charged to the Comprehensive Income and Expenditure Statement		<u>(2,488,000)</u>
	Movement in Reserves Statement	(v)	
	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code		(2,976,000)
<u>2,478,000</u>			
<u>424,000</u>	Employers Contributions paid to Strathclyde Pension Fund		<u>488,000</u>

Notes

- i. Current service cost is the cost of future entitlements to pension payments to current employees
- ii. Past service cost is the cost of discretionary pension benefits to former employees who retired on the grounds of efficiency etc or savings made for commuting part of the pension for additional cash.
- iii. Curtailments are the pension costs to employees retired under redundancy terms.
- iv. The Interest Cost is an actuarial adjustment to the inflation element in the cost of funding current and future pension obligations. This is the expected increase during the year in the present value of the Joint Committee's share of Strathclyde Pension Fund's liabilities because they are one year closer to settlement.

**Scotland Excel
Annual Accounts 2017/18**

- v. The Movement on Pension Reserve represents the net change in the pension liability recognised in the Movement in Reserves Statement for pension payments made by the Joint Committee to the Strathclyde Pension Fund during the year (£539,000).

The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2017/18 these amounted to £20,620 (2016/17 £20,479).

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial gains of £3.515 million are included in the Movement in Reserves Statement (2016/17 £2.280 million loss). The cumulative amount of actuarial losses is £(1.198) million (2016/17 £ (4.713) million).

16b. Assets and liabilities in relation to retirement benefits

A reconciliation of the Joint Committee's share of the **present value** of Strathclyde Pension Fund's **liabilities** is as follows:

2016/17		2017/18
£000		£000
12,980	Opening present value	18,493
543	Current service cost	900
465	Interest Cost	492
151	Employee Contributions	173
	Remeasurement (gains)/losses:	
4,451	Actuarial (gains)/losses arising from changes in financial assumptions	(3,687)
(97)	Benefits Paid	(184)
<u>18,493</u>	Balance as at 31 March	<u>16,187</u>

A reconciliation of the Joint Committee's share of the **fair value** of Strathclyde Pension Fund's **assets** is as follows:

2016/17		2017/18
£000		£000
10,785	Opening Fair Value	13,820
386	Interest Income	365
	Remeasurement gain/(loss):	
2,171	Return on assets excluding amounts included in net interest	(172)
424	Contributions from employer	488
151	Contributions from employee	173
(97)	Benefits Paid	(184)
<u>13,820</u>	Closing fair value of scheme assets	<u>14,490</u>

**Scotland Excel
Annual Accounts 2017/18**

16c. Fund history

	2013/14	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000	£000
Present Value of Liabilities	(10,210)	(13,549)	(12,980)	(18,493)	(16,187)
Fair value of assets	8,548	10,089	10,785	13,820	14,490
Surplus/(deficit) in the Fund	(1,662)	(3,460)	(2,195)	(4,673)	(1,697)

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching (ALM) strategy.

The total liability of £1.697 million has a significant impact on the net worth of the Joint Committee as recorded in the Balance Sheet. However, any deficit on Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund actuary.

16d. Basis for estimating assets and liabilities

The Joint Committee's share of the liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, that estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. The Scheme's liabilities have been assessed by Hymans Robertson, an independent firm of Actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2017.

The principal assumptions used by the actuary have been:

2016/17	Financial Year:	2017/18
Mortality assumptions		
	Longevity at 65 for current pensioners	
22.1 years	<input type="checkbox"/> Men	21.4 years
23.6 years	<input type="checkbox"/> Women	23.7 years
	Longevity at 65 for Future pensioners	
24.8 years	<input type="checkbox"/> Men	23.4 years
26.2 years	<input type="checkbox"/> Women	25.8 years
4.4%	Rate of increase in salaries*	3.6%
2.4%	Rate of increase in pensions	2.4%
2.6%	Rate for discounting scheme liabilities	2.7%
	Take-up of option to convert annual pension into retirement lump sum:	
50.0%	Pre April 2009 service	50.0%
75.0%	Post April 2009 service	75.0%

The pension scheme's assets consist of the following categories, by proportion of the total assets held:

**Scotland Excel
Annual Accounts 2017/18**

2016/17			2017/18
£000		Percentage	£000
	Equity Securities		
1,307	Consumer	0.0%	-
1,037	Manufacturing	0.0%	-
411	Energy and Utilities	0.0%	-
962	Financial Institutions	0.0%	-
562	Health and Care	0.0%	-
795	Information Technology	0.0%	-
-	Other	28.7%	4,162
5,074	Total Equity	28.7%	4,162
	Private Equity		
1,139	All	8.9%	1,284
1,139	Total Private Equity	8.9%	1,284
	Real Estate		
1,667	UK Property	11.8%	1,717
-	Overseas Property	0.0%	-
1,667	Total Real Estate	11.8%	1,717
	Investment Funds & Unit Trusts		
4,443	Equities	31.8%	4,607
776	Bonds	10.4%	1,514
9	Commodities	0.0%	-
-	Infrastructure	0.0%	-
187	Other	5.2%	741
5,415	Total Investment Funds & Unit Trusts	47.4%	6,862
	Derivatives		
2	Foreign Exchange	0.0%	6
1	Other	0.0%	-
3	Total Derivatives	0.0%	6
	Cash & Cash Equivalents		
521	All	3.2%	460
521	Total Cash & Cash Equivalents	3.2%	460
13,820	Total	100%	14,490

16e. Impact on cashflows

An objective of the fund is to keep employer's contributions at as constant a rate as possible. The fund has agreed a strategy to achieve a funding rate of 100% in the longer term. Employers' and employees' contributions have been determined so that rates are standard across all participating employers. The rate for employer contributions has been set at 19.3% for 2017-18 and 2018-19.

The total contributions expected to be made by the Joint Committee to the Strathclyde Pension Fund in the forthcoming year to 31 March 2018 is £0.488 million.

Note 17 Contingent Liabilities and Assets

As at the Balance Sheet date the Joint Board had no material contingent assets or liabilities.



Scotland Excel

To: Joint Committee

On: 29 June 2018

Report by Chief Auditor

Internal Audit Reporting Arrangements

1. Summary

- 1.1** Audit Scotland in their report to members on the annual audit for 2016/17, identified that “internal audit reports are not provided to members of the Joint Committee”. This presented the Chief Auditor with an opportunity to review and formalise the internal audit reporting arrangements for the Joint Committee.
- 1.2** In line with the Public Sector Internal Audit Standards (PSIAS), Internal Audit must communicate the results of each engagement to the Board.
- 1.3** This report outlines the details and outcome of the Chief Auditor’s considerations in relation to the Joint Committee reporting arrangements for completed audit engagements and follow up work.

2. Recommendations

- 2.1** Members are requested note the reporting arrangements put in place to communicate the results of Internal Audit work to the Joint Committee.

3. Background

3.1 Communicating the results of audit engagements

- 3.1.1** The Chief Auditor has a professional duty under the PSIAS to report the results of engagements to senior management and the Board, although the PSIAS does not prescribe any specific format that should be adopted for reporting.
- 3.1.2** Previously, Internal Audit reported the conclusion of completed audit engagements in the Internal Audit Annual Report. Audit Scotland in their report to members on the annual audit for 2016/17, identified that “internal audit reports are not provided to members of the Joint Committee. As a result there is a risk that members are not aware of any weaknesses that have been identified and may not be able to make informed decisions”.

- 3.1.3 This presented the Chief Auditor with an opportunity to review and formalise the internal audit reporting arrangements for the Joint Committee. In making those considerations the Chief Auditor took account of the professional requirements as detailed in the PSIAS and the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance “Audit Committees, Practical Guidance for Local Authorities”.
- 3.1.4 Members of the Joint Committee need to be provided with enough information to allow them to understand any significant risk exposures to the internal control environment identified through the work of Internal Audit.
- 3.1.5 The CIPFA “Audit Committees, Practical Guidance for Local Authorities” publication, defines that role as “reviewing the work carried out will include formal consideration of summaries of work done, key findings, issues of concern and action in hand as a result of audit work.”
- 3.1.6 In line with the best practice referred to above, the Chief Auditor will in future report summaries of completed audit engagements to the Joint Committee on the conclusion of each engagement for formal consideration by members.

3.2 Monitoring the progress of management actions

- 3.2.1 The PSIAS places the responsibility for monitoring progress with the Chief Auditor to ensure that management actions have been effectively implemented, or, if not, that senior management have accepted the risk of not taking action.
- 3.2.2 There is also a requirement for the Chief Auditor to develop escalation procedures for cases where agreed actions have not been effectively implemented by the date agreed. The effective involvement of the Board in the follow-up process is critical to ensuring that it works.
- 3.2.3 Internal Audit undertakes an annual follow up exercise. The outcome of the annual follow up exercise is communicated to the Director with details of all partially implemented, redundant and outstanding recommendations. The Chief Auditor currently reports, the number of recommendations followed up, and the current status of those recommendations in the Internal Audit Annual Report.
- 3.2.4 It is the Chief Auditor’s opinion that there is an opportunity to enhance the escalation procedures for cases where agreed actions have not been effectively implemented by the date agreed. In future details of outstanding critical recommendations will be reported to the Joint Committee on conclusion of the annual follow up exercise.

3.3 Communicating the acceptance of risks

- 3.3.1 The PSIAS places certain professional obligations on the Chief Auditor to report to the Board, when in the Chief Auditor’s opinion, management have accepted an unacceptable level of risk.

- 3.3.2 Instances where the Chief Auditor and senior management are unable to reach an agreement on actions to mitigate a significant risk to an acceptable level are rare. However, should such an instance arise the Chief Auditor will bring a report outlining the risk exposure to the Joint Committee.

3.4 Conclusion

- 3.4.1 The Chief Auditor is satisfied that the enhanced reporting put in place fully supports the Joint Committee in their role, complies with the PSIAS and meets the best practice standard as set out in the CIPFA "Audit Committees, Practical Guidance for Local Authorities" publication.
- 3.4.2 The Chief Auditor would still need to preserve the confidentiality of the information in cases where it may breach legislation or where the risk of the weakness being exploited be of such significance that she would seek to have the report heard in private, to protect the Joint Committees interests.

For further information please contact Andrea McMahon on 0141-618-7017

Or via e-mail at andrea.mcmahon@renfrewshire.gov.uk

Scotland Excel

To: Joint Committee

On: 29 June 2018

**Report
by
Chief Auditor**

Internal Audit Report Summary – Contract Management (Tendering)

1. Summary

- 1.1 In line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Board.
- 1.2 Internal Audit undertook a review of the arrangements in place to for tendering. This report provides a summary of the work undertaken, the audit findings and the action being taken by management to address the recommendations made.
- 1.3 Appendix 1 provides a summary of the overall assurance rating for the engagement and the number of recommendation in each category, the Committee summary for the engagement is also attached.

2. Recommendations

- 2.1 Members are invited to note the Internal Audit Summary for the Internal Audit review of Contract Management (Tendering).

Appendix 1

Scotland Excel

Internal Audit Service

Summary of Internal Audit Reports issued

Category	Engagement	Assurance Rating	Recommendation Ratings			
			Critical	Important	Good Practice	Service Improvement
Assurance	Contract Management (Tendering)	Substantial	0	0	2	2

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

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

Internal Audit Report

Scotland Excel

Contract Management (A0018/2018/001)

Tendering Arrangements Date: June 2018

COMMITTEE SUMMARY

Audit Objectives
<p>The objectives of the audit were to ensure that:</p> <ul style="list-style-type: none"> • Contract strategy documents have been prepared and approved and include the method for the tendering of the contract.; • Contracts are advertised in line with internal procedures and relevant procurement legislation; • Pre – qualifying questionnaires (PQQ) are assessed on a consistent basis where utilised; • Invitation to tender documents are authorised, and made available to all tenderers; • Tender clarifications are dealt with fairly and consistently; • Tenders are only opened after the tender closing date; • Tender evaluation criteria and methodology for evaluation is set and evaluation panels are properly established, prior to tenders being opened; • Tender negotiations are only undertaken when authorised, and outcomes are documented; • All tender records are maintained in a manner that provides an adequate audit trail.

Audit Scope
<p>1. Interviewed the appropriate staff, evaluated the system in place for procurement/ tendering for 2 contracts and identified any possible improvements to the system. The contracts selected for testing were the Vehicle Parts and Energy Efficiency Contractors contracts.</p> <p>2. Prepared a series of tests to ensure the tendering process is operating effectively and as described.</p>

Key Audit Assurances
<p>1. Contract strategy documents were prepared and approved and included the tendering method for the two contracts tested.</p> <p>2. The two contracts were advertised in line with internal procedures and relevant procurement legislation.</p> <p>3. Invitation to Tenders were authorised, and made available to all tenderers.</p> <p>4. Tenders were only opened after the tender closing date and were fairly evaluated.</p> <p>5. Tender clarifications were consistent and there were no tender negotiations.</p>

Internal Audit Report

Scotland Excel

Contract Management (A0018/2018/001)

Tendering Arrangements Date: June 2018

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Key Risks

There were no key risks identified during the audit.
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Overall Audit Opinion

The audit has identified that satisfactory arrangements are in place for procurement/tendering for the contracts tested. Some recommendations have been made including ensuring that relevant evidence is retained of individual panel members' technical scoring. Once implemented these should further enhance controls in this area.

Management Commentary

The procedures in place are adequate, however, it was identified that in relation to some minor areas the procedures had not been fully followed. As such management has undertaken to reinforce the procedures to relevant staff.
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Scotland Excel

To: Joint Committee

On: 29 June 2018

**Report
by
Chief Auditor**

Internal Audit Annual Report 2017/18

1. Summary

- 1.1 The Public Sector Internal Audit Standards require the Chief Auditor to prepare a report, at least annually, to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan.
- 1.2 The annual report must also provide an annual audit opinion on the overall adequacy and effectiveness of Scotland Excel's internal control environment.
- 1.3 The Annual Report for Scotland Excel is attached at Appendix 1 and outlines the role of Internal Audit, the performance of the Internal Audit Team, the main findings from the internal audit work undertaken in 2017/18, and contains an audit assurance statement.

2. Recommendations

- 2.1 Members are invited to consider and note the contents of the Annual Report.

Scotland Excel Internal Audit Annual Report 2017-2018

**Renfrewshire Council
Finance & Resources
Internal Audit**

June 2018

Scotland Excel

Internal Audit Annual Report 2017/2018

Contents

		Page
1.	Introduction	1
2.	Responsibilities of Management and Internal Audit	2
3.	Internal Audit Activity during 2016/17	2
4.	Review of Internal Audit Performance	4
5.	Planned Audit Work for 2017/18	5
6.	Audit Assurance Statement	5

Scotland Excel
Internal Audit Annual Report
1 April 2017 – 31 March 2018

1. Introduction

- 1.1 As host Authority, Renfrewshire Council provides an internal audit service to Scotland Excel. This includes:
- The compilation of an annual audit plan following consideration and evaluation of those areas of greatest risk in the organisation's operation, and consultation with the Director;
 - Delivery of the planned audit assignments;
 - Follow up of previous audit recommendations;
 - Provision of any ongoing advice and support on audit and risk management related matters;
 - Provision of an Annual Report and Assurance Statement, and presentation to elected members of Scotland Excel.
- 1.2 The Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) which defines Internal Audit's role as:
- “.....an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”
- 1.3 In line with the Standards, the purpose of this Annual Report is to report on:
- The outcome of the planned Internal Audit reviews 2017/18 relating to Scotland Excel;
 - The outcome of Internal Audit reviews of supporting Renfrewshire Council corporate systems;
 - Internal audit performance;
 - Planned audit work for 2018/19;
 - The annual assurance statement which provides an opinion on the overall adequacy and effectiveness of the organisation's internal control environment.

2. Responsibilities of Management and Internal Audit

- 2.1 It is the responsibility of management to ensure that for the areas under their control there is an adequate and effective system of internal control which facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.
- 2.2 Internal Audit is not a substitute for effective control exercised by management as part of their responsibilities. Internal Audit's role is to independently assess the adequacy of the risk management, internal controls and governance arrangements put in place by management and to undertake sufficient work to evaluate and conclude on the adequacy of those controls for the period under review.

3. Internal Audit Activity during 2017/2018

- 3.1 One specific engagement was undertaken during 2017/18, which related to the internal controls in operation over contract management (tendering arrangements). The main findings in relation to this review is summarised in table 1 below:

Table 1

Audit Area	Conclusion
Contract Management (Tendering Arrangements)	<ul style="list-style-type: none">• Substantial Assurance• The audit has identified that satisfactory arrangements are in place for procurement / tendering for the contracts tested. Some recommendations have been made including ensuring that relevant evidence is retained of individual panel members' technical scoring. Once implemented these should further enhance controls in this area.

- 3.2 The Annual Report for 2016/2017 was submitted to the Joint Committee on 30 June 2017.
- 3.3 During 2017/18, there were no recommendations relating to Scotland Excel's activities required to be followed up.
- 3.4 Internal Audit also carried out reviews of the main corporate systems operating within Renfrewshire Council which support Scotland Excel's activity. The main findings in relation to these are summarised in Table 2 below and Renfrewshire Council management have agreed to implement the audit recommendations made in relation to each review:

Table 2

Audit Area	Conclusion
Payroll - Pensions Auto Enrolment	<ul style="list-style-type: none"> • Reasonable Assurance • The audit identified that there are arrangements in place to cover the requirements of the Pensions Act 2011, recommendations were made to improve the processes to record and pass this information to the pension provider timeously and improve the communication issued to employees regarding postponed enrolment.
Corporate Health & Safety	<ul style="list-style-type: none"> • No Assurance <p>In the context of the objectives of the audit review, the control environment has been assessed as unsatisfactory. The Auditor is concerned that the current governance arrangements may not be fit for purpose. Operational arrangements are not currently adequate and there is a lack of appropriate processes and scrutiny. Management need to review the governance and operational practice as a matter of priority.</p>
Corporate Purchase Cards	<ul style="list-style-type: none"> • Reasonable Assurance <p>There are adequate procedures in place covering the purchase of goods with Pcard, issues were identified regarding compliance with some areas of these procedures such as recurring mid value transactions, purchase of IT equipment and high value orders where the Pcard purchase method is not recommended. The audit also identified areas of non-contract spend that would benefit from further review by the Corporate Procurement Unit.</p>
Records Management	<ul style="list-style-type: none"> • Limited Assurance • Although there is a Records Management Plan in place that has been approved by the Keeper of Records Scotland, there is

	evidence to support that services are not fully complying with laid down practices. Furthermore, the estimated completion dates contained in the improvement action plan against a number of elements have not been achieved and therefore require to be revised.
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4. Review of Internal Audit Performance

- 4.1 Internal Audit produces regular reports on its performance during the year to the Renfrewshire Council, Audit, Risk and Scrutiny Board, against a range of measures set annually by the Director of Finance and Resources. These targets are set for all internal audit engagements and include Renfrewshire Council and other associated bodies, for which the team provides internal audit services. Table 3 shows the actual performance against targeted performance for the year.

Table 3

Internal Audit Performance 2017/18		
Performance measure	Target 2017/18	Actual 2017/18
% of audit assignments completed by target date	95%	96%
% of audit assignments completed within time budget	95%	95%
% completion of audit plan for the year*	95%	93%

* this measures the completion percentage as at 31 March. 100% of the plan is ultimately delivered through the finalisation of the outstanding elements in the new financial year.

- 4.2 Actual performance for the year, in relation to percentage completion of the audit plan, is 2% below the target performance level. This was due to the actual level of resources available being lower than had been planned for, due to vacancies and two Council engagements being deferred into early 2018/19 due to other operational commitments within the services. All Scotland Excel specific audit engagements have been completed.
- 4.3 The Chief Auditor is required to develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit including conformance with the PSIAS. There is an opportunity to improve and formalise the internal audit reporting arrangements to the Joint Committee and this has been addressed early in 2018/19.

4.4 External Audit

External Audit's review of the internal audit service concluded that overall the service operates in accordance with the PSIAS, although some recommendations for improvement were made which have been addressed.

4.5 Risk Management

The responsibility for co-ordinating risk management activity across the council and its associated bodies lies with internal audit. Risk management performance is detailed in Renfrewshire Council's risk management annual report.

5. Planned Audit Work for 2018/19

5.1 Following a risk based assessment of the activities of Scotland Excel and consultation with the Director, the following internal audit work has been agreed for 2018/19:

- A further review of aspects of the Contact Management arrangements;
- Follow up of previous audit work;
- Ad-hoc internal audit and risk management advice.

6. Audit Assurance Statement

6.1 Internal Audit has performed its work in accordance with the role defined in paragraph 1.2. The audit work performed has been reported to the Director, and to the Joint Committee. Where areas for improvement in internal control have been identified appropriate recommendations have been made, and accepted for action by management.

6.2 In view of the continued challenges common to all public bodies, there will be a requirement for the council and the bodies for which it is host authority to exercise very close scrutiny over revenue spending, and this will continue to receive due internal audit attention.

6.3 It is not feasible for the system of internal control to be without any weakness. It is important to balance the risks involved in accepting systems limitations with the consequences if a problem emerges. Internal Audit recognises this and assesses this in its reporting mechanism.

6.4 In this context, it is considered that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Scotland Excel's internal control, risk management and governance arrangements, as evidenced by:-

- The results of the audit work in 2017/18 in relation to the corporate systems which supported Scotland Excel's activities, and to specific work carried out in relation to those activities.
- Management action in response to audit recommendations.

- Management self assessment of internal control, risk management and governance arrangements.
- The regular review and updating of the Local Code of Corporate Governance by the Council in accordance with the Chartered Institute of Public Finance and Accountancy and Society of Local Authority Chief Executives framework for corporate governance requirements, and of the corporate governance arrangements within Scotland Excel.

Signed.

Chief Auditor

Date

29 June 2018

Scotland Excel



To: Joint Committee

On: 29 June 2018

**Report
by
Director Scotland Excel**

Funding Model Review

1 Introduction

This report provides an overview of potential future funding models for Scotland Excel. It firstly provides further details on the previously reported operating deficit and the continuation of vital care services. The report then provides a high level overview of a number of potential funding opportunities which will partly address the deficit. In conclusion, Scotland Excel recommends a hybrid approach to resolving the financial challenges with further work to be undertaken prior to the December 2018 Joint Committee.

2 Background

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

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

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

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

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

Care Portfolio

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

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

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

Care Home Services for Older People

Scotland Excel is leading on a wide portfolio of activity for Care Home Services for Older People.

Scotland Excel developed and maintains a cost of calculator which has been co-produced with the sector. This forms the basis of future fee rate setting saving time in lengthy negotiation on all cost elements.

Market Intelligence reports have been developed and are continually updated to support local authorities in assessing the choice of homes available, identifying where quality incentive payments are in place and managing risk through the provision of financial health reports.

Scotland Excel is now moving to deliver the sourcing strategy recommendations following extensive consultation with key stakeholders. The process to deliver this will be co-produced with key stakeholders yielding benefits to local authorities and providers in monitoring and sharing of information. Local authorities will benefit from the reduction in the burden of advertising, contract award and monitoring of nationally negotiated elements, leaving staff free to monitor outcomes at service level. Providers will benefit from the opportunity to share information and highlight achievements, for example, community benefits delivered. This is not presently collated. People using services will benefit from the assurance that the same rate is paid, regardless of geography. Fee elements, which have a direct impact on the service delivery experienced, will be monitored.

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

Funding Received

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

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

Care & Support Services

Care at home and supported living services share the main aim of supporting people to live in their own home independently for as long as possible, with the care and support they need being provided in their home environment.

Care at home and supported living services are new areas of collaborative procurement activity for Scotland Excel. The 32 local authorities across Scotland spend over £750 million per annum on these services, with no consistent approach to how these services are commissioned.

Supported living is predominantly provided for people with complex needs such as a learning or physical disability and/or a mental health condition. Supported living also incorporates housing support options as well as care and is normally associated with longer periods of support of up to 24 hours per day. Service providers delivering supported living will likely consider their services to be of a specialist nature.

The market for care at home differs from supported living. Externally purchased care at home services are delivered by some national but many local private sector organisations, whereas the market for supported living services includes a number of large national third sector organisations with a significant share of local authority spend.

Local authorities in Scotland have previously commissioned and procured care at home separately from supported living services. However, differences between these services are lessening and the requirement for services to deliver a person-centred approach means that commissioning and procurement strategies are starting to bring these services together. After engagement with key stakeholders, it proposed that Scotland Excel will develop a national, flexible framework for care and support services, incorporating both care at home and supported living services. The procurement strategy for these services will seek to support a holistic approach to delivering care and support which focuses on the achievement of personal outcomes.

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

Funding Received

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

3 Funding Opportunities

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

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

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

3.1 Consultancy Services

Background

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

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

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

Consultancy services will encompass areas such as:

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

Project Financials

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

Contribution to deficit

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

Table 1.

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

Risks

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

Competition and competitive advantage

There is a high degree of competition in this market from both the private and public sectors. Competitors within the public sector include the Improvement Service, National Shared Services and the Scottish Procurement Alliance (a body linked to London Housing Consortium) within the housing sector.

Scotland Excel has a number of competitive advantages including:

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

3.2 New Build Housing

Background

In its Programme for Government 2017/18, the Scottish Government committed that 35,000 of the 50,000 new build houses to be constructed by 2021 will be for social rent. The commitment will deliver a 67% increase in affordable housing supply. Local government and the affordable housing sector will be required to undertake considerable procurement activity to meet this ambitious house building programme. After extensive stakeholder engagement, Scotland Excel has initiated a project to meet this procurement demand through a new funding approach, which involves participating members contributing to the total project cost. This new funding approach provides a much needed framework with a number of additional benefits to the wider public sector, and a financial return to those organisations investing in the project.

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

Project Financials

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

Contribution to deficit

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

Table 2.

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

Risks

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

Competition and competitive advantage

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

The Scotland Excel approach has a competitive advantage against these alternatives:

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

3.3 Learning & Development

Background

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

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

Project Financials

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

Contribution to deficit

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

Table 3.

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

Risks

There are a number of internal risks for the project around operational delivery, but the team are confident these can be overcome. The main risk is that the wider public sector does not utilise the learning and development services due to budget constraints or other reasons such as mismatch between supply and demand. Scotland Excel has addressed this to-date by ensuring that costs are

minimized, and tangible learning and development needs drive the development of a timely and effective offering. A further risk is the availability of suitable resource qualified to deliver against the portfolio of learning subjects.

Competition and competitive advantage

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

The programme has a number of competitive advantages:

- It has an established Academy with 4 active cohorts.
- Multi-disciplinary expertise across 3 major disciplines.
- Expanding portfolio - both the number of disciplines and the grade of qualification.
- The first public sector Chartered Manager Assessment Centre in Scotland.
- The first Chartered Institute of Procurement and Supply (CIPS) accredited public-sector Procurement work-based-learning programme in Scotland.
- Benchmarked cost-effectiveness.
- Quick return on investment from the application of knowledge in work-based practice.

3.4 Rebates

Background

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

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

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

Project Financials

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

Contribution to deficit

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

Table 4.

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

Risks

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

Competition and competitive advantage

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

3.5 Associate Member Expansion

Background

At the time of publication, Scotland Excel had 68 associate members. This includes 20 Housing Associations which have joined in the past year. This project will seek to take a much more proactive approach to the identification and enrolment of associate members to Scotland Excel. The project will make use of the existing affordable housing team to accelerate this within their sector. Additionally, the project will develop a model of associate support and development that supports core members, associate members and is productive for Scotland Excel. Additional income of £80,000 has been secured in 2018/19 over that budgeted and it is viewed that further income is achievable.

A proposal to support this project will be made to the Joint Committee in December 2018. This proposal will seek to set out the legacy of the Affordable Housing programme funded by Scottish Government until the end of this fiscal period.

Project Financials

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

Contribution to deficit

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

Table 5.

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

Risks

The main risks for the project are failure of a sector to embrace the opportunity of associate membership or sectors where an alternative sector procurement provider is already present and imbedded. The strategic direction of Scotland

Excel's frameworks will also impact associate growth. The Scotland Excel Associate strategy sets out the markets where growth is anticipated.

Competition and competitive advantage

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

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

4 Review of Options

Table 6 provides a summary of the total funding gap including the operating deficit (assuming a 2% pay award in each year) and care services. Also included is an estimate of the costs of the office expansion – a separate report to the Joint Committee is included at agenda item 8 of this meeting. It should be noted that the operational deficit figures for 2021/22 and beyond are clearly more difficult to ascertain and therefore proportionate estimates made.

Table 6

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

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

Option A – Efficiencies and Requisition

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

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

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

Table 7

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

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

Option B – Income generation

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

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

Table 8

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

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

Table 9

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

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

Option C – Hybrid approach to funding

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

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

In addition to the options outlined, the flexible use of reserves should be considered to address the shorter term projected deficits. In agreeing the 2018/19 budget, members agreed to flexibly manage an anticipated £70,000 underspend from 2017/18 into 2018/19, with closing general reserves anticipated to remain at circa £200,000 (circa 5-6% of turnover). Members will note from the unaudited annual accounts that the general reserve was slightly higher at the end of 2017/18; and there are also reserve balances which have accumulated from projects; which takes total reserves to £658,000.

The reserves balance associated with projects is fully committed to support these projects moving forward, however there is potential to flexibly manage these resources in conjunction with the general reserve balance to address, in the short term, part of the projected deficit with this funding being replaced in the medium term from the surpluses forecast. It is estimated that potentially up to £120,000 could be utilised on a one-off basis in this fashion.

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

The results of this option are demonstrated in Table 10.

Table 10

Project	Fiscal Period				
	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Deficit	-£168,000	-£254,000	-£334,000	-£414,000	-£494,000
Care Home for Older People	£0	-£97,955	-£99,914	-£101,912	-£103,951
Supported Living and Care at Home	-£169,394	-£172,782	-£176,238	-£179,762	-£183,358
Proposed office expansion	-£50,000	-£50,000	-£50,000	-£50,000	-£50,000
Total	-£387,394	-£574,737	-£660,152	-£745,675	-£831,308
Income options	£173,000	£328,390	£375,390	£788,155	£1,039,155
Associate member income secured 2018/19	£80,000				
Care Home for Older People - Member funded		£97,955	£99,914	£101,912	£103,951
Estimated surplus/deficit	-£134,394	-£148,392	-£184,848	£144,393	£311,797
Opening reserves (general and project)	£ 360,000	£ 240,000	£ 240,000	£ 240,000	£ 360,000
Use of reserves	£ 120,000	£ -	£ -	-£ 120,000	£ -
Closing reserves	£ 240,000	£ 240,000	£ 240,000	£ 360,000	£ 360,000
Remaining surplus/deficit	-£14,394	-£148,392	-£184,848	£24,393	£311,797

(Note – the reserves analysis above is indicative and will require further development to fully incorporate the timing of project spend. It also assumes no other risks materialise which impact on the level or availability of general reserves from their current minimum recommended level.)

Despite the significant work to identify additional funding elements, a gap remains within the budget forecasting. It is therefore anticipated that requisition increases in the region of 1-3% may be required to bridge the deficit position outlined in specific financial years, however the average increase over the medium term period is likely to be marginal. Further work will continue supported by the Treasurer to update the forecast outturn and reserves position, and further work will continue to explore any alternative options.

The level of requisition will require to be formally agreed at the December 2018 Joint Committee. No assumptions on requisition increases have been incorporated into the financial modelling provided.

5 Next steps

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

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

6 Conclusion/Recommendation

Scotland Excel has taken an ambitious and prudent approach to securing the financial sustainability of the organisation over the next 5 years. It anticipates that in the same period, the organisation will see its contract portfolio value rise from the current £1bn to c.£2.5bn which in turn will deliver further value and savings to members.

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

Committee members are requested to:

1. Approve the proposed hybrid approach in Option C to meeting the deficit whereby the funding opportunity projects outlined in section 3 are progressed by Scotland Excel in addition to potential the flexible use of reserves and potential requisitions increases.
2. Agree that the *Care Home for Older People* project continues to be directly funded from the participating councils.
3. Agree that Scotland Excel officers continue to work with the Treasurer to identify methods to address the short to mid-term deficit.
4. Note that an update paper will be presented to the December 2018 Joint Committee along with the annual Revenue Estimates. This paper will provide an update on the steps taken since the June 2018 joint committee and any further steps required to ensure ongoing financial sustainability.

Scotland Excel



To: Joint Committee

On: 29 June 2018

**Report
by
Director Scotland Excel**

Review of Governance Structure of Scotland Excel

1 Introduction

At the last meeting of the Joint Committee on 8 December 2017, the Committee approved further exploration of options for future governance structures. This paper provides an update on the review and makes recommendations for approval of the Joint Committee.

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

The current Governance model is outlined below:

Scotland Excel is a Joint Committee constituted under sections 56 and 57 of the Local Government (Scotland) Act 1973. The arrangements for the operation of Scotland Excel are set out in member terms and conditions agreed between Renfrewshire Council (as the lead authority) and the other 31 Scottish local authorities ("Terms and Conditions"). These Terms and Conditions regulate the joint discharge of certain functions by all of the Scottish local authorities by delegation to Scotland Excel.

Scotland Excel Member Terms and Conditions are the Terms and Conditions that each member council commits to when they join Scotland Excel. They cover the arrangements that a Council will adhere to with reference to the Joint Committee and other management and financial arrangements, including the commitment to participate in Scotland Excel contracts.

The Joint Committee is Scotland Excel's governing body, which is managed by a set of Standing Orders. These Standing Orders formally prescribe full details of the governance to apply to Scotland Excel.

The Scheme of Delegations is the formal document that outlines the responsibilities and delegated authorities that apply to the management (Director) of Scotland Excel and have been delegated by the Joint Committee.

2 Review of options

The following options were considered as part of the review:

1. maintaining the current model;
2. widening the powers available under the current model;
3. adding a trading company to the current or amended model; or
4. converting the current model into an arm's length external organisation (ALEO) of Scotland Excel's local authority members with a trading subsidiary.

Option 1 – Maintaining the current model

The review of this option established that Scotland Excel is limited to some degree in its ability to provide and charge for consultancy services to associates, other public bodies and private companies. In this regard the position is, and has historically been managed through seeking specific prior approval of the Joint Committee and is not seen as a significant issue.

As demonstrated in Appendix 1 most scenarios can be delivered within existing powers, without a change to Terms and Conditions. There is however a need to make some minor amendments to Scotland Excel's Scheme of Delegations as explained further in section 3, below.

Option 2 - Widening the powers available under the current model

This option involves local authorities amending the agreed Terms and Conditions to extend the delegated functions / powers of Scotland Excel, thus providing it with: wider, permanent powers to provide all types of consultancy services to both public and private bodies.

Given Option 1 is generally flexible enough to meet current and future needs this option is not deemed necessary.

Option 3 – Adding a trading company

This option involves splitting the operations of Scotland Excel between the existing Joint Committee (responsible for Scotland Excel's current core procurement activity) and a trading company with separate legal personality and full power to provide all other consultancy services.

Whilst it was confirmed that this option would address the limitations of the current model it was concluded that such material change to the constitutional structure would not provide any significant additional benefit to what is available within Option 1.

Option 4 – Creating an ALEO

This option involves the 32 Scottish local authorities converting the Joint Committee into an ALEO with a separate legal personality. The ALEO would (re)charge public bodies for access to its core framework-related activity and its consultancy services. The ALEO would likely be set up as a corporate body such as a private company or a limited liability partnership.

Review of this option determined that it was not worth pursuing given the complexities involved in the conversion process, the resources required to undertake the necessary changes and the limited additional benefits.

3 Recommended Option

During the consultation phase of the review, views were sought from the Chief Executive Officers Management Group (CEOMG) on 6th November 2017 and the Executive Sub- Committee on 17th November 2017. Both forums were of the view that, whilst none of the options should be ruled out without due consideration, the powers within the existing model should only be amended to address limitations that were adversely impacting on the efficient operation of Scotland Excel. Both forums also indicated that any changes should not dilute the focus on Scotland Excel's core activities and as such the governance model should not be unnecessarily amended for minor non-core areas. It was also the case that both groups believed that options that could be implemented with minimal change (Option 1 and Option 2) would in principle be more acceptable and would be more readily implemented.

Taking into account the factors outlined in the review of the options (in section 2 above), that the current model meets the substantial majority (4 from 5) of the scenarios tested and considering the respective feedback from the CEOMG and the Executive Sub Committee, the recommended option is Option 1 - to maintain the current governance model. In reaching this conclusion it was also determined

that the current Scheme of Delegations should be updated to correct some minor anomalies and better clarify and reflect current practice. The proposed amendments to the Scheme of Delegations are outlined in Appendix 2 and the revised Scheme of Delegations showing the changes is given at Appendix 3.

4 Conclusion/Recommendation

Committee members are requested to note the content of this report and approve the recommendation to maintain the current Joint Committee structure with an updated Scheme of Delegations as given at Appendix 3.

To ensure governance is fit for purpose on an on-going basis, we will continue to review governance as necessary.

Appendix 1 – Governance Scenarios

Scenario/Consideration	Determination
1. Scotland Excel wants to bid for various grant opportunities (for example European/ UK funding, Big lottery funding) but has no legal status or bank account.	Achievable within existing powers Approval mechanism: Management Group (Scheme of Delegations para 5.3 h) and i).
2. The Ministry of Defence (MOD) has issued a tender for procurement consultancy services and Scotland Excel wishes to bid.	Review of this option has established that, both historically and for the forthcoming Business Plan, there has been extremely limited or no potential opportunities of this type. Additionally given Scotland Excel's Strategic plan it is not anticipated that Scotland Excel would look to consider this type of area in the medium term.
3. Organisations like Access (a GCC shared service partially owned by the private sector) and West HubCo (a public/private partnership) wish to join Scotland Excel as Associate Members	Achievable within existing powers Scotland Excel associate membership applications are permitted by a wide range of organisations by way of the Local Authorities (Goods and Services) Act 1970. Access is permitted on a case by case review of the relevant constitutional documents of the applicant.
4. A council wants to commission Scotland Excel to provide procurement consultancy services; does this require approval? And is this related to the value of the contract?	Achievable within existing powers This is currently provided for – see Minute of Agreement ("Terms and Conditions") para 6.10 (b). Approval mechanism – Unrelated to value. Terms and Conditions 6.10 (c) provides for report either to the Exec Sub or the Joint Committee IF it is considered that the work would impact on SXL 's resources.
5. A group of councils wish to commission Scotland Excel to provide a new framework that includes a rebate. Can any subsequent profit from the project be distributed to funding councils only?	Achievable within existing powers This is currently provided for – see Minute of Agreement ("Terms and Conditions") para 6.10 (b).

Appendix 2 – Proposed Amendments to Scheme of Delegations

CLAUSE	Outline of proposed amendment
2.1 (c)	Update the terminology – ‘procurement strategy’ should become the “Scotland Excel Strategic Plan”.
2.1(d)	Following on from the above, change to reference the “Annual Operating Plan”; Correction to remove the word ‘and’.
5.6	Review to clarify responsibility of the Management Group further to decision of June 2017 that it should have an overview of the strategic direction of Scotland Excel. The Joint Committee currently receives monitoring reports.
6.2(c)	After processes insert ‘efficiently and’ to clarify the role of the Director in this area.
6.2(f)	Hospitality limit to increase from current level of £1000 to £1,500. Current levels were set 10 years ago and revised level is necessary to allow effective management whilst maintaining an appropriate level of control.
6.2(q)	Amount for attendance of officers at conferences in the UK to be increased from current £1,500 to £2500 as current pricing for some conferences is in excess of £1500.
6.2(x)	Increase period of 13 weeks to 1 year for appointment of temporary staff subject to advice from lead authority HR.
6.2(aa)	Increase period for external secondments from existing 6 months to 1 year subject to advice from lead authority HR.
7(h)	Inclusion to allow for updating the Scheme of Delegations to reflect routine changes such as changes in job titles, etc. This provision permits those sorts of changes to be made.

Appendix 3 - Revised Scheme of Delegations

SCOTLAND EXCEL - SCHEME OF DELEGATIONS

1. General Principles

- 1.1 The exercise of delegations as described in this Scheme is subject always to the following:-
- a) the policies of Scotland Excel as embodied in any formal document which has been approved and issued and in particular, Standing Orders and any other Guidance issued in connection with the exercise of a particular function
 - b) appropriate provisions for financial outlays having been made in the estimates for the current financial year
 - c) the joint committee may choose to exercise any of the functions delegated in this Scheme where the joint committee believes it to be in the interests of Scotland Excel to do so
- 1.2 Where a word or expression is used in the Scheme that is a defined term in the Scotland Excel terms and conditions signed by each Member Authority, ("the terms and conditions") that word or expression will be given to it the same meaning as in those terms and conditions.
- 1.3 Words imparting the masculine gender only shall include the feminine gender and vice versa.

2.0 Matters Reserved to the Joint Committee

- 2.1 The following matters shall be reserved for the decision of the Joint Committee:-
- a) the making of governance arrangements for the Joint Committee, the Executive Sub-committee and any other sub-committee;
 - b) the approval of the annual budget and any review or amendment of the budget;
 - c) approval of the Scotland Excel Strategic Plan;
 - d) the approval of the Annual Operating Plan.

3. Convener and Vice Convener of the Joint Committee

- 3.1 The Convener, whom failing the Vice-Convener, shall be authorised in furtherance of the duties of his office to undertake visits within the United

Kingdom.

- 3.2 The Convener, whom failing the Vice-Convener, shall be authorised to incur expenditure to meet the expenses of his office on the provision of reasonable hospitality, to representatives of Member Authorities or other organisations.

4. Executive Sub-Committee

- 4.1 Meetings of the Executive Sub-committee shall be convened and conducted in accordance with procedural standing orders approved by the joint committee.

- 4.2 The Executive Sub-committee shall consider such matters as are delegated to it by the joint committee.

- 4.3 The matters initially delegated to the Executive Sub-committee are as follows:-

- a) to consider and approve for signature the Audited Accounts of Scotland Excel
- b) to approve or endorse as appropriate executive actions recommended by the Director
- c) to deal with urgent matters relating to staffing or to the structure of Scotland Excel
- d) the selection process for appointments to the posts of Director or Heads of Service
- e) to approve the annual business plan
- f) to approve the award and extension of contracts or groups of contract in terms of the Standing Orders Relating to Contracts.
- g) to consider, and, where appropriate, approve applications by bodies to become Associate Members and shall agree/review/waive, as appropriate, the fees to be applied in respect of organisations applying for Associate Membership of Scotland Excel; and
- h) to consider and determine:-
 - (i) urgent matters relating to contract continuity which cannot be dealt with by the Joint Committee;
 - (ii) approval or homologation of matters where urgency precludes full Joint Committee consideration; and
 - (iii) any other matter referred to the Executive Sub-committee by the Joint Committee.

- 4.4 The Executive Sub-committee may delegate to the Director or such other suitably qualified person, the power to make decisions regarding the award and extension of any contract or group of contracts or contracts of an estimated value below a financial threshold fixed by them.
- 4.5 The Joint Committee may at its discretion add or remove matters from the list of delegations to the Executive Sub-committee.

5. The Management Group

- 5.1 The Management Group shall comprise such number of Chief Executives of Member Authorities as set out in the terms and conditions.
- 5.2 The Chair of the Management Group shall be the person appointed by the Joint Committee or his/her nominee.
- 5.3 The Management Group shall ensure delivery of Scotland Excel's overall business plan objectives and shall provide strategic direction for Scotland Excel, particularly on the following matters:-
- a) Portfolio priorities including new areas to be developed and areas to be amended or discontinued.
 - b) Social Policy including in the use of community benefits clauses, the living wage, and blacklisting.
 - c) Supporting local economic growth.
 - d) Opportunities for Scotland Excel to provide additional shared services to support member councils, in line with the drive for efficiency across the public sector.
 - e) National priorities, for example those arising from existing or new legislation and procurement reform.
 - f) Opportunities for increasing innovation in supply chains to improve efficiency and service delivery.
 - g) Opportunities for Scotland Excel to support councils in delivering their City Deal objectives.
 - h) Opportunities for additional funding sources, for example through the extension of the Associate Membership base.
 - i) Review of funding and governance models to ensure that these remain fit for purpose and competitive.
- 5.4 The Management Group shall monitor the use made by Member Authorities and Associate Members of contracts awarded on behalf of Scotland Excel.
- 5.5 The Management Group may request employees of Member Authorities or other persons to attend meetings of the Management Group to act as advisors to the Group or to prepare reports for consideration by the Management Group.

- 5.6 The Management Group shall have responsibility for the overall supervision of the performance of the Director and the Scotland Excel staff.

6 The Director

- 6.1 The delegations to the Director shall also be delegations to the Heads of Service but only in those circumstances where the Director is not available to exercise any of these delegations.

- 6.2 The Director is authorised:-

- a) In conjunction with the Joint Committee and the Management Group, to determine the business plan and strategic objectives for Scotland Excel.
- b) Subject to the Financial Regulations and subject to there being appropriate provision in the budget, to deploy resources as the Director thinks fit for the best execution of functions under the Director's management.
- c) To organise working processes efficiently and safely.
- d) To maintain proper security for staff, buildings, stock, stores, furniture, equipment and similar items under the Director's control. Where special arrangements are considered necessary the Director shall consult with the Treasurer.
- e) To ensure that all activities undertaken are within the legal powers of Scotland Excel and in the event of doubt to consult with the Clerk.
- f) Where thought to be in the interests of Scotland Excel to approve the provision of reasonable hospitality up to a maximum of £1,500 in relation to any one occasion. The Director shall maintain a register of hospitality approved under this delegation and shall provide a report to the Executive Sub-committee on request detailing the entries in the register.
- g) To sign all documents on behalf of Scotland Excel relevant to the functions for which the Director is responsible and to authorise other officers to do so, excluding always any specific provisions made for documents in terms of primary or subordinate legislation, statutory direction, the policies of Scotland Excel or in this or other administrative schemes.
- h) To terminate on behalf of Scotland Excel any contract which Scotland Excel is entitled to terminate under the appropriate conditions of contract after consultation with the Clerk, if satisfied that it is in the interests of Scotland Excel and of any Member Authority or other body on whose behalf the contract was entered into.
- i) To act in an emergency situation with the approval of the Clerk and where possible after consulting the Convener, or in his absence the Vice-

Convener of the joint committee and the Chair of the Management Group, and thereafter report on the action taken to the first available meeting of the joint committee.

- j) In consultation with the Clerk, to make decisions regarding complaints made under Scotland Excel's complaints procedure.
- k) To issue publicity, including pamphlets or other forms of publicity relating to the promotion of Scotland Excel's interests and to issue press releases on behalf of Scotland Excel. Before doing so, if the Director considers it to be necessary, the Director may consult with the Chair or Vice Chair of the Management Group.
- l) To deal with any operational matter not otherwise delegated in the period between the last meeting of the joint committee and prior to the setting up of a new joint committee following statutory elections.
- m) To submit responses to consultation documents which concern operational issues.
- n) To authorise the acceptance of gifts on behalf of Scotland Excel and acknowledge the acceptance of these gifts.
- o) To sign and issue (i) authorisation to Scotland Excel staff to exercise statutory powers; and (ii) identity cards.
- p) To take all necessary action of a routine nature in terms of the Director's appointment, to implement any policies, practices and procedures previously agreed by the Joint Committee, the Executive Sub-committee any other sub-committee and the Management Group and also to take such action implicitly in all matters ancillary thereto, including the incurring of expenditure of a minor or recurring nature and for which adequate provisions have been made in the budget.
- q) To approve the attendance of officers at conferences within the United Kingdom, where considered to be in the interests of Scotland Excel provided that the cost does not exceed £2,500 exclusive of VAT, subsistence travelling, or other ancillary expenses.
- r) To authorise the attendance of officers on full or part time courses of study or training and the payment of appropriate fees.
- s) To appoint all staff below the level of Head of Service within the authorised establishment except where the joint committee determines otherwise.
- t) To exercise the powers given to Chief Officers in the various conditions of service so far as discipline and efficiency are concerned.

- u) To apply the lead authority's Conditions of Service as affecting members of staff.
- v) To authorise the working of overtime by appropriate grades of officers and the payment of overtime or compensatory leave or honoraria in accordance with the criteria laid down by the lead authority.
- w) To permit any member of staff to absent themselves occasionally and temporarily during business hours to attend to duties or services of a civic honorary, charitable, academic or social nature provided that these do not interfere with the efficient discharge of the functions of Scotland Excel and to grant special leave in accordance with the lead authority's special leave policy. The Director shall maintain a register of occasional and temporary absences and special leave approved under this delegation and shall provide a report to the Executive Sub-committee on an annual basis detailing the entries in the register.
- x) To appoint temporary staff on appropriate grades additional to the formal establishment to address additional workload peaks, such appointments to be for periods not exceeding 12 months or such longer period as may be approved by the Management Group and subject to funding being met from existing budgets. The Director will take advice on these appointments from the lead authority's Human Resources and Organisational Development Team.
- y) In consultation with the lead authority's Head of Human Resources and Organisational Development, to amend the grading of posts and to make minor changes to the formal establishment below Head of Service level, provided that the grading of amended posts are in accordance with the lead authority's Pay and Grading structure and any increase in costs can be met from existing budgets;
- z) To allow reasonable unpaid leave of absence to any employee to attend to public duties as defined in section 50(1) of the Employment Rights Act 1996 on such conditions as the Director considers appropriate where this will not interfere with the efficient discharge of the functions of the Scotland Excel and in accordance with lead authority's special leave policy.
- aa) Subject to the exigencies of the service to approved the secondment of staff between Scotland Excel and other Member Authorities or other organisations such appointments to be for periods not exceeding twelve months. The Director will take advice on these appointments from the lead authority's Human Resources and Organisational Development Team.
- bb) To approve salary placings within the agreed salary scales in consultation with the lead authority's Human Resources and Organisational Development Team.

- cc) To approve the acceleration of increments within the existing salary scales to members of staff, following consultation with the lead authority's Human Resources and Organisational Development Team;
- dd) To determine the public holidays to be taken by Scotland Excel staff.
- ee) To exercise delegations in terms of the Standing Orders Relating to Contracts, including the issue of orders for the supply of goods and services required for normal working and for which there is provision in the estimates and in accordance with the Financial Regulations;
- ff) To authorise the payment of accounts due by Scotland Excel for goods and services properly supplied and for which there is adequate provision in the estimates.
- gg) To make recompense in respect of damage to, or loss of employees personal property in respect of any one incident up to an amount not exceeding £500 and up to £1000 with the agreement of the Treasurer.
- hh) To advise the Treasurer about any extraordinary financial obligation which will affect Scotland Excel.
- ii) To advise the Treasurer about any extraordinary risk which will affect the insurance held on behalf of Scotland Excel.
- kk) Following consultation with the Treasurer to decide in terms of the lead authority's procedures whether to refer any particular case to the Police.

7. The Clerk

The Clerk is empowered:-

- a) To act as adviser to the Joint Committee and the Management Group on procedural and administrative matters and in this capacity to ensure the provision of adequate administrative, legal and personnel support to the joint committee, the Executive Sub-committee and the Management Group.
- b) To act as proper officer to exclude reports containing exempt information from the public, and to provide documents to the press, in accordance with the provisions of section 50(B) of the Local Government (Scotland) Act 1973.
- c) To liaise and deal with any enquiries made by the Scottish Public Services Ombudsman. Should any investigation be carried out by the Scottish Public Services Ombudsman resulting from a complaint received, the necessary arrangements will be undertaken by the Clerk, within timescales specified within the guidance to local authorities in dealing with formal investigation involving the Scottish Public Services Ombudsman.

- d) Following consultation with the Director and the Treasurer, to authorise ex-gratia payments up to a maximum of £1,000 relative to recommendations of the Scottish Public Services Ombudsman.
- e) To exercise delegations in terms of the Standing Orders relating to Contracts.
- f) To exercise delegations in terms of the Financial Regulations.
- g) To maintain a register for inspection by the Surveillance Commissioner of authorisations for covert surveillance approved by the Director under sections 6 and 7 of the Regulation of Investigatory Powers (Scotland) Act 2000 and the appointment officer to act as investigation managers for the purposes of the Act.
- h) To vary this scheme, the Standing Orders relating to Contracts, Procedural Standing Orders and Financial Regulations, but only in the following circumstances:
 - (i) to reflect changes in job titles, reorganisations of services and vacancies in posts; or
 - (ii) to change references to any piece of legislation where the legislation is repealed and to insert references to new pieces of legislation where the new pieces of legislation largely re-enact the provisions of repealed legislation.

8 The Treasurer

The Treasurer is empowered:

- a) To co-ordinate the financial planning of Scotland Excel in terms of the Financial Regulations.
- b) To issue guidance for the control of all expenditure in terms of the Financial Regulations.
- c) To determine procedures for accounting and financial record keeping by Scotland Excel.
- d) In respect of insurance:
 - i) to make arrangements with insurance companies concerning the settlement of claims
 - (ii) In consultation with the Clerk, the Convener of the Joint Committee and the Director to settle without reference to the Joint Committee claims against Scotland Excel not otherwise covered by Scotland Excel's

insurance arrangements up to a maximum of £50,000 per claim and with the approval of the Chair, whom failing the Vice-Chair, of the Management Group up to maximum of £100,000 per claim.

- e) To make the necessary arrangements concerning the collection of debts owed to Scotland Excel and the terms and commissions payable for services rendered by other authorities and agents with regard to the collect of debt.
- f) To determine in consultation with the Director, the beneficiary of any payments to be made in terms of the lead authority's Group Life Assurance Scheme.
- g) To exercise delegations in terms of the Standing Orders relating to Contracts.
- h) To exercise delegations in terms of the Financial Regulations.

Scotland Excel

To: Joint Committee

On: 29 June 2018

**Report
by
Director Scotland Excel**

Extension of Lease and Office Expansion

1 Introduction

This report provides a proposal on the extension of the Scotland Excel lease and an additional request to extend the space provided to Scotland Excel by Renfrewshire council.

2 Background

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

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

3 Office Requirements

Members are aware of the need to develop additional income and therefore services to support future funding of Scotland Excel. Additionally, the new 5 year strategy seeks to develop a flexible and efficient organisation that continues to provide additional shared services for members.

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

With recent projects funding additional project staff, the need for additional space has become more critical. Short term measures are in place including the allocation of hot-desks to staff.

In order to ensure that core membership fees are not impacted by additional projects, a costing mechanism has recently been incorporated into each new project resource to ensure sufficient funds are in place to cover desk, IT, and cover office space. This has been designed to support any necessary expansion.

Scotland Excel currently pays Renfrewshire council an annual amount of £70,320 for rental and an additional £88,180 for service charges.

4 Office Options

Scotland Excel has been in discussion with colleagues at Renfrewshire council to explore options and costs for potential expansion to present to members. Recognising the need to continue to seek value for money, a review of alternative options was also sought from a third-party provider. GVA, a leading real estate advisory company with experience in the public sector provided a detailed options appraisal.

Alternative Accommodation

GVA were commissioned to undertake a number of tasks:

- Review Scotland Excel needs
- Undertake a confidential review of the market
- Complete a detailed availability schedule
- Analyse existing costs and comparable external costs

Prior to establishing specific specification/technical and financial criteria, the primary focus was to establish the best/optimum location for office occupation for Scotland Excel. GVA undertook a postcode analysis of staff and considered a number of geographical locations across the central belt of Scotland. The organisation provided an analysis of travel data in order to identify the optimum location whereby a suitable market search area could be agreed. The outcome for this exercise identified West of Glasgow and Glasgow city centre as the focused search area.

The GVA market search indicated that a number of properties were available within the search area that represented a range of rents, business rates and service charge costs depending on age and nature of building specification.

The analysis indicated that an opportunity existed to consider relocating to a low cost office option (typically within the out of town market west of Glasgow or in close proximity to the periphery of the city centre). Relocation to mid cost and higher cost options within the city centre would require additional capital investment in the region of £400,000 and £900,000 respectively over the lease period in addition to other incremental costs.

A financial analysis was conducted to review the operating financial costs of properties identified. This included rental, service costs and rates. Table 1 provides an overview of a selection of the properties identified.

Table 1

Property	Rent (sqm)	Service (sqm)	Rates (sqm)	Total Per sqm	676sqm/7276sqft
Renfrewshire House	£108	£138	£0	£246	£166,402
Rutherglen Links	£172	£38	£70	£280	£189,176
The Albus	£151	£38	£70	£258	£174,624
Olympia	£135	£47	£70	£252	£170,331
Commonwealth House	£108	£48	£70	£226	£152,796
Corunna House	£108	£41	£70	£218	£147,703
Skypark	£135	£37	£70	£241	£162,982

The current costs for Renfrewshire House have been included in Table 1 to provide a direct comparison between the properties selected. The service charge for Renfrewshire Council includes all accommodation costs such as cleaning, heating, lighting, security, common areas and reception.

Scotland Excel also undertook an assessment of additional costs that would be associated with a move to an alternative accommodation. A number of these costs have been included within the GVA assessment but further costs would be incurred associated with areas such as IT and telephony. These costs have not been fully ascertained, however with the existing IT strategy taking a more agile approach these potential costs continue to be reduced.

Based on the GVA report and its own analysis, Scotland Excel has worked with colleagues within Renfrewshire council to explore options for extending the current one-year lease and expanding its footprint within the building.

Expansion within Renfrewshire House

The remaining 247 square metres on the same floor as Scotland Excel is currently occupied by a department of Renfrewshire council. Initial exploratory discussions indicated that the council would be open to reviewing the use of the remaining space and transferring to Scotland Excel.

The additional space would allow space for 25-35 members of staff. It would also provide additional meeting room space and an additional kitchen. Scotland Excel currently has its own to a small kitchen area which is now significantly over capacity and becoming an issue. Additionally, a small reception area would be located at the front of the offices.

It is proposed that in order to minimize additional one-off costs, limited work would be undertaken to adapt the new space in the short term. This initial work would involve:

- Removal of non load bearing wall that currently separates the two spaces.
- Minimal “tidy-up” of new space including branding at reception area.

- Purchase of new desk phones.

Renfrewshire council has agreed to remove its file storage unit from the area and to leave the existing desks.

5 Funding

Extending the current lease from the current one year to five years has no direct financial impact as lease costs are a standard part of the operating budget planning process.

Expansion of the office has the following financial impact:

Additional Rental costs	£26,664 per annum
Additional Service costs	£31,304 per annum

Total additional annual costs	£ 57,968 per annum
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A small amount of work will be undertaken and a budget of £20,000 is proposed.

Scotland Excel proposes that the office expansion should be fully funded from income generated from projects. The expansion should not place an additional financial burden on the core services or core requisition paid by members.

Timing

Scotland Excel has discussed potential implementation dates for the expansion that suits both organisations. A date between September 2018 and January 2019 has been discussed. Assuming the earlier date of September means that the financial impact in 2018/19 would not be a full years cost and is £33,814 for rental and service charges. The proposed fit-out costs of £20,000 would also be within this period. The total investment in 2018/19 would therefore be £53,814 if a move in date of September 2018 is agreed and proportionately less for a later date.

6 Conclusion/Recommendation

Committee members are asked to approve the signing of a new five year lease incorporating a three year break-point and approve the plans for future office expansion.

Scotland Excel



To: Joint Committee

On: 29 June 2018

**Report
by
Director Scotland Excel**

Additional Drawdown of Reserves 2018 - 19

1 Introduction

Joint Committee members will note that within the financial statements for 2017/18, an underspend of £90,030 has been reported for the period. At the December 2017 Joint Committee, £70,000 of this anticipated underspend was agreed to be allocated to support the 2018/19 budget.

This paper seeks to allocate the remaining underspend to the 2018/19 budget.

2 Scotland Excel - Office Upgrade

At the December 2017 Joint Committee meeting, members agreed to invest £50,000 for Scotland Excel to undertake the first phase of replacing its office furniture. This task was successfully completed and has been well received by staff and provided additional much needed hot desk space.

Scotland Excel wishes to continue with the furniture replacement and undertake an additional phase. Working with facilities staff within Renfrewshire council, we propose to review the extent of this phase based on available funding and implement an appropriate level of changes.

3 Recommendation

The Joint Committee is requested to approve the drawdown of the remaining £20k from reserves to fund the above projects.

Scotland Excel



To: Joint Committee

On: 29 June 2018

Report by Director Scotland Excel

Care Home Services for Older People

1 Introduction

This report provides an update on care home services for older people, including the planned transition of operational management responsibility for the National Care Home Contract (NCHC) from the Convention of Scottish Local Authorities (COSLA) to Scotland Excel.

2 Background

In Scotland, contracted out care home provision is delivered by circa 300 providers across more than 800 care homes for older people. Councils across Scotland spent £492m on these services, with 59% of this expenditure (£291m) distributed across 20 providers.

The number of residents in a care home for older people has remained relatively constant over the past 10 years, with 33,301 people¹ living in care homes at 31 March 2016.

The NCHC is a model set of terms that details the service specification and payment mechanisms for councils when purchasing care home care. Councils contract individually with care homes using the NCHC model set of terms and monitor services delivered to the individual as part of their statutory responsibilities.

COSLA, supported by Scotland Excel, negotiates annually a national rate for nursing and residential care with provider representatives. This ensures that the same rate is charged for people across Scotland for whom the councils are making arrangements, prior to assessment of their wealth and contribution to their care. This unique arrangement in the United Kingdom was positively

¹ <http://www.isdscotland.org/Health-Topics/Health-and-Social-Community-Care/Publications/2016-10-25/2016-10-25-CHCensus-Report.pdf>

commented on by the Competition and Markets Authority in their Care Homes Market Study² published in November 2017.

Given the significant expenditure incurred in this critical sector and the market share held by a small number of providers operating across Scotland, 28 councils³ are currently funding Scotland Excel until March 2020 to progress three work streams:

- Cost of Care Calculator;
- market intelligence, particularly around financial health; and
- sourcing strategy.

3 Work stream update

There has been good progress across all workstreams. Most notably:

- A **Cost of Care Calculator** has now been agreed with the sector, except for the percentage of capital and operator's return that should apply. Chartered Institute of Public Finance & Accountancy (CIPFA) has been commissioned to advise on the most suitable methodology for future benchmarking of these elements. If this work results in a mutually agreed outcome, then all Cost of Care Calculator benchmarks and indices will remain in place until a mutually agreed review date;
- On **market intelligence** - a regularly refreshed, interactive, web-based set of reports, has been uploaded to the Scotland Excel website. This information assists councils with assessing choice of homes, identifying where quality incentive payments are in place and managing risk, including financial health reports.
- A **future sourcing strategy** has been developed. This builds on current best practice and furthers compliance with the EU principles of transparency, equal treatment, non-discrimination, proportionality and mutual recognition. Titled the Scottish Care Home Framework, the strategy maintains a national approach and complements local strategic commissioning plans.

4 Transition of responsibilities to Scotland Excel

Scotland Excel and COSLA have a long track record of working together, ensuring that the National Care Home Contract continues to reflect the needs of commissioners. Scotland Excel provides ongoing market and financial analysis to COSLA, as well contract guidance to councils.

With the development of the Scotland Excel cost of care calculator, the need for an annual political negotiation is removed, with the calculator providing the

² <https://assets.publishing.service.gov.uk/media/5a1fdf30e5274a750b82533a/care-homes-market-study-final-report.pdf>

³ Councils not participating are Highland, North Lanarkshire, Orkney Islands and Shetland Islands

mechanism for future rate setting. On this basis, Scotland Excel and COSLA have agreed that the future operational management of the NCHC should be transitioned to Scotland Excel.

COSLA will finalise existing commitments to working groups relating to local variations for occupancy and models of care. COSLA will also conclude, to the satisfaction of councils and the sector, a review of capital and operator's return by CIPFA, which forms the last area of agreement on cost benchmarks which underpin the setting of care home fees.

5 Recommendation

It is important that there is a smooth transition of responsibilities to ensure continuance of vital care home services for older people in Scotland and the proposal outlined above maintains current joint working reflecting the core business of Scotland Excel and COSLA.

The transition of responsibilities will take effect in advance of the award of contract for the 2019/20 financial year.

Members are asked to note this update on activities associated with care home services for older people, in particular the transition of operational management of the NCHC to Scotland Excel.



Scotland Excel

To: Joint Committee

On: 29 June 2018

Report by Director Scotland Excel

Proposed Contract Rebate/Supplier Levy Strategy

1. Introduction

To date, Scotland Excel have relied almost exclusively on member requisitions to cover operating costs. The funding update provided (ref agenda item), summarises the current financial position and 5 year projection for the organisation. Within this, a number of options to generate additional income are outlined, including the incorporation of volume rebates into appropriate contracts. Current projections are that this could generate a sum in the order of c.£800k by 2023/24. This paper sets out the approach that Scotland Excel will adopt to embed rebate/supplier levy additions into appropriate contracts.

2. Principle of rebates and levies

Despite the differences in approach, both methodologies can potentially derive additional income from contract expenditure.

For volume rebates, a special condition is added to a contract where a defined percentage of the contract spend is paid by the supplier to the contracting authority. Normally, this would include a spend threshold, so that suppliers who receive only a relatively small portion of the business that passes through the contract are unaffected. Also, the inclusion of a threshold further protects the contracting authority from adverse pricing to pay for the rebate. Typically, the rebate would be calculated over a period of one year, which allows spend above the threshold to be considered, and also allows suppliers to make suitable financial arrangements based on contract return

However, for a supplier levy, the process is slightly different. In this case, a defined percentage is added to supplier invoices, and as such paid by the buyer at the point of call off. Again, spend threshold values can be incorporated for the same reasons as rebates. One key advantage of levies over rebates is of course that there is less of a time lag between contract call-off and recovery of the monies earned.

One of the key challenges when either are considered, is overcoming the risk that incorporating a rebate or a levy could adversely affect pricing on the contract. However, market analysis would suggest that if the level is maintained below c.0.75%, there is less of a likelihood of an adverse price variance.

3. Contract selection and review

It is anticipated that not all contract arrangements will lend themselves to incorporating rebates or levies. In order to make this effective, the contract manager must have a clear understanding of the cost drivers that impact the delivered price of the goods or services. Over the past few years, Scotland Excel has developed and embedded a market pricing variance tool across the contract portfolio (contract indexation model). A prerequisite to make the model effective is that the cost drivers highlighted are well understood, and used as an aid in contract and supplier management. In turn, this allows the adoption of a holistic approach when considering appropriate contract areas to incorporate rebates or levies.

Identification and review of relevant contracts will be incorporated into the established contract governance model. At contract strategy development, the inclusion of rebates will be considered on the basis of the nature of the contract, the goods or service provided, the market conditions and the anticipated supply base. Agreed outcomes will then become an integral part of the contract strategy, which will be subject to the normal level of review and consultation with the User Intelligence Group (UIG), and subsequently embedded into the tender documents. At the point of contract award, the rebate inclusion will become part of the terms and conditions of contract, and as such delivery will become a contractual commitment.

4. Anticipated level of impact

Some category activity within the current contract portfolio cover market segments in which the use of rebates is commonplace, for example, within construction. Within the current contracts for electrical and plumbing materials, an annual rebate in excess of £200k has been generated and distributed to councils.

The key difference with any additional rebates generated is that it is proposed that they will be held by Scotland Excel to support current and anticipated financial constraints, and to suppress the need to increase member requisitions for future development activity. As indicated in section 1, it is anticipated that up to £800k annually could be generated within a 5 year period. This is based on a subset of the portfolio, primarily within the construction category with a combined annual forecast turnover of c.£230m, with a rebate value not exceeding 0.55%.

It must be stressed that it is not intended to include a rebate provision within social care contracts, and development of the social care contract offering is likely to be supported by rebates generated for other contract areas.

5. Conclusion/Recommendation

It is anticipated that further developing and expansion of the scope of rebate inclusion across the portfolio provides support to enable the organisation to establish a sustainable financial position.

Members are requested to endorse the approach summarised for the inclusion of a rebate or supplier levy mechanism across appropriate areas of the contract portfolio.

Scotland Excel



To: Joint Committee

On: 29 June 2018

**Report
by
Director Scotland Excel**

Operating Plan Update 2017-18




1. Purpose of the report

In June 2015, Scotland Excel's Joint Committee approved a three-year corporate strategy supported by a rolling annual operating plan. This report presents the organisation's full year performance against the Operating Plan 2017-18.

2. Reporting methodology

Progress reports are produced quarterly to track Scotland Excel's performance against operating plan activities. Reports are produced at the end of each quarter and submitted to Executive Sub-Committee meetings. Half yearly and annual reports are also submitted to Joint Committee meetings.

The reports summarise the progress made against operating plan activities and uses a 'traffic light' symbol to provide a quick guide to the status of each activity:

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

The report also tracks performance against ten key performance indicators (KPIs) linked to strategic outcomes.

3. Performance

The majority of activities in the operating plan were progressed in line with plans and are indicated as green within the report. A small number of activities have been delayed, predominantly due to resource constraints or external factors, and these are indicated as amber within the report. All outstanding activities will be carried forward and completed as part of the Operating Plan 2018-19.

4. Recommendation

The members of the Joint Committee are invited to note Scotland Excel's performance in the delivery of the Operating Plan 2017-18.




Operating Plan





2017 – 2018



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 3 Priorities	RAG status	Progress summary
(a) Develop and implement a contract plan aligned to the strategic priorities of member authorities	<ul style="list-style-type: none"> • Resource and implement contract delivery plans including 11 'small value' contracts • Develop and implement a procurement strategy for older people's care services • Deliver an opportunity analysis for adult supported living and care at home commissioning • Provide ICT procurement services for the local government Digital Office • Support SEEMiS with the procurement of a national education MI system • Monitor CCS partnership and develop proposals for future procurement partnerships • Review and update procurement strategies for all key category areas 		<ul style="list-style-type: none"> • Eight 'small value' contracts were delivered during 2017-18, with a further contract due to be awarded in April. Of the two contracts not delivered, one was found to be unsuitable for collaboration while the other did not attract sufficient market interest. • A proposal for a new Scottish Care Home Framework has been developed. A sourcing strategy will be co-produced with providers, commissioners and Health & Social Care Partnerships (HSCPs) in 2018-19. • Following market analysis and stakeholder engagement, it has been agreed that a single 'care and support' framework will be developed for adult supported living and care at home services. Twenty-one councils have indicated an interest in using the framework, and a procurement strategy will be developed by June 2018. • Scotland Excel is continuing to provide procurement support for the Digital Office. Eighty suppliers participated in a webinar in January 2018, and ongoing engagement with local authorities is taking place to identify collaborative opportunities. A new care management solution is being explored with seven councils and NHS Scotland. • The initial procurement project for SEEMiS has been completed successfully and this partnership will continue into 2018-19. • Councils were migrated to the Crown Commercial Services (CCS) light vehicles framework in June 2017 to capitalise on economies of scale and release procurement resources. Feedback from councils has been positive, and a full survey on framework usage is planned for June 2018. • Updated category strategies have been published on Scotland Excel's website.




(b) Develop and implement a strategy and plan for the delivery of contract and supplier management	<ul style="list-style-type: none"> • Complete the roll out of the new CSM programme across the contract portfolio 		<ul style="list-style-type: none"> • The Contract & Supplier Management (CSM) programme launched in 2017 did not support the required levels of participation or feedback. Three alternative options were evaluated, and a new survey tool is now being trialled before being rolled out across the organisation in 2018-19.
(c) Develop and implement a strategy and plan for improving supplier performance	<ul style="list-style-type: none"> • Deliver the 2018 Supplier Excellence Awards • Incorporate supplier development into the 2018 Scotland Excel Conference • Pilot a KSM programme and extend to other key suppliers based on results 		<ul style="list-style-type: none"> • The Supplier Excellence Awards ceremony took place on 20 February 2018, and was attended by over 350 guests. Feedback on the awards programme has been very positive, and it generated significant media coverage for Scotland Excel and participating suppliers. • Fifty-two supplier delegates attended the second day of the Scotland Excel Conference which focused on building positive relationships. • Plans for a Key Supplier Management (KSM) programme are on hold pending the roll out of the new CSM programme. Relationships with key suppliers continue to be managed by procurement teams in the interim.
(d) Manage the rollout of a new national procurement capability assessment to the local government sector	<ul style="list-style-type: none"> • Complete the first cycle of PCIP assessments with participating councils • Consult on plans for a second cycle of PCIP assessments 		<ul style="list-style-type: none"> • Procurement & Commercial Improvement Programme (PCIP) assessments have been completed with all 32 Scottish local authorities. • A second cycle of PCIP assessments is being planned for 2018-19.
(e) Develop and implement a programme to lead and support the development of procurement and commercial capability	<ul style="list-style-type: none"> • Develop and deliver a rolling programme of procurement capability and change services for local authorities • Deliver an Annual Conference to support development in Feb 2018 • Deliver Scottish Government funded procurement improvement programme for housing associations 		<ul style="list-style-type: none"> • Thirty-five change projects were delivered for councils during 2017-18. A national programme to address the four priority areas identified from PCIP assessments was launched in February 2018 and will continue throughout 2018-19. Aberdeen City Council has commissioned Scotland Excel to undertake a six-month consultancy project, and a two-year transformation programme for Fife Council is expected to be approved in April 2018. • The Scotland Excel Annual Conference was held at the Radisson Blu in Glasgow on 20-21 February 2018, and was attended by 110 delegates. • Thirteen PCIP assessments were completed with housing associations during 2017-18 as part of the Scottish Government programme. Twenty-nine assessments have been scheduled to take place by September 2018, with a further eleven to be completed by March 2019.

<p>(f) Develop and implement a 'procurement academy' to support professional capability and encourage new entrants to public procurement</p>	<ul style="list-style-type: none"> • Roll out L & D programmes in line with the strategy • Develop plans for delivering a L & D programme for social care commissioning • Develop a proposal to support the Scottish Government's PPOT initiative 		<ul style="list-style-type: none"> • Three Chartered Management Institute (CMI) accredited Leadership & Management courses ran in Inverclyde, Perth and Stirling during 2017-18, with a fourth scheduled to begin in Fife in April 2018. A Chartered Institute of Procurement & Supply (CIPS) accredited course was launched in January 2018. Ten practitioner workshops and two masterclasses also took place during the year. • Scotland Excel has been in discussion with partners including the Scottish Government, Healthcare Improvement Scotland and Social Work Scotland to scope learning and development requirements for social care commissioning. Options for incorporating these into the Scotland Excel Academy will be completed in 2018-19. • Scotland Excel has continued to support the Procurement People of Tomorrow (PPOT) initiative through co-chairing the Scottish Government's Professional Practice Strategic Forum. Scotland Excel also worked with Skills Development Scotland to develop a Graduate Level Apprenticeship in business management.
<p>(g) Develop and implement a shared service offering for councils which meets their requirements in a changing public sector landscape</p>	<ul style="list-style-type: none"> • Develop a shared services strategy to inform future service development proposals 		<ul style="list-style-type: none"> • Scotland Excel explored a number of new opportunities during 2017-18. Funding has been secured from eleven local authorities to develop a national house building framework, and discussions are ongoing with Transport Scotland on proposals to support the development of an electric vehicles charging infrastructure. Chargeable consultancy projects for local authorities have also been commissioned or are in the pipeline.

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 3 Priorities	RAG status	Progress summary
(a) Develop and implement strategies for responding to procurement and/or public sector legislation	<ul style="list-style-type: none"> Develop and implement plans to comply with GDPR regulations Monitor risks/opportunities arising from the Community Empowerment Act Engage with IJB Chief Officers to identify HSCI procurement opportunities Develop proposals to support councils with early learning and childcare procurement Update waste category strategy to align with legislative landscape 		<ul style="list-style-type: none"> Scotland Excel is on track with plans to ensure compliance with General Data Protection Regulation (GDPR) which take effect from 25 May 2018. GDPR training sessions have been delivered for Scotland Excel staff and customers as part of these plans. No major risks or opportunities identified for the sector in connection with the Community Empowerment Act during 2017-18. Scotland Excel has continued to support the integration of health and social care throughout 2017-18. Good working relationships have been established with Chief Officers and Chief Finance Officers within Health & Social Care Partnerships (HSCPs) and their input has informed new developments within the social care portfolio. Scotland Excel developed proposals to support the expansion of early learning and childcare provision but has been unable to secure funding to progress further. Efforts to secure funding will continue in 2018-19. The waste category strategy has been updated and published on the Scotland Excel website.
(b) Ensure Scotland Excel's collaborative frameworks support local and national government policy priorities	<ul style="list-style-type: none"> Continue to support national policy outcomes in social care frameworks Continue to support the roll out of CRDG recommendations 		<ul style="list-style-type: none"> National policy outcomes for looked after children were incorporated into the renewal of the children's residential care framework in March 2018. National health and wellbeing outcomes were considered as part of proposals for older people's care homes and adult care services which were developed during 2017-18. Scotland Excel participated in Construction Review Delivery Group (CRDG) meetings throughout 2017-18. The work of the delivery group has now been completed and the Scottish Government has set up an internal team for the ongoing management of construction policy.

<p>(c) Ensure Scotland Excel's collaborative frameworks support positive local economic outcomes</p>	<ul style="list-style-type: none"> • Support SDP public procurement training for Scottish SMEs • Review options for including community benefits measures as part of the new CSM programme • Develop a strategy for supported businesses, including delivery of a business development event 		<ul style="list-style-type: none"> • Scotland Excel delivered ten Supplier Development Programme (SDP) training sessions and attended four national and local 'Meet the Buyer' events during 2017-18. • Plans for including community benefit measures as part of Scotland Excel's CSM programme are on hold pending the roll out of a new programme in 2018-19. • Scotland Excel's supported business event took place in Glasgow on 08 February 2018, and was attended by 60 delegates from supported businesses and council economic development and procurement teams. Paul Wheelhouse MSP, Minister for Business, Innovation and Energy and Chair of the Scottish Government's Supported Business Advisory Group, spoke at the event. Further actions to create opportunities for supported businesses will be considered in 2018-19.
<p>(d) Ensure Scotland Excel's collaborative frameworks support local government environmental duties and policies</p>	<ul style="list-style-type: none"> • Continue work with partners to align the waste category strategy with national programmes • Include measure for environmental impact within the new CSM programme 		<ul style="list-style-type: none"> • Scotland Excel has been working with Zero Waste Scotland and councils on new contract arrangements for recyclable and residual waste which will be implemented in 2018-19. A dynamic purchasing solution will enable councils to remain aligned to environmental policy and legislation while allowing new entrants into the market. • Plans for including environmental impact measures as part of Scotland Excel's CSM programme are on hold pending the roll out of a new programme in 2018-19.
<p>(e) Champion the development and dissemination of best practice in sustainable procurement</p>	<ul style="list-style-type: none"> • Monitor the impact of Scotland Excel's sustainable procurement strategy • Work with national partners to develop enhancements to the national sustainable toolkit • Continue to evolve Scotland Excel's horizon scanning programme 		<ul style="list-style-type: none"> • Scotland Excel has continued to monitor the impact of its sustainable procurement strategy throughout 2017-18. Sustainability considerations and benefits are detailed within each contract award report. • Scotland Excel has been working to enhance the national sustainability toolkit as part of the Scottish Government Best Practice Forum. In 2017-18, the Forum reviewed the implications of the Equality Duty and completed a policy draft for Equality Impact Assessment. • Horizon scanning meetings took place quarterly throughout the year to review the external environment and identify any new risks and opportunities.

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 3 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	<ul style="list-style-type: none"> Continue to develop and implement improvements to account management services 		<ul style="list-style-type: none"> Account managers delivered Quarterly Business Reviews with local authority procurement leads throughout 2017-18. These discussions have provided valuable feedback to inform Scotland Excel's business change and learning and development activities.
(b) Develop and implement a stakeholder engagement strategy that support the delivery of first class customer experience across all of our services	<ul style="list-style-type: none"> Complete the stakeholder engagement strategy Develop and implement a senior stakeholder engagement plan Initiate a customer care forum to support ongoing improvements to customer service Publish a report on the results of the 2017 customer satisfaction survey Develop a 'future digital' strategy to support online delivery of customer information and services 		<ul style="list-style-type: none"> Completion of the stakeholder engagement strategy was put on hold to release staff resources for the Scotland Excel Conference and Supplier Excellence Awards. This will now be revisited in 2018-19. Scotland Excel's Executive Team held engagement meetings with elected members and senior stakeholders throughout the year. Plans to support ongoing engagement will be developed as part of Scotland Excel's communications plan. The customer care forum will now be established in 2018-19 on completion of the stakeholder engagement strategy. Tailored reports for senior stakeholders, procurement leads and staff on the findings of the customer satisfaction survey were produced and distributed to stakeholders. A Digital/ICT strategy has been completed, and priorities for new developments in 2018-19 have been agreed with the Senior Management Team.

<p>(c) Develop and implement a corporate communications strategy that enhances and protects Scotland Excel's corporate reputation</p>	<ul style="list-style-type: none"> • Complete the marketing and communication strategy • Develop and implement a plan to enhance Scotland Excel's profile and reputation • Continue to deliver marketing/communications initiatives to promote Scotland Excel services 		<ul style="list-style-type: none"> • Scotland Excel's marketing and communications strategy has been completed. • A communications plan which sets out high level priorities for corporate communications, public affairs and stakeholder engagement has been completed. • Scotland Excel's marketing and communications team delivered a full programme of activities during 2017-18 including campaigns and event management for the Supplier Excellence Awards. Other activities included press releases, social media, web content, brochures, advertisements, award entries, and exhibition support.
<p>(d) Develop and implement a model for associate members which delivers clear business and financial benefits to Scotland Excel and the membership base</p>	<ul style="list-style-type: none"> • Continue to recruit housing associations in line with the associate member strategy • Develop an associate member offering for third sector organisations 		<ul style="list-style-type: none"> • Fifteen housing associations were recruited as associate members during 2017-18. • Due to the launch of a Scottish Government-funded third sector organisation, Procurement 4 Partnership (P4P), Scotland Excel has delayed plans to develop an associate member offering for this market until 2018-19 to allow for further research.
<p>(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</p>	<ul style="list-style-type: none"> • Continue to host and/or attend forums to gather sector views and share information • Continue to represent the sector on matters relating to public procurement • Continue to engage with relevant stakeholders in the wider public sector environment 		<ul style="list-style-type: none"> • Scotland Excel held and/or attended forums for sector stakeholders throughout 2017-18 including Commercial User Intelligence Groups (UIGs), steering groups for procurement capability and social care, and attendance at the Scottish Local Government Procurement Forum. • Scotland Excel represented sector interests at meetings throughout 2017-18 including government forums for collaborative procurement, construction, best practice and professional development. • Scotland Excel has continued to engage with a wide range of stakeholders and partners. This activity will be formalised as part of the stakeholder engagement strategy in 2018-19.




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 3 Priorities	RAG status	Progress summary
(a) Develop and implement a strategy to support staff recruitment, retention, development, performance and engagement	<ul style="list-style-type: none"> Complete the development and implementation of an organisational development strategy 		<ul style="list-style-type: none"> An organisational development strategy is in place to provide structure for workstreams in Culture & Values, Leadership & Talent Management, Reward & Recognition, and Systems & Processes. Implementation of the organisational development strategy will continue in 2018-19 with support from Investors in People (IIP).
(b) Develop and implement programmes to support the continuous improvement of business performance, systems and processes	<ul style="list-style-type: none"> Agree and deliver 2017-18 internal transformation projects Implement a spend data management and reporting solution Continue to plan and implement the migration of the ICT infrastructure to a cloud environment Undertake assessment to renew CIPS accreditation 		<ul style="list-style-type: none"> Scotland Excel's business change team managed five internal projects in 2017-18 to support continuous improvement. Development of a data management and reporting solution is now underway and the first phase is expected to be completed by the end of June 2018. During 2017-18, Scotland Excel's ICT team migrated staff to cloud-based Office 365 software and Windows 10 to support agile working. Staff can now access ICT resources and files remotely. Scotland Excel has successfully renewed its Chartered Institute of Procurement & Supply (CIPS) accreditation following a rigorous assessment.
(c) Ensure that Scotland Excel delivers its plans through effective governance, risk management and policies	<ul style="list-style-type: none"> Explore options for governance models which support the future growth of Scotland Excel 		<ul style="list-style-type: none"> An options appraisal for governance models to support future growth was presented to the Joint Committee in December 2017. Further work has been taking place to finalise recommendations which will be presented to the Joint Committee in June 2018.

(d) Develop and implement a strategy for gathering, analysing and distributing business intelligence within Scotland Excel and across the sector	<ul style="list-style-type: none"> Expand the use of BI tools across the organisation to support internal/external delivery of data and reports 		<ul style="list-style-type: none"> Several interactive reports have been developed using a new Business Intelligence (BI) tool during 2017-18, and this will be rolled out across the organisation and to customers in 2018-19.
(e) Develop and implement a clear, transparent and sustainable funding and delivery model for Scotland Excel	<ul style="list-style-type: none"> Hold 4 regional consultation workshops for new strategy development Develop a new corporate strategy for 2018-22 Explore options for funding models to support the new strategy 		<ul style="list-style-type: none"> Five regional workshops with local authority procurement leads to consult on the new strategy took place in February and March 2018. The new corporate strategy and operating plan is in development and will be presented to the Joint Committee in June 2018. An initial paper on funding was submitted to the Joint Committee in December 2017. Further work has been taking place to finalise recommendations which will be presented to the Joint Committee in June 2018.

Report Key

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

Key Performance Indicators

KPI	Link to outcomes	Q4 Status
No. & value of contracts delivered v plan	<ul style="list-style-type: none"> Our services support the effective and efficient delivery of public services 	<ul style="list-style-type: none"> 31 contracts delivered, renewed or extended against target of 31 by year end £1.01bn portfolio value against £1bn target by year end
Percentage & value of savings v target (excluding social care)	<ul style="list-style-type: none"> Our customers are satisfied with our services and achieve a measurable return on their investment 	<ul style="list-style-type: none"> Average savings of 3.5% against a rolling 5% target (2015-18) £3.8m estimated saving in the last recorded quarter (Jan-Mar 2018)
No. of PCIP assessments completed v schedule	<ul style="list-style-type: none"> Our expertise supports continuous improvement in procurement performance 	<ul style="list-style-type: none"> 15 assessments completed against 15 targeted
No. of Scottish suppliers & percentage SMEs	<ul style="list-style-type: none"> Our services help to deliver positive and sustainable outcomes for communities and service users 	<ul style="list-style-type: none"> 479 Scottish suppliers of which 76.8% are SMEs
No. of community benefits realised to date	<ul style="list-style-type: none"> Our services support the implementation of national and local policy priorities 	<ul style="list-style-type: none"> 349 jobs 220 apprenticeships 58 work placements 60,646 hours work experience 4,958 hours volunteering/mentoring £465k value of other initiatives
Customer satisfaction statistics & trends ¹	<ul style="list-style-type: none"> Our customers are satisfied with our services and achieve a measurable return on their investment 	<ul style="list-style-type: none"> 82.4% of procurement stakeholders 80.8% of senior stakeholders
Website usage statistics & trends	<ul style="list-style-type: none"> Our customers receive relevant communication and support 	<ul style="list-style-type: none"> 8,014 visitors in Q4 19,175 user sessions in Q4
Media coverage v target	<ul style="list-style-type: none"> Our reputation demonstrates the value of collaboration 	<ul style="list-style-type: none"> 66 media items placed to date against target of 50 by year end
Income from associate members v target	<ul style="list-style-type: none"> Our reputation demonstrates the value of collaboration 	<ul style="list-style-type: none"> £55.8k income against a £60k target
Staff turnover v headcount	<ul style="list-style-type: none"> Our people, policies, processes and technology optimise our value 	<ul style="list-style-type: none"> 4.7% staff turnover rate 70 permanent staff

Report issued: June 2018

¹ Percentage of respondents reporting their overall satisfaction as 'very good' or 'good' in the 2016-17 customer satisfaction survey

Scotland Excel



To: Joint Committee

On: 29 June 2018

**Report
by
Director Scotland Excel**

Corporate Strategy 2018-23 & Operating Plan 2017-18

1. Purpose of the report

In June 2015, Scotland Excel published its Corporate Strategy 2015-18 following approval by the Joint Committee. As this strategy period ended on 31 March 2018, the organisation has been working on the development of a new strategy to guide future business activities.

This report presents the new Corporate Strategy 2018-23 and Operating Plan 2018-19 to the Joint Committee for review and approval.

2. Strategic planning process

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

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

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

Figure 1



3. Strategic direction 2018-23

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

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

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

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

4. Operating Plan 2018-19

The operating plan sets out the actions and activities Scotland Excel will undertake in 2018-19 to deliver the strategy. Operating plans will be produced each year to reflect progress and incorporate any new activities identified during period of the strategy. These plans will be presented to the Joint Committee in June of each year for approval.

5. Monitoring and reporting

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

6. Recommendation

The members of the Joint Committee are requested to approve the proposed Corporate Strategy 2018-23 and Operating Plan 2018-19.



Corporate Strategy

01 April 2018 – 31 March 2023

Foreword

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

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

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

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

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

Another area of interest to me is ICT and, in particular, the benefits that can be offered to communities through increased application of digital technologies within councils. It is good to see Scotland Excel continuing to support these goals through partnerships with the public sector education technology provider, SEEMiS Group,

and the Digital Office for Scottish Local Government. I look forward to seeing the outputs of these partnerships as the new strategy progresses.

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

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

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

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

Introduction

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

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

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

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

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

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

In particular, our learning and development programme has taken a leap forward with the Scotland Excel Academy. Our new strategy will see us roll out a wide range of accredited qualifications, practitioner workshops and thought leadership masterclasses that take holistic view of the skills and attributes of successful procurement leaders. These professional learning opportunities will complement a

business change programme which includes both sector-wide initiatives and local consultancy projects.

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

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

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

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

Julie Welsh
Director, Scotland Excel

Context

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

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

Financial challenges

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

Faced with financial pressures, councils have implemented savings initiatives such as reducing staff numbers, rationalising property and improving procurement. Councils are now finding it difficult to identify further savings, and are increasingly using reserve funding to pay for staff severance packages, transformation programmes and/or shortfalls in service budgets. In 2016/17, 19 councils drew on their revenue reserves compared with eight councils in 2015/16.

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

National policies

In recent years, local government budget settlements have included funding which is ring-fenced for the delivery of national priorities such as early learning and childcare services (ELC) and educational attainment. This means councils have less flexibility to manage funding across their full range of services and, as a result, budget cuts may be as high as 20% in some services.

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

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

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

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

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

Ageing population

While budgets are reducing, local authorities have faced increasing demand for services from a steadily growing population and, in particular, social care provision for Scotland's ageing demographic. According to figures released by the National Records of Scotland in October 2017, people aged 75 and over are projected to be the fastest growing age group, increasing 27% by 2026.

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

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

Tackling poverty

Scotland's councils are committed to tackling inequality. In 2015/16, Scottish Government figures suggest 18% of Scotland's population were living in absolute poverty after housing costs. Poverty can limit the life chances of those affected by it in areas such as health, education and employability, and public sector resources are often stretched by demand for services which deal with the negative outcomes that it can bring.

Despite budget cuts, councils must ensure that these essential services are available to all who need them. At the same time, in line with the 2011 Christie Commission recommendations, they are working with other public sector bodies to invest in early intervention initiatives which deliver positive outcomes for people and reduce demand for services which respond to the adverse consequences of poverty and inequality.

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

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

Local impact

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

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

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

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

Brexit

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

In March 2018, the UK Government announced that public procurement was one of 24 areas expected to require a UK legislative approach for a temporary period. While discussions are still ongoing with devolved governments, this could have implications across the Scottish public sector where procurement duties go beyond the obligations required by EU directives.

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

Our strategy

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

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

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

Strategy Map

Vision

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

Mission

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

Values

Professional • Courageous • Respectful • Integrity

Outcomes

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

Goals

<p>1: Shaping solutions for innovative public services</p> <p>Strategic objectives:</p> <p>1.1 Deliver a programme of collaborative procurement to support early intervention and the delivery of public services</p> <p>1.2 Deliver programmes which lead and develop professional, organisational and commercial capability</p> <p>1.3 Harness the potential of digital technology and data insight to support the delivery of public services</p> <p>1.4 Use our insight and experience to shape policy and meet the challenges of future public service delivery</p>	<p>2: Being sustainable in everything we do</p> <p>Strategic objectives:</p> <p>2.1 Deliver positive and measurable social value through our contracts</p> <p>2.2 Deliver positive and measurable local impact through SME and third sector participation in our contracts</p> <p>2.3 Deliver positive and measurable environmental benefits through our contracts</p> <p>2.4 Lead and develop sustainable procurement knowledge and practice</p>	<p>3: Placing people at the heart of our business</p> <p>Strategic objectives:</p> <p>3.1 Ensure our customers continue to receive maximum value from our services</p> <p>3.2 Engage stakeholders in the delivery of effective local solutions</p> <p>3.3 Represent the collective views of stakeholders at a national level</p> <p>3.4 Implement policies which develop, empower, value and engage our workforce</p>	<p>4: Driving sustainable and scalable growth</p> <p>Strategic objectives:</p> <p>4.1 Implement a new governance model which supports scalable business growth</p> <p>4.2 Continue to maintain a robust business infrastructure to support our growth ambitions</p> <p>4.3 Use our knowledge and insight to identify new services and/or sectors which provide growth opportunities</p> <p>4.4 Explore opportunities to work with partners on the development and delivery of new business opportunities</p>
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Goa1 1: Shaping solutions for innovative public services

Strategic objectives	
1.1	Deliver a programme of collaborative procurement to support early intervention and the delivery of public services
1.2	Deliver programmes which lead and develop professional, organisational and commercial capability
1.3	Harness the potential of digital technology and data insight to support the delivery of public services
1.4	Use our insight and experience to shape policy and meet the challenges of future public service delivery

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

As our contract portfolio matures, it becomes more difficult to drive further savings from each new generation of contract. New contract development areas will continue to be led by national and local policy priorities where there is a significant opportunity to realise benefits through involving procurement in early intervention and/or service innovations which support better outcomes for people and communities.

We will continue to champion digital transformation across the sector through our work with the Digital Office for Scottish Local Government. Harnessing the power of technology within our own organisation, we will use our market knowledge and spend data to optimise our existing contract portfolio and introduce new performance measures which demonstrate best value. Market insight will be shared with customers where there is the potential to support service planning, particularly in social care.

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

Progress to date

In March 2018, the value of our contract portfolio reached £1bn, largely due to our focus on delivering high risk, high value contracts in construction and social care. Our £200m framework for energy efficiency contractors (EEC), awarded in May 2017, was our highest value contract to date.

The EEC framework provides councils with an efficient route to market for works funded through national energy efficiency programmes which help to reduce fuel poverty. In addition, we have recently secured funding to develop a national house building contract to help accelerate the Scottish Government's commitment to delivering 50,000 affordable new homes by 2021.

In social care, we are providing procurement and contract management support for existing national arrangements for older people's care home services. Working with COSLA, the Scottish Government and other partners on the reform of adult social care, we have developed a new procurement strategy for these services which will support greater choice and innovation in the care home market.

We have also developed a procurement proposal for adult care and support services which are not currently covered by national arrangements. These services enable older people and vulnerable adults to remain safely living in their own homes, reducing the likelihood of hospital admissions and providing an alternative to more costly care home services. A national framework will support the delivery of personalised outcomes at a sustainable cost for councils and providers.

In October 2017, the Scottish Government committed to almost doubling the entitlement to free early learning and childcare provision by 2020. To help local authorities deliver this commitment – which aims to close the poverty gap by reducing barriers to employment for parents and offering children the best start in life – we have developed a proposal to support the procurement of these services from external providers. We are now engaging with stakeholders to explore funding options.

We are also supporting the delivery of key policy objectives in other areas. Over the past year, our efforts to create opportunities for Scottish food producers within the public sector supply chain have delivered £3.34m of business through our contracts. Working with Zero Waste Scotland, we have aligned our environmental category strategy with the Scottish Government's Circular Economy ambitions and Zero Waste Plan.

Having expanded our corporate portfolio into ICT with contracts for online school payments and customer service platforms, in 2016 we began working in partnership

with the newly-launched Digital Office for Scottish Local Government. Our focus has changed to providing procurement support for their work to build a portfolio of collaborative initiatives and projects that maximise the value of digital technologies.

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

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

The new Procurement & Commercial Improvement Programme (PCIP) takes a more strategic view of an organisation's procurement capability and, by November 2017, we had completed PCIP assessments with all 32 councils. We are now developing a programme around the four priority areas identified.

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

Our commitments

Collaborative procurement

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

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

services. We will secure funding to deliver our proposals to support the procurement of early learning and childcare services, and will continue to explore further opportunities to support key services through procurement, particularly those which focus on early intervention.

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

Adopting a cross-sector leadership approach, we will continue to work with colleagues throughout health, education and central government, sharing expertise and seeking opportunities to work collaboratively on national procurement solutions.

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

Professional, organisational and commercial capability

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

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

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

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

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

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

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

Digital technology and data insight

We will continue to work with the Digital Office for Scottish Local Government to provide procurement support for digital technologies which reduce the cost of services and improve customer experience for citizens. To achieve this, we will be proactive in our engagement with local authority stakeholders to promote innovation and encourage in the adoption of common ICT platforms.

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

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

We will continue to undertake market analysis in line with our community's needs and to support effective options appraisal and decision making in the pursuit of new service offerings. We will identify appropriate opportunities to use our market knowledge and insight to influence policy, and share information which can help councils plan future service delivery.

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

Shaping policy

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

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

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

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

Goal 2: Being sustainable in everything we do

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

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

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

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

Progress to date

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

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

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

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

In line with our sector's priorities, Scotland Excel makes significant effort to deliver local economic value. Lotting strategies ensure that smaller suppliers can bid for the specific products or geographic areas without penalty. For example, our food contracts have successfully created opportunities for local suppliers and producers through the use of 'supply only' lots which do not require direct distribution capability, or by breaking down large council areas into smaller geographic lots that are easier to service.

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

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

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

Our commitments

Social value

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

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

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

Local impact

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

We will continue our work with the Supplier Development Programme to create awareness of tender opportunities among Scottish SMEs, encourage participation, and provide training and advice to help them become tender ready. We will also explore

further opportunities to work with economic development teams within councils to target local SMEs, third sector organisations and supported businesses directly.

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

Environmental benefits

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

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

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

Sustainable procurement leadership

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

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

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

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

Goa1 3: Placing people at the heart of our business

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

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

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

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

Progress to date

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

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

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

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

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

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

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

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

Our commitments

Delivering value

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

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

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

Engaging with stakeholders

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

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

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

Representing our sector

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

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

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

Developing our people

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

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

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

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

Goa1 4: Driving sustainable and scalable growth

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

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

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

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

Progress to date

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

We have also developed partnerships which capitalise on synergies and/or generate income. This has been achieved successfully with SEEMiS through the provision of

procurement support for national ICT resources, and by working with Crown Commercial Services (CCS) to migrate councils to their light vehicles framework where councils benefit from better pricing through economies of scale. This latter partnership has enabled Scotland Excel to redeploy procurement resources and offers the potential to share in the CCS supplier levy.

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

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

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

Our commitments

Governance

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

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

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

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

Business infrastructure

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

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

New opportunities

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

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

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

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

Partnerships

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

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

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



Operating Plan

01 April 2018 – 31 March 2019

Introduction

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

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

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

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

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

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

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

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

Strategy Map

Vision

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

Mission

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

Values

Professional • Courageous • Respectful • Integrity

Outcomes

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

Goals

<p>1: Shaping solutions for innovative public services</p> <p>Strategic objectives:</p> <p>1.1 Deliver a programme of collaborative procurement to support early intervention and the delivery of public services</p> <p>1.2 Deliver programmes which lead and develop professional, organisational and commercial capability</p> <p>1.3 Harness the potential of digital technology and data insight to support the delivery of public services</p> <p>1.4 Use our insight and experience to shape policy and meet the challenges of future public service delivery</p>	<p>2: Being sustainable in everything we do</p> <p>Strategic objectives:</p> <p>2.1 Deliver positive and measurable social value through our contracts</p> <p>2.2 Deliver positive and measurable local impact through SME and third sector participation in our contracts</p> <p>2.3 Deliver positive and measurable environmental benefits through our contracts</p> <p>2.4 Lead and develop sustainable procurement knowledge and practice</p>	<p>3: Placing people at the heart of our business</p> <p>Strategic objectives:</p> <p>3.1 Ensure our customers continue to receive maximum value from our services</p> <p>3.2 Engage stakeholders in the delivery of effective local solutions</p> <p>3.3 Represent the collective views of stakeholders at a national level</p> <p>3.4 Implement policies which develop, empower, value and engage our workforce</p>	<p>4: Driving sustainable and scalable growth</p> <p>Strategic objectives:</p> <p>4.1 Implement a new governance model which supports scalable business growth</p> <p>4.2 Continue to maintain a robust business infrastructure to support our growth ambitions</p> <p>4.3 Use our knowledge and insight to identify new services and/or sectors which provide growth opportunities</p> <p>4.4 Explore opportunities to work with partners on the development and delivery of new business opportunities</p>
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Key priorities for 2018-19

Overview of the key commitments we will undertake this year:

<p>Goa1 1: Shaping solutions for innovative public services</p> <ul style="list-style-type: none"> • Engage with local authority services to identify new collaborative procurement opportunities • Implement procurement strategies for older people's care home services, adult care and support services and new build housing • Deliver a programme to enhance the sector's procurement and commercial capability • Deliver a programme of accredited learning, workshops and masterclasses through the Scotland Excel Academy • Provide procurement support for the Digital Office for Local Government • Expand Scotland Excel's data analysis capabilities, tools and reporting • Increase Scotland Excel's policy influence for social care, education, affordable housing and environmental services 	<p>Goa1 2: Being sustainable in everything we do</p> <ul style="list-style-type: none"> • Develop plans to increase the proportion of Scotland Excel suppliers paying their staff the Scottish Living Wage • Continue to work with the Supplier Development Programme (SDP) to encourage SME tender participation • Increase direct and supply chain opportunities for Scottish SMEs and contractors • Develop and implement a model for considering 'whole life' costing • Continue to support local authority recycling and climate change duties • Work with national partners on the development of sustainable procurement guidance and tools • Develop plans to increase the sector's sustainable procurement capability
<p>Goa1 3: Placing people at the heart of our business</p> <ul style="list-style-type: none"> • Continue to develop Scotland Excel's account management services • Explore digital technologies for customer engagement and service • Explore the feasibility of providing additional services requested by customers • Incorporate engagement with communities and service users in the development of procurement strategies • Implement a new model for representing the views and requirements of stakeholders • Continue to deliver Scotland Excel's organisational development strategy • Develop and implement a talent management programme for Scotland Excel staff • Develop plans to implement agile working policies 	<p>Goa1 4: Driving sustainable and scalable growth</p> <ul style="list-style-type: none"> • Review Scotland Excel's governance model to support future growth • Implement new funding models to support service delivery • Continue to improve Scotland Excel's business and ICT infrastructure • Develop a risk model for assessing new business opportunities • Identify and evaluate new public sector markets and business opportunities • Secure the sustainable delivery of services for housing associations • Develop plans to expand associate membership • Identify opportunities to create new public sector partnerships • Develop existing partnerships with Crown Commercial Services (CCS) and SEEMiS

Goa1 1: Shaping solutions for innovative public services

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

<p>1.3 Harness the potential of digital technology and data insight to support the delivery of public services</p>	<ul style="list-style-type: none"> • Continue to provide ICT procurement services for the Digital Office for Scottish Local Government, engaging proactively with stakeholders to promote a collaborative approach to the adoption of digital technologies • Continue to develop data analytic tools and resources to support the expansion of the contract portfolio and provide management information to the sector • Continue to develop and share access to the Cost of Care calculator to support the delivery of affordable and sustainable social care services • Continue to develop and share access to Indexation Modelling to track market influences on costs • Deliver market analysis reports in support of new collaborative procurement or service opportunities • Develop plans to roll out data analytic tools to staff across the organisation
<p>1.4 Capitalise on our insight and experience to shape policy and meet the challenges of future public service delivery</p>	<ul style="list-style-type: none"> • Continue to work with the Scottish Government, COSLA and other partners to support the development and/or delivery of national policy in social care • Continue to work with the Scottish Government and other partners to support the development and/or delivery of education policies such as early learning provision, pupil attainment funding, and food procurement for school meals • Continue to work with the Scottish Government, Association of Local Authority Chief Housing Officers (ALACHO) and other partners to support the development and/or delivery of national policy in affordable housing • Continue to work with the Scottish Government, Zero Waste Scotland and other partners to support the development and/or delivery of national environmental policy • Develop and deliver a calendar of communications activities which promotes our knowledge and experience in support of our policy and public affairs goals • Continue play a lead role in the development and delivery of national Graduate Apprenticeships as a cost-effective talent management opportunity for the local government sector

Goal 2: Being sustainable in everything we do

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

Goa1 3: Placing people at the heart of our business

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

Goa1 4: Driving sustainable and scalable growth

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

Key performance indicators

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

Outcomes	Key Performance Indicators	2018-19 Target ¹
Our services shape the effective and efficient delivery of public services	<ul style="list-style-type: none"> • Number of contracts delivered v plan² • Value of contract portfolio v target 	<ul style="list-style-type: none"> • 31 contracts • £1.4bn portfolio value
Our expertise leads continuous improvement in commercial performance	<ul style="list-style-type: none"> • Number of PCIP assessments delivered v plan • Number of Scotland Excel Academy courses v plan³ 	<ul style="list-style-type: none"> • 22 assessments • 40 courses
Our services facilitate the delivery of national and local policy priorities	<ul style="list-style-type: none"> • Number of policy areas influenced • Tonnes of waste diverted from landfill through Scotland Excel contracts 	<ul style="list-style-type: none"> • No target • No target
Our services enable positive and sustainable outcomes for people and communities	<ul style="list-style-type: none"> • Number of community benefits realised to date • Number of Scottish suppliers & percentage SMEs 	<ul style="list-style-type: none"> • No target • No target
Our insight and knowledge underpins innovative solutions for our customers	<ul style="list-style-type: none"> • Number of business change initiatives delivered v plan 	<ul style="list-style-type: none"> • 6 initiatives
Our activities are recognised as leading the way in public procurement	<ul style="list-style-type: none"> • Media coverage v target • Number of speaking engagements v target 	<ul style="list-style-type: none"> • 60 published media items • 12 speaking engagements
Our customers receive a measurable return on investment through savings	<ul style="list-style-type: none"> • Percentage savings achieved across the portfolio v target⁴ • Savings achieved in the last quarter 	<ul style="list-style-type: none"> • 2.5% rolling target (2018-23) • No target
Our customers are satisfied with our services and how we deliver them	<ul style="list-style-type: none"> • Customer satisfaction scores v target⁵ 	<ul style="list-style-type: none"> • 80% of respondents

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

² Contracts developed, renewed or extended

³ Programmes, workshops and masterclasses

⁴ Excluding social care contracts

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

To: Joint Committee

On: 29 June 2018

**Report
by
Director Scotland Excel**

Annual Procurement Report

1 Introduction

Where a public organisation is required to prepare a procurement strategy or review an existing one, for example, it has an estimated total value of regulated procurement spend of £5 million or more (excluding VAT) in a financial year, it must also publish an annual procurement report. The Procurement Reform (Scotland) Act 2014 sets out what, as a minimum, each annual procurement report must contain.

The annual procurement report should be relevant and proportionate, providing transparency of its purchasing activities. The statutory guidance states that an annual procurement report must address all of the matters contained in an organisations procurement strategy.

The annual procurement report must be published as soon as reasonably practicable after the end of the financial year. The first annual procurement report to be published will be based on the 2017-2018 financial year (for Scotland Excel this is 1 April 2017 – 31 March 2018) and should also include the period from 1 January 2017 to the start of the financial year.

2 Annual Report on Procurement in Scotland

After the end of each financial year, Scottish Ministers must prepare a report based on the information contained in the published annual reports from public organisations. This is called the Annual Report on Procurement in Scotland.

The Annual Report on Procurement in Scotland by Scottish Ministers will be based on information contained within individual annual procurement reports and such other information that is considered appropriate.

3 Legislative Requirements

The Procurement Reform (Scotland) Act 2014 lists the minimum requirements that the annual procurement report must contain, as follows:

- (a) a summary of the regulated procurements that have been completed during the year covered by the report,
- (b) a review of whether those procurements complied with the authority's procurement strategy,
- (c) to the extent that any regulated procurements did not comply, a statement of how the authority intends to ensure that future regulated procurements do comply,
- (d) a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report,
- (e) a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report,
- (f) a summary of the regulated procurements the authority expects to commence in the next two financial years,
- (g) such other information as the Scottish Ministers may by order specify

4 Scotland Excel's Annual Procurement Report

The report that Scotland Excel has prepared in order to meet the requirements of the Procurement Reform (Scotland) Act 2014 is given at Annex A

5 Conclusion/Recommendation

Committee members are requested to note the content of this report and approve publication, on the Scotland Excel Website, of the Annual Procurement Report as given at Annex A



Scotland Excel Annual Procurement Report (1st Jan 2017 – 31st March 2018)

June 2018

Contents

Introduction

Section 1: Summary of Regulated Procurements Completed

Section 2: Review of Regulated Procurement Compliance

Section 3: Community Benefits Summary

Section 4: Supported Business Summary

Section 5: Future Regulated Procurements Summary

Section 6: Other content for consideration

Appendix 1: Procurements Completed

Appendix 2: Governance (Procurement Process) Gateways

Appendix 3: Performance against our Strategy

Appendix 4: Planned Procurement

Scotland Excel Annual Procurement Report 2018

Introduction

Scotland Excel is the Centre of Procurement Expertise for the local government sector. Established in 2008, we are a leading non-profit shared service funded by Scotland's 32 local authorities.

Our £1 billion contract portfolio supports the delivery of social care, construction, roads, transport, environment, corporate, education and ICT services, and achieves annual savings of c. £15m. A strategic approach ensures contracts are designed to encourage innovation, facilitate policy, support local economies and generate social value for communities.

Scotland Excel strictly adhere to their duties as laid down by the Procurement Reform (Scotland) Act 2014 ("the Act"). Section 18 of the Act requires any public organisation who is required to publish a procurement strategy to prepare an annual procurement report.

This annual procurement report will review the Procurement Strategy published by Scotland Excel in December 2016 and evaluate the organisations procurement activity. The report further supports Scotland Excel's commitment to transparency within its procurement activity and documents our performance against our objectives and strategic targets.

Scotland Excel's current Procurement Strategy, sets out the strategic direction for its procurement activity and details the context in which Scotland Excel will work to ensure that its procurement delivers value for money and directly contributes to the achievement of its aims and objectives. Together with its Sustainable Procurement Strategy and respective Category Strategies it reflects the Scottish Model of Procurement. It also demonstrates how Scotland Excel ensures it has considered the wider social, economic and environmental aims of procurement in a consistent manner as required by the sustainable procurement duty under the Act. Scotland Excel's Procurement Strategy is also clear on how it will contribute to meeting the general duties in the Act.

Scotland Excel has published its Annual Procurement Report on its website <http://www.scotland-excel.org.uk/>.

Section 1 Summary of Regulated Procurements Completed

Section 18(2) of the Procurement Reform (Scotland) Act 2014 requires organisations to include: "a summary of the regulated procurements that have been completed during the year covered by the report".

A regulated procurement is completed when the award notice is published or where the procurement process otherwise comes to an end. This includes contracts and framework agreements.

The principle of transparency requires an organisation to approach its public procurements in an open and inclusive manner. Scotland Excel has at present fifty-six live framework agreements. These frameworks are aligned to Councils' requirements and are established on their behalf. Appendix 1 provides a high-level summary of the regulated procurements Scotland Excel has completed between 1st Jan 2017 and 31st March 2018. As required Appendix 1 includes:

- The date of award
- The name of the supplier
- The subject matter
- Estimated value of the framework
- The start date
- The end date

Section 2 Review of Regulated Procurement Compliance

Section 17 of the Act requires all regulated procurements to be carried out in line with the organisations procurement strategy. Section 18(2) states that an annual procurement report must include “a review of whether those procurements complied with the authority’s procurement strategy” and “the extent to which any regulated procurements did not comply, and a statement detailing how the organisation will ensure that future regulated procurements do comply”.

Prior to the commencement of any procurement exercise a commodity strategy is developed. Commodity strategies are reviewed as part of Scotland Excel’s established governance procedures. This involves review at contract steering groups, by various members of management to ensure commodity strategies reflect and adhere to the values and principles set out in the overall Procurement Strategy. Throughout the procurement journey individual commodity exercises are reviewed, evaluated and monitored at contract steering groups before proceeding to the next stage in the procurement process. Commodity strategies reflect the Scotland Excel Procurement Strategy and ensure that procurement exercises follow a journey that embeds our organisations principles, values and objectives.

The Contract Steering Group is responsible for governance of each appointed milestone of the procurement process from contract initiation through to contract termination /expiration in line with the Governance Gateways (outlined in bold) below:

These Governance Gateways are designed to accommodate the EU Open and Restricted Procedures and regulated Procurements as defined by the Act.

This methodology represents and ultimately ensures that all regulated procurements align with the Procurement Strategy. Furthermore, our approach to strategic procurement in this way maximises the added value potential in each and every procurement exercise.

Scotland Excel have recently reviewed the commodity strategy template to incorporate recent legislative updates with a particular focus on data protection by design in light of the recent introduction of the General Data Protection Regulation (“GDPR”) and the

new Data protection Act 2018. We continually strive to strengthen and develop our internal governance structures and recognise that the strategy development stage is crucial in the creation of our framework agreements. It is at this stage that we conduct extensive market consultation and stakeholder engagement to promote involvement and undertake comprehensive market analysis.

Key success factors are established in consultation with our members. Financial savings targets for each procurement exercise are projected at the strategy stage and suppliers are obliged to provide detailed spend information. Through effective contract management quantitative and qualitative aspects are monitored and reviewed. Performance against our strategy and objectives for 2017/18 is given at Appendix 2

Section 3 – Community Benefits Summary

Section 18(2) of the Act states that it is mandatory for an annual procurement report to include “a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report”.

Community benefit clauses provide a means of achieving sustainability in public contracts. They include targeted recruitment and training, small business and social enterprise development and community engagement. The requirement to include Community Benefits in the delivery of goods and services is an integral element within Scotland Excel frameworks.

Scotland Excel incorporate community benefits in its procurement activities to promote and encourage sustainability. It is widely recognised that in doing so we contribute to the delivery of social and environmental benefits. Tenderers are required to make a community benefits submission in respect of the spend they will receive through access to the relevant framework and this is monitored throughout the duration of the framework agreement. The system used to capture and record Community Benefits has been reviewed and fully addresses the requirements of the statutory guidance made under the Procurement Reform (Scotland) Act 2014, and supports the ongoing drive to deliver sustainable procurement.

Community benefits information is collected from suppliers on a six-monthly basis. Those who receive spend, in excess, of £10,000 are required to produce a detailed breakdown of the community benefits they provide. The information for the last financial year has been collated and is given in the table below:

Table 1 – Community Benefits 2017/18

Classification of Community Benefit	2017/18
No. of Apprentices	52
No. of New Jobs	146
No. of Work Placements	29
Hours of Volunteering	1637

Hours of Work Experience	2541
Value of other Community Benefits	£311,754

This return is vital for the reporting of social and environmental benefits provided as a result of the procurement activity conducted by Scotland Excel. Our methodology provides a platform for suppliers to demonstrate the commitment they make at the tender stage and to realise their full economic potential. 'Other Community Benefits' encompass a range of benefits including donations and sponsorships of various clubs and community organisations. From our most recent community benefit return we have noted progressive results. A number of suppliers are now creating designated 'community benefit funds' based on the spend they receive for contracting authorities to invest appropriately in community related projects. This detailed approach by suppliers evidences fulfilment of community benefits and a dedicated approach to providing social and environmental benefits.

Additionally, Community Benefits are reviewed with suppliers at contract management review meetings and reported to local authority procurement managers at their business review meetings.

Section 4 – Supported Businesses Summary

Section 18(2) of the Act requires organisations to summarise steps taken to facilitate the involvement of supported businesses in regulated procurement. Scotland Excel recognises that supported businesses provide a crucial contribution to the Scottish economy.

Supported businesses are defined as: *"an economic operator whose main aim is the social and professional integration of disabled or disadvantaged persons where at least 30% of the employees are disabled or disadvantaged"*. Contracts may be reserved for those businesses meeting these criteria

At Scotland Excel the involvement of supported businesses in Regulated Procurements is considered at the strategy development stage. As commodity strategies are mandatory for all regulated procurements undertaken by Scotland Excel, the involvement of supported businesses is therefore considered in all regulated procurements.

Although no Regulated contracts were reserved for supported businesses in 2017/18 in line with our sustainable procurement duty and procurement strategy all procurement exercises undertake a sustainability assessment. Due diligence in this way means evaluations are conducted to determine ways in which sustainability, including the use of supported businesses can be maximised. By way of an example Scotland Excel have received wide spread recognition for their Domestic Furnishings and Furniture framework which was awarded for the inclusion of supported businesses. This framework was testament to innovative procurement that facilitated the inclusion of supported businesses. In a similar way the ability to include supported

businesses has been identified in a number of other frameworks. Scotland Excel will aim to take advantage of these opportunities and continue in our engagements to increase business placed with supported businesses. Supported business related initiatives are monitored as a Key Performance Indicator (KPI) during ongoing contract management.

In order to further support and promote supported businesses Scotland Excel hosted an event to bring together representatives from supported businesses and council procurement and economic development teams to identify opportunities for joint working.

Delegates heard from several speakers including Paul Wheelhouse, Minister for Business, Innovation and Energy, and took the opportunity to network and exchange ideas.

Scotland Excel took the opportunity to again emphasise that supported businesses are vital to the Scottish economy and that they provide essential job opportunities for disabled and disadvantaged people within our communities which enable them to become more independent, while also delivering a range of excellent goods and services.

Furthermore, we highlighted how we are always looking for appropriate ways to include supported businesses in our frameworks – as demonstrated by the supply chain opportunities incorporated into our award-winning Domestic Furniture and Furnishings framework.

Section 5 – Future Regulated Procurements Summary

Section 18(2) of the Act states it is mandatory that an annual procurement report must include “a summary of the regulated procurements the authority expects to commence in the next two financial years.”

Scotland Excel uphold the values of transparency and proportionality to encourage competition and to achieve better value for money. Scotland Excel will continue to engage and communicate appropriately, to give suppliers advance notice of future opportunities.

Scotland Excel plans to commence around thirty regulated procurements over the next two financial years however these are subject to change. Details of these anticipated contract requirements are shown in Appendix 3

Scotland Excel is presently reviewing dynamic purchasing systems to determine if these are appropriate in any future regulated procurement exercises.

Section 6 – Other Content for consideration

At Scotland Excel, we are leaders of change. Over the past ten years, we have helped to raise the profile of procurement in local authorities by championing its potential to

shape markets, support policy priorities and, ultimately, ensure the sustainable delivery of the services that every community needs.

Our services are designed to help councils meet the twin challenges of reducing budgets at a time of growing demand. Collaborative procurement increases efficiency and ensures money is saved to protect front line services. By working together through Scotland Excel, councils can realise a host of social, economic and environmental benefits from their spend.

Scotland Excel also offers an award-winning learning and development programme, and provides assessment, consultancy and improvement services to help councils transform their procurement capability. We represent the sector at a national level on all matters relating to public procurement, and provide procurement support for a range of national sector initiatives including the Scottish Government's Affordable Housing Supply Programme (AHSP).

Our vision is: To provide innovative, transformative solutions for local and national public services across Scotland.

Our Mission is: To make the most of our strategic procurement expertise and our experience of developing collaborative solutions which support better outcomes for Scotland's people and communities through early intervention and the delivery of sustainable public services

The following principles, which were developed by staff from across the organisation, guide our approach to our work.

- Professional - We establish goals and objectives to achieve excellence and demonstrate leadership in everything we do.
- Courageous - We listen with an open mind and respond honestly and constructively.
- Respectful - We achieve the best possible outcomes through our determination, resilience and innovation.
- Integrity - We are transparent and fair in all our actions securing trust and building confidence.

At Scotland Excel, we are committed to demonstrating innovation and continuous improvement in everything we do. We are delighted to have won a number of awards for our work. We also hold a number of accreditations which reflect our commitment to best practice in procurement, organisational development and workforce matters.

CIPS Corporate Certification Standard - This award signifies that we have all the procurement governance mechanisms in place for effective supply assurance and compliance.

Investors in People (IIP) - IIP is a UK government initiative, providing a best practice people management standard, and is regarded as an indication that Scotland Excel is a great employer, an outperforming place to work and has a clear commitment to sustainability.

Chartered Management Institute Approved Centre- Scotland Excel is an approved centre for the delivery and assessment of CMI leadership and management qualifications.

Living Wage - Scotland Excel is proud to be a Living Wage employer. Living wage is a voluntary hourly rate of £8.75 an hour set independently and updated annually, calculated according to the basic cost of living in the UK.

Appendix 1

Procurements Completed

Appendix 1

Procurements completed (by start date) Jan 2017 - Mar 2018

Award Date	Short Contract Title	Total Contract Value	Start Date	End Date	Supplier Name	Schedule No
13/12/2016	Demolition	£64,000,000.00	04/01/2017	31/07/2018	Bardem Limited	1115
					Brown And Mason Limited	1115
					Burnfield Builders & Demolishers Ltd	1115
					C. E. P. Demolitions Limited	1115
					Caskie Limited	1115
					Central Demolition Limited	1115
					Cmec Demolition Ltd	1115
					Connell Brothers Ltd	1115
					Daltons Demolition Limited	1115
					Damada Asbestos Removals Ltd T/a Damada Group	1115
					David Morton (labert) Limited	1115
					Erith Contractors Limited	1115
					Frank O' Gara & Sons Limited	1115
					George Beattie & Sons Limited	1115
					Jcj (demolition & Construction) Limited	1115
					John Graham (metals) Limited	1115
					Kdc Contractors Limited	1115
					Keltbray Limited	1115
					Lawrie (demolition) Ltd	1115
					Macwilliam Demolition Limited	1115
					Reigart Contracts Limited	1115
					Safedem Limited	1115
					William Goodfellow (contractors) Limited	1115
					William Munro Construction (highland) Ltd	1115
16/01/2017	Vehicle Parts	£48,000,000.00	13/01/2017	31/12/2020	A M Phillip Trucktech Ltd	0116
					A.j. Grant & Sons	0116
					Aebi Schmidt Uk Ltd	0116
					Allglass Automotive And Plant Glazing Ltd	0116

Arnold Clark Automobiles Ltd (T/A Arnold Clark)	0116
Bramall Quicks Dealerships T/a Quickco	0116
Brush Technology Ltd	0116
Cartwright Fleet Services (glasgow) Ltd	0116
Clark Commercials	0116
DAF Truck Ltd (Norscot Truck and Van Ltd)	0116
Dennis Eagle Ltd	0116
Dingbro Ltd.	0116
Farid Hillend Engineering Limited	0116
Faun Zoeller Uk Limited	0116
Fleet Factors Ltd	0116
Flying Penguin Enterprises Ltd (T/A Flying Penguin Autoparts)	0116
Frank Nicol Farm & Garden Machinery Ltd	0116
Highland Windscreen Services	0116
Hydraulink Ltd	0116
Kerr & Smith (Glasgow) Ltd	0116
MacRae & Dick Ltd	0116
Masterparts (Bellshill) Ltd	0116
Mckinnon & Forbes Ltd	0116
Mgm Hoses Ltd T/a Pirtek Paisley	0116
Nets Parts/ N E Truck Spares Ltd	0116
Northern Municipal Services Ltd	0116
Plant Glazing Ltd	0116
Prime Industrial & Janitorial Supplies Ltd	0116
Scarab Sweepers Ltd	0116
Sonitex T/a Premier Windscreens	0116
Stanley R Harris Ltd	0116
Taylor Engineering And Fabrications Ltd	0116
The Trade Parts Specialist/ Volkswagen Group United Kingdom Ltd	0116
Windscreens Scotland Ltd T/a National Windscreens	0116

03/03/2017	Bitumen Products	£48,000,000.00	01/03/2017	28/02/2019	Colas Ltd	0516
					Instarmac Group Plc	0516
					Jobling Purser	0516
					Nynas UK AB	0516
					Viatec Uk Ltd	0516
09/05/2017	Education And Office Furniture	£36,000,000.00	01/03/2017	29/02/2020	Apleona Hsg Limited	0216
					Atlas Business Interiors Ltd	0216
					Azzurro Ltd	0216
					British Thornton ESF Ltd	0216
					City Building Contracts LLP (RSBi)	0216
					Claremont Office Furniture Ltd	0216
					Educational & Municipal Equipment Ltd (T/A EME Furniture)	0216
					Equip4work Ltd T/a Office Furniture Online	0216
					Findel Educational Supplies Limited	0216
					Furniture @work Ltd	0216
					Godfrey-syrett Limited	0216
					Gopak Ltd	0216
					Gts Central Ltd	0216
					Langstane Press Limited	0216
					Sharp Business Systems Uk Plc	0216
					Sico Europe Ltd	0216
					Spaceright Europe Ltd	0216
					The Consortium for Purchasing and Distribution Ltd (T/A The Consortium)	0216
					Wagstaff Bros Ltd (T/A Wagstaff Interiors Group)	0216
					Wagstaff School Furniture	0216
					Yorkshire Purchasing Organisation	0216
23/05/2017	Personal Protective Equipment	£40,000,000.00	01/03/2017	28/02/2019	Allison & Stiven Ltd	0416
					Arco Ltd	0416
					Bunzl UK Ltd (T/A Greenham)	0416
					Cleaning and Wiping Supplies Ltd.	0416

					Corston Sinclair Limited	0416
					D. Gibson Road & Quarry Services Ltd	0416
					Donside Group Llp	0416
					Gts Central Ltd	0416
					Ioma Clothing Company Ltd	0416
					James Boylan Safety NI Ltd (T/A JBS Group)	0416
					Lion Safety	0416
					Mo & Co (uk) Ltd	0416
					Morna Laird Ltd (t/a Mckinlay Workwear Supplies)	0416
					Mwuk Ltd (t/a Alexandra)	0416
					Protective Wear Supplies Ltd	0416
					Rexel Uk Limited	0416
					Scott Direct Limited	0416
					Stax Trade Centres Plc	0416
					The Guthrie Group Ltd	0416
					Unico Limited	0416
					Wc Willis & Co Ltd (t/a Willis Safety)	0416
18/03/2017	Engineering Consultancy	£68,000,000.00	18/03/2017	17/03/2021	Aecom Limited	0616
					Amey OW Limited	0616
					Arcadis Consulting (uk) Limited	0616
					Atkins Ltd	0616
					Capita Property And Infrastructure Ltd	0616
					Ch2m Hill United Kingdom	0616
					Clayton Fourie Consultancy Ltd	0616
					Currie & Brown UK Ltd	0616
					Dougall Baillie Associates Ltd	0616
					Gardiner & Theobald Llp	0616
					lic Technologies Ltd	0616
					Jacobs UK Limited	0616
					Jeremy Benn Associates Limited (t/a Jba Consulting)	0616
					Local Transport Projects Ltd	0616
					Mott Macdonald Limited	0616
					Ove Arup & Partners Scotland Ltd	0616

					Peter Brett Associates LLP	0616
					Rps Consulting Services Limited	0616
					Rsk Environment Limited	0616
					Stantec Uk	0616
					Sweco Uk Ltd	0616
					Systra Ltd	0616
					Tracsis Traffic Data Limited	0616
					Turner And Townsend Project Management Ltd	0616
					Wsp Uk Limited (trading As Wsp I Parsons Brinckerhoff)	0616
					Wyg Environnmet Planning And Transport Ltd	0616
					Punch	0616
06/03/2017	Fostering	£100,000,000.00	25/03/2017	24/03/2019	Barnardo's	1015
					Carevisions Fostering Limited	1015
					Carolina House Trust	1015
					Core Assets Scotland Limited Trading As Foster Care Assoicates Scotland	1015
					Dean And Cauvin Trust	1015
					Foster Care Connect Ltd	1015
					Fostering People Scotland Limited	1015
					Fostering Relations Limited	1015
					Fostering Solutions (Northern) Limited	1015
					Fosterplus (Fostercare) Ltd	1015
					Quarriers	1015
					St Andrew's Children's Society	1015
					Swiis Foster Care Scotland	1015
					The Adolescent And Children's Trust (tact)	1015
					The National Fostering Agency (scotland) Ltd	1015
06/03/2017	Secure Care	£60,000,000.00	01/04/2017	31/03/2019	Good Shepherd Centre	0716
					Kibble Education & Care Centre	0716
					Rossie Young Peoples Trust (Rossie Secure Accommodation Services)	0716
					St Mary's Kenmure	0716

19/04/2017	Energy Efficiency Contractors	£800,000,000.00	01/05/2017	30/04/2019	A.c. Whyte & Co. Ltd	0913
					Absolute Solar And Wind Ltd	0913
					Alternative Heat Ltd	0913
					Bca Insulation Limited	0913
					Campbell & Kennedy Ltd	0913
					Ccg (scotland) Ltd	0913
					Circosense Ltd	0913
					City Building Contracts LLP (RSBi)	0913
					City Technical Services (uk) Ltd	0913
					Cms Enviro Systems Ltd	0913
					E.on Energy Solutions Ltd	0913
					Easy Heat Systems Ltd	0913
					Emtec Energy Ltd	0913
					Energy And Compliance Technology Limited Trading As Compliance365	0913
					Energywise Scotland Ltd	0913
					Everwarm Limited	0913
					Evolve Partnership Limited	0913
					Fes Support Services Ltd	0913
					Fibreglo Insulations Ltd	0913
					Gmg Contractors Limited	0913
					Ingen Technical Services (central) Limited	0913
					Insulated Render Systems (scotland) Ltd	0913
					Iqa Operations Group Ltd	0913
					Miller Pattison Ltd	0913
					Mp Rendering Ltd	0913
					Richard Irvin & Sons Limited, Trading As Richard Irvin Energy Solutions	0913
					Sers Energy Solutions (scotland) Ltd	0913
					Sustainable Building Services (uk) Ltd	0913
					Tk Murray Electrical Limited	0913
					Turner Facilities Management Limited	0913
21/04/2017	Outdoor Play Equipment and	£70,000,000.00	01/05/2017	12/03/2019	All Play (ireland) Ltd	0215

**Artificial
Surfaces**

				Allsports Construction & Maintenance Ltd	0215
				Bendcrete Leisure Ltd	0215
				Doe Sport North Ltd	0215
				Ecosse Sports Ltd	0215
				Eibeplay Ltd	0215
				Hags Smp Limited	0215
				Hawthorn Heights Ltd	0215
				Hugh Harris Limited T/a Fresh-air Fitness	0215
				Hunter Construction (aberdeen) Limited	0215
				Jupiter Play & Leisure Ltd	0215
				Ken Edgar (play Area Specialist) Ltd	0215
				Kompan Scotland Limited	0215
				Landcare Solutions (scotland) Ltd	0215
				Mac Consulting (scotland) Limited	0215
				Mcnab Sport Limited	0215
				Play Services Ireland Limited	0215
				Proludic Ltd	0215
				Russell Leisure Ltd (trading As Russell Play)	0215
				Sac Commercial Ltd	0215
				Scotplay & Sports Limited	0215
				Sports Labs Limited	0215
				Sportsmasters Uk Ltd	0215
				Stri Ltd	0215
				Sutcliffe Play (scotland) Ltd	0215
				T & N Gilmartin (contractors) Ltd	0215
				Wheelscape Ltd	0215
				Wicksteed Leisure Limited	0215
Vehicle Purchase RM1070	£22,500,000.00	01/06/2017	01/12/2018	Audi Uk	0200
				Bmw (uk) Ltd	0200
				Citroen UK Ltd	0200
				Evobus (uk) Ltd	0200

					Fiat Group Automobiles Ltd	0200
					Ford Motor Company Ltd	0200
					General Motors UK Ltd (T/A Vauxhall)	0200
					Honda Motor Europe	0200
					Hyundai Motor Uk Ltd	0200
					Isuzu Uk Ltd	0200
					Iveco Ltd	0200
					Jaguar Landrover Ltd	0200
					Kia Motors (u K) Ltd	0200
					Mercedes-Benz Trucks Uk Ltd	0200
					Mg Motor Uk Ltd	0200
					Nissan Motor (GB) Ltd.	0200
					Peugeot Motor Company Plc	0200
					Renault Trucks Uk Ltd	0200
					Renault UK Ltd	0200
					Seat	0200
					Skoda Auto	0200
					Subaru (uk) Ltd	0200
					The Colt Car Company Ltd T/a Mitsubishi Motors	0200
					Toyota (gb) Plc	0200
					Volkswagen Commercial Vehicles	0200
					Volkswagen Group United Kingdom Limited Trading As Volkswagen Passenger Cars	0200
					Volvo Car Uk Ltd	0200
26/06/2017	Frozen Foods	£100,000,000.00	01/07/2017	30/06/2019	Brake Bros Ltd	1016
					Country Park Foods Ltd T/a Newsholme Food Group	1016
					Delice De France Ltd T/a Aryzta Food Solutions	1016
					Downies Of Whitehills	1016
					Green Gourmet Ltd	1016
					Marlow Foods Ltd T/a Quorn Foods	1016
					Mccain Foods (gb) Ltd	1016
					Reids Food Service Ltd	1016
					Shetland Freezer And Food Centre Limited	1016
					The Uk Foodhall Ltd	1016

					William Yule And Son Limited	1016
30/06/2017	Education Materials	£70,000,000.00	01/08/2017	31/07/2019	Agenta Education Ltd	0916
					Anderson & Partners T/a Penstripe	0916
					Anderson Scientific Limited	0916
					Band Supplies Ltd	0916
					Bgr Musical Instruments Ltd T/a Biggars Music	0916
					Bishop Sports and Leisure Limited	0916
					Clyde Paper & Print	0916
					Community Playthings (Community Products (UK) Ltd)	0916
					Dawsons Music Ltd	0916
					Eduzone Ltd	0916
					Espo Joint Committee Of Local Authorities	0916
					Findel Education (T/A Davies Sports)	0916
					Foams 4 Sports Ltd	0916
					Grosvenor House Papers Ltd	0916
					Haydock Music Ltd	0916
					Kg Music Ltd	0916
					Newitt & Co Ltd	0916
					Normans (burton Upon Trent) Ltd	0916
					Rainbow Musical Instruments Ltd	0916
					Red Dog Music Ltd	0916
					Rimmers Music Ltd	0916
					Specialist Crafts Ltd	0916
					Stringers of Edinburgh	0916
					The Consortium for Purchasing and Distribution Ltd (T/A The Consortium)	0916
					The Homework Diary Company Ltd	0916
					The Wind Section Ltd	0916
					Timstar Laboratory Suppliers Ltd	0916
					Tts Group Ltd	0916
					W. Enterprises (Abdn) Ltd	0916

					Yorkshire Purchasing Organisation	0916
19/07/2017	Organic Waste	£48,000,000.00	01/08/2017	31/07/2020	Barr Environmental Ltd	0816
					Billy Bowie Special Projects Ltd	0816
					Earnside Energy Ltd	0816
					Energen Biogas	0816
					Forth Resource Management Ltd	0816
					Keenan Recycling Ltd	0816
					Levenseat Ltd	0816
					Scottish Water Horizons	0816
					William Munro Construction (highland) Ltd	0816
					William Tracey Ltd	0816
					Gp Green Recycling Ltd.	0816
10/10/2017	Tyres for Vehicles & Plant	£26,000,000.00	01/11/2017	31/10/2021	Alba Tyre Management Ltd	0417
					Auto Technical	0417
					Direct Tyre Management Ltd	0417
					Goodyear Dunlop Tyres Uk Ltd	0417
					Kenway Tyres Ltd	0417
					McConechy's tyre service Ltd	0417
					Mckinnon & Forbes Ltd	0417
					Michelin Tyre Public Limited Company	0417
					Redpath Tyres Ltd	0417
					Soltyre Ltd	0417
					Stewartry Tyres (newton Stewart) Ltd	0417
02/11/2017	Recycle and Refuse Containers	£50,000,000.00	03/11/2017	02/11/2020	Abfallbehälter & Container Weber UK Ltd (A&C) Weber	0117
					BioBags (Scotland) Ltd	0117
					British Polythene Ltd (BPI)	0117
					Broxap Ltd	0117
					Craemer UK Ltd	0117
					Cromwell Polythene Limited	0117
					Egbert H. Taylor and Co. Ltd	0117
					ESE Limited	0117
					Eximex Uk Ltd	0117
					Glasdon UK Ltd	0117

					Imperial Polythene Products Limited	0117
					J&HM Dickson Ltd	0117
					Leafield Environmental Ltd	0117
					One51 Es Plastics (uk) Ltd T/a Mgb Plastics	0117
					Ridley Recycling Limited T/a Peter Ridley Waste Systems	0117
					Sphere Professional (UK) Ltd (Sai Pac)	0117
					SSI Schaefer Ltd.	0117
					Storm Environmental Ltd	0117
					Straight Limited	0117
					Weir & Carmichael Ltd	0117
					Wybone Ltd	0117
13/11/2017	Bottled Gas	£8,000,000.00	06/11/2017	31/10/2019	Air Products Public Limited Company	0817
					Calor Gas Limited	0817
					Flogas UK Ltd	0817
13/11/2017	Laundry Equipment	£4,400,000.00	06/11/2017	05/11/2019	Jla Limited	0917
					Mag Equipment Ltd	0917
					Thain Commercial Ltd	0917
10/11/2017	Vehicle & Plant Hire	£60,000,000.00	10/11/2017	31/10/2021	A M Phillip Trucktech Ltd	0217
					Ab2000 Ltd	0217
					Accident Repair Centre (scotland) Limited Trading As Arc Fleet Services	0217
					Acl Hire Limited	0217
					Acre Industrial & Cleaning Services Ltd	0217
					Aebi Schmidt Uk Ltd	0217
					Alloa Hire Centre Ltd Trading As Ahc Tools	0217
					Andrews Sykes Hire Limited	0217
					Arnold Clark Finance Ltd (car & Van Rental)	0217
					Arvill Plant And Tool Hire	0217
					Ashtead Plant Hire Co Ltd	0217
					Avis Budget Uk Ltd	0217
					B&B Contracts Ltd.	0217

Brown Plant Hire Ltd	0217
Bryson Tractors Ltd.	0217
C P Davidson & Sons Ltd	0217
Campbell Plant Hire Limited	0217
Clee Hill Plant Ltd.	0217
Cooks Van Hire Limited	0217
DAMM Environmental Ltd	0217
Dawsonrentals Materials Handling Equipment Ltd	0217
Doherty And Lafferty Ltd	0217
Econ Engineering Ltd	0217
Elev8 Access Platforms Ltd	0217
Enterprise Rent A Car Uk Ltd	0217
Enviroclean (scotland) Ltd	0217
Europcar Group Uk Limited	0217
FMS Vehicle Rental Ltd	0217
Fraser C Robb	0217
GAP Group Ltd (T/A GAP Plant & Tool Hire)	0217
Groundwater Lift Trucks Ltd	0217
Gulliver's Truck Hire Ltd.	0217
Hamilton Industrial Services Ltd	0217
Hamilton Tarmac	0217
Hertz UK Ltd	0217
Hillhouse Quarry Group Ltd	0217
Hyndford Plant Ltd	0217
Jamieson Plant Hire & Contractor	0217
Lomond Plant Ltd	0217
M6 Vehcile Hire Ltd	0217
Mac Asphalt Ltd	0217
Mulholland Plant Services Ltd	0217
Murdoch Mackenzie Construction Ltd	0217
Mv Commercial Ltd	0217
Nationwide Platforms Ltd	0217
ND Brown Ltd	0217
Northgate Vehicle Hire Ltd	0217
Palmaris Plant Hire Ltd	0217

					Ravenhill Ltd	0217
					Richard Murray Trading As Richard Murray Plant Hire	0217
					Riverside Truck Rental Ltd	0217
					Sweeney Plant & Vehicle Hire Ltd	0217
					Tom Vehicle Rental Limited	0217
					Toyota Material Handling Uk Limited	0217
					Trash UK Ltd	0217
					Turner Hire Drive Ltd	0217
					Underground Inspection Services Ltd	0217
					William Hamilton & Sons Limited	0217
					Multevo Limited Trading As Multihog Uk Limited	0217
					J & M Murdoch & Son Ltd	0217
					Essential Fleet Services Limited	0217
24/01/2018	Pest Control Services	£6,000,000.00	08/12/2017	30/11/2019	Anderson Pest Prevention	1217
					Graham Environmental Services Limited (t/a Graham Pest Control)	1217
					North East Falconry Limited	1217
					Orbis Protect Limited	1217
					Pestguard Services (scotland) Ltd	1217
					Mitie Pest Control Limited	1217
					Killgerm Chemicals Limited	1217
08/12/2017	Steeplejack Services	£7,000,000.00	08/12/2017	31/10/2019	Horizon Specialist Contracting Ltd	1017
					Northern Steeplejacks (edinburgh) Limited	1017
					Pendrich Height Services Ltd	1017
01/01/2018	Heavy Vehicles	£160,000,000.00	01/01/2018	31/12/2021	A M Phillip Trucktech Ltd	0317
					Aebi Schmidt Uk Ltd	0317
					Bunce (Ashbury) Ltd	0317
					C P Davidson & Sons Ltd	0317
					Cartwright Fleet Services (glasgow) Ltd	0317
					Dennis Eagle Limited	0317
					Econ Engineering Ltd	0317
					Farid Hillend Engineering Limited	0317

					Geesink Norba Ltd	0317
					Hako Machines Ltd	0317
					Isuzu Truck (UK) Ltd	0317
					James A. Cuthbertson Ltd	0317
					Johnston Sweepers Ltd	0317
					Kerr & Smith (Glasgow) Ltd	0317
					Nu-Track Ltd	0317
					Scarab Sweepers Ltd	0317
					Volvo Group Uk Ltd T/a Volvo Truck And Bus Centre North & Scotland	0317
					Western Automobile Company Ltd t/a Western Commercial	0317
					Whale Tankers Ltd	0317
					Ntm-gb Ltd*	0317
					Stock Sweepers Limited	0317
28/02/2018	Swimming Pool Chemicals	£5,000,000.00	08/01/2018	07/01/2020	Air Products Public Limited Company	1517
					Brenntag Uk Limited	1517
					Complete Pool Controls Limited	1517
					Univar Bv	1517
12/01/2018	Water Coolers	£6,000,000.00	08/01/2018	07/01/2020	Aquaid Franchising Ltd (t/a Aquaid Glasgow)	1317
					Water Coolers Ltd	1317
					Selecta U.k. Ltd	1317
					Angel Springs Ltd (t/a Waterlogic)	1317
					Total Refreshment Solutions Ltd T/a Alba Water	1317
					Eden Springs Uk Ltd	1317
					Cameron Water Ltd	1317
					Early Bird Catering Ltd	1317
21/02/2018	Catering Machines	£8,000,000.00	16/01/2018	07/01/2020	Integrated Catering Equipment Uk Ltd	2117
					Jla Limited	2117
					Lovat's Catering Engineering Services Ltd T/a Lovat's Group	2117
					Scomac Catering Equipment Ltd	2117
					Sparks Mechanical Services Ltd	2117
					Merchant City Refrigeration (scotland) Ltd	2117

					Catering Supplies And Repairs Company Ltd	2117
					Fast Fixx	2117
12/04/2018	Digital Publications and Services	£4,000,000.00	01/02/2018	31/01/2020	Bolinda Uk Ltd	2517
					Ebsco International Inc	2517
					Ulverscroft Large Print Books Ltd	2517
					Wf Howes Ltd	2517
					Overdrive Inc	2517
16/02/2018	Library Books & Textbooks	£56,000,000.00	01/02/2018	31/01/2020	A.T Little & Sons (T/A Browns Books)	0617
					Askew & Holts Library Services Ltd	0617
					Bertram Trading Limited t/a Bertram Library Services	0617
					Blackwell	0617
					Changeover Ltd T/a Moovies Distribution	0617
					Glowworm Books & Gifts Ltd	0617
					Harper Collins Publishers Limited T/a Collins Learning And Leckie & Leckie	0617
					Hodder & Stoughton Limited t/a Hodder Gibson	0617
					John Smith & Son Group Ltd	0617
					Kelvin Books Ltd	0617
					Oxford University Press	0617
					Pearson Education Ltd	0617
					Peters Limited	0617
					Prim-Ed Publishing Ltd	0617
					Scotia & Chameleon Books Ltd	0617
					Star Books	0617
					Teejay Publishers	0617
					Trans UK Supplies Ltd	0617
					Waterstones Booksellers Ltd	0617
					Scholastic Ltd	0617
					Library Magna Books Limited	0617
					Ulverscroft Large Print Books Ltd	0617
					Bright Red Publishing Ltd	0617
08/01/2018	Trade Materials	£40,000,000.00	17/02/2018	16/02/2021	Bell Decorating Group Limited	0717

					Bunzl UK Ltd (T/A Greenham)	0717
					Cromwell Tools Limited	0717
					Crown Paints Ltd	0717
					Jewsons (May Trade Under Other Name for Each Contract)	0717
					MacGregor Industrial Supplies Ltd	0717
					P F Cusack (Tools Supplies) Limited	0717
					PPg Architectural Coatings UK Ltd	0717
					Valtti Specialist Coatings Limited	0717
					S.i.i.s. Limited	0717
					Brammer Uk Limited (t/a Buck & Hickman)	0717
					Imperial Chemical Industries Limited (t/a Ici Paints Akzonobel)	0717
					A1 Ironmongery Limited	0717
					Highland Industrial Supplies Limited	0717
08/01/2018	Milk	£36,000,000.00	01/03/2018	28/02/2021	D & D Dairies Ltd	1917
					George Anderson & Sons	1917
					Grahams the Family Dairy Ltd	1917
					Müller Uk & Ireland Group Llp T/a Müller Milk & Ingredients	1917
					Shetland Farm Dairies Ltd	1917
					D J Campbell & Son	1917

Appendix 2

Governance (Procurement Process) Gateways

	<i>Contract Steering Group – Process Gateways</i>
	Process Stage
1	Contract Initiation
2	Market Research and Analysis
3	Communicate Strategy Pack to UIG for Review
4	Strategy Approved
	4a Initial Approval
	4b. Alignment with overall corporate objectives
	4c Approach for Participation & Benchmarking
	4d. Sustainable Procurement Duty
	4e. Authorise release to UIG & CPM's for information with benchmarking requests
5	Draft PQQ
6 -17	PQQ Approved (sub -stages subject to use of Restricted Process)
18	Tender Documents Approved
	18a Overall Tender Approved
	18b Approved that Strategy Requirements met
	18c Evaluation Methodology and Weightings Approved
19	ITT Issued via PCS and benchmarking templates to Councils
20	Tender Period (Incl Clarifications)
21	Tender Return Date - Any Extension?
22	Tenders Opened and Recorded
23	Tender Analysis Evaluation
24	Tender Evaluation Approved (includes sub stages 24a-24e)
25	Prepare Sub Executive Committee Report
26	PTN Approved
27	Conduct PTN
28	Executive Sub-Committee Report Approved
29	Executive Sub-Committee Authorisation to Award
30	Prepare and Issue Standstill Letters
31	Standstill Period
32	De-brief Unsuccessful Tenderers
33	Standstill Period Expired
34	Prepare Contract Award Letters
35	Contract Award Letters Issued
36	Contract Award Notice Approved
37	Contract Award Notice Published
38	Mobilisation Implementation Plan
39	Contract Start Date
40	Contract Management Annual Review
	40a Overall CM Report Approved
	40b Approved Strategy Requirements/Agreed Variations met
	40c Next Steps Plans Approved
41	Extension Reports subject to terms of F/work (incl Approval Requests)

Appendix 3

Performance against our strategy, operating plan and objectives for 2017/18

Review of Regulated Procurement - Performance against our strategy, operating plan and objectives for 2017/18




1. Purpose of the report

This report presents an update on our performance against the 2017/18 operating plan.

2. Reporting methodology

Progress reports are produced quarterly to track Scotland Excel's performance against operating plan activities. Reports are produced at the end of each quarter and submitted to Executive Sub-Committee meetings. Half yearly and annual reports are also submitted to Joint Committee meetings.

The reports summarise the progress made against operating plan activities and uses a 'traffic light' symbol to provide a quick guide to the status of each activity:

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

3. Progress to date

The following report provides an update on activities undertaken during financial year to 31 March 2017. The majority of activities have progressed in line with plans and are indicated by a green symbol. A small number of project-based activities have not been fully delivered in line with plans and are indicated as amber or red. The report also tracks performance against ten key performance indicators (KPIs).




Operating Plan





2017 – 2018



Year End Report

Goa1 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 3 Priorities	RAG status	Progress summary
(a) Develop and implement a contract plan aligned to the strategic priorities of member authorities	<ul style="list-style-type: none"> • Resource and implement contract delivery plans including 11 'small value' contracts • Develop and implement a procurement strategy for older people's care services • Deliver an opportunity analysis for adult supported living and care at home commissioning • Provide ICT procurement services for the local government Digital Office • Support SEEMiS with the procurement of a national education MI system • Monitor CCS partnership and develop proposals for future procurement partnerships • Review and update procurement strategies for all key category areas 		<ul style="list-style-type: none"> • Eight 'small value' contracts were delivered during 2017-18, with a further contract due to be awarded in April. Of the two contracts not delivered, one was found to be unsuitable for collaboration while the other did not attract sufficient market interest. • A proposal for a new Scottish Care Home Framework has been developed. A sourcing strategy will be co-produced with providers, commissioners and Health & Social Care Partnerships (HSCPs) in 2018-19. • Following market analysis and stakeholder engagement, it has been agreed that a single 'care and support' framework will be developed for adult supported living and care at home services. Twenty-one councils have indicated an interest in using the framework, and a procurement strategy will be developed by June 2018. • Scotland Excel is continuing to provide procurement support for the Digital Office. Eighty suppliers participated in a webinar in January 2018, and ongoing engagement with local authorities is taking place to identify collaborative opportunities. A new care management solution is being explored with seven councils and NHS Scotland. • The initial procurement project for SEEMiS has been completed successfully and this partnership will continue into 2018-19. • Councils were migrated to the Crown Commercial Services (CCS) light vehicles framework in June 2017 to capitalise on economies of scale and release procurement resources. Feedback from councils has been positive, and a full survey on framework usage is planned for June 2018. • Updated category strategies have been published on Scotland Excel's website.




(b) Develop and implement a strategy and plan for the delivery of contract and supplier management	<ul style="list-style-type: none"> • Complete the roll out of the new CSM programme across the contract portfolio 		<ul style="list-style-type: none"> • The Contract & Supplier Management (CSM) programme launched in 2017 did not support the required levels of participation or feedback. Three alternative options were evaluated, and a new survey tool is now being trialled before being rolled out across the organisation in 2018-19.
(c) Develop and implement a strategy and plan for improving supplier performance	<ul style="list-style-type: none"> • Deliver the 2018 Supplier Excellence Awards • Incorporate supplier development into the 2018 Scotland Excel Conference • Pilot a KSM programme and extend to other key suppliers based on results 		<ul style="list-style-type: none"> • The Supplier Excellence Awards ceremony took place on 20 February 2018, and was attended by over 350 guests. Feedback on the awards programme has been very positive, and it generated significant media coverage for Scotland Excel and participating suppliers. • Fifty-two supplier delegates attended the second day of the Scotland Excel Conference which focused on building positive relationships. • Plans for a Key Supplier Management (KSM) programme are on hold pending the roll out of the new CSM programme. Relationships with key suppliers continue to be managed by procurement teams in the interim.
(d) Manage the rollout of a new national procurement capability assessment to the local government sector	<ul style="list-style-type: none"> • Complete the first cycle of PCIP assessments with participating councils • Consult on plans for a second cycle of PCIP assessments 		<ul style="list-style-type: none"> • Procurement & Commercial Improvement Programme (PCIP) assessments have been completed with all 32 Scottish local authorities. • A second cycle of PCIP assessments is being planned for 2018-19.
(e) Develop and implement a programme to lead and support the development of procurement and commercial capability	<ul style="list-style-type: none"> • Develop and deliver a rolling programme of procurement capability and change services for local authorities • Deliver an Annual Conference to support development in Feb 2018 • Deliver Scottish Government funded procurement improvement programme for housing associations 		<ul style="list-style-type: none"> • Thirty-five change projects were delivered for councils during 2017-18. A national programme to address the four priority areas identified from PCIP assessments was launched in February 2018 and will continue throughout 2018-19. Aberdeen City Council has commissioned Scotland Excel to undertake a six-month consultancy project, and a two-year transformation programme for Fife Council is expected to be approved in April 2018. • The Scotland Excel Annual Conference was held at the Radisson Blu in Glasgow on 20-21 February 2018, and was attended by 110 delegates. • Thirteen PCIP assessments were completed with housing associations during 2017-18 as part of the Scottish Government programme. Twenty-nine assessments have been scheduled to take place by September 2018, with a further eleven to be completed by March 2019.

<p>(f) Develop and implement a 'procurement academy' to support professional capability and encourage new entrants to public procurement</p>	<ul style="list-style-type: none"> • Roll out L & D programmes in line with the strategy • Develop plans for delivering a L & D programme for social care commissioning • Develop a proposal to support the Scottish Government's PPOT initiative 		<ul style="list-style-type: none"> • Three Chartered Management Institute (CMI) accredited Leadership & Management courses ran in Inverclyde, Perth and Stirling during 2017-18, with a fourth scheduled to begin in Fife in April 2018. A Chartered Institute of Procurement & Supply (CIPS) accredited course was launched in January 2018. Ten practitioner workshops and two masterclasses also took place during the year. • Scotland Excel has been in discussion with partners including the Scottish Government, Healthcare Improvement Scotland and Social Work Scotland to scope learning and development requirements for social care commissioning. Options for incorporating these into the Scotland Excel Academy will be completed in 2018-19. • Scotland Excel has continued to support the Procurement People of Tomorrow (PPOT) initiative through co-chairing the Scottish Government's Professional Practice Strategic Forum. Scotland Excel also worked with Skills Development Scotland to develop a Graduate Level Apprenticeship in business management.
<p>(g) Develop and implement a shared service offering for councils which meets their requirements in a changing public sector landscape</p>	<ul style="list-style-type: none"> • Develop a shared services strategy to inform future service development proposals 		<ul style="list-style-type: none"> • Scotland Excel explored a number of new opportunities during 2017-18. Funding has been secured from eleven local authorities to develop a national house building framework, and discussions are ongoing with Transport Scotland on proposals to support the development of an electric vehicles charging infrastructure. Chargeable consultancy projects for local authorities have also been commissioned or are in the pipeline.

Goa1 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 3 Priorities	RAG status	Progress summary
(a) Develop and implement strategies for responding to procurement and/or public sector legislation	<ul style="list-style-type: none"> • Develop and implement plans to comply with GDPR regulations • Monitor risks/opportunities arising from the Community Empowerment Act • Engage with IJB Chief Officers to identify HSCI procurement opportunities • Develop proposals to support councils with early learning and childcare procurement • Update waste category strategy to align with legislative landscape 		<ul style="list-style-type: none"> • Scotland Excel is on track with plans to ensure compliance with General Data Protection Regulation (GDPR) which take effect from 25 May 2018. GDPR training sessions have been delivered for Scotland Excel staff and customers as part of these plans. • No major risks or opportunities identified for the sector in connection with the Community Empowerment Act during 2017-18. • Scotland Excel has continued to support the integration of health and social care throughout 2017-18. Good working relationships have been established with Chief Officers and Chief Finance Officers within Health & Social Care Partnerships (HSCPs) and their input has informed new developments within the social care portfolio. • Scotland Excel developed proposals to support the expansion of early learning and childcare provision but has been unable to secure funding to progress further. Efforts to secure funding will continue in 2018-19. • The waste category strategy has been updated and published on the Scotland Excel website.
(b) Ensure Scotland Excel's collaborative frameworks support local and national government policy priorities	<ul style="list-style-type: none"> • Continue to support national policy outcomes in social care frameworks • Continue to support the roll out of CRDG recommendations 		<ul style="list-style-type: none"> • National policy outcomes for looked after children were incorporated into the renewal of the children's residential care framework in March 2018. National health and wellbeing outcomes were considered as part of proposals for older people's care homes and adult care services which were developed during 2017-18. • Scotland Excel participated in Construction Review Delivery Group (CRDG) meetings throughout 2017-18. The work of the delivery group has now been completed and the Scottish Government has set up an internal team for the ongoing management of construction policy.

<p>(c) Ensure Scotland Excel's collaborative frameworks support positive local economic outcomes</p>	<ul style="list-style-type: none"> • Support SDP public procurement training for Scottish SMEs • Review options for including community benefits measures as part of the new CSM programme • Develop a strategy for supported businesses, including delivery of a business development event 		<ul style="list-style-type: none"> • Scotland Excel delivered ten Supplier Development Programme (SDP) training sessions and attended four national and local 'Meet the Buyer' events during 2017-18. • Plans for including community benefit measures as part of Scotland Excel's CSM programme are on hold pending the roll out of a new programme in 2018-19. • Scotland Excel's supported business event took place in Glasgow on 08 February 2018, and was attended by 60 delegates from supported businesses and council economic development and procurement teams. Paul Wheelhouse MSP, Minister for Business, Innovation and Energy and Chair of the Scottish Government's Supported Business Advisory Group, spoke at the event. Further actions to create opportunities for supported businesses will be considered in 2018-19.
<p>(d) Ensure Scotland Excel's collaborative frameworks support local government environmental duties and policies</p>	<ul style="list-style-type: none"> • Continue work with partners to align the waste category strategy with national programmes • Include measure for environmental impact within the new CSM programme 		<ul style="list-style-type: none"> • Scotland Excel has been working with Zero Waste Scotland and councils on new contract arrangements for recyclable and residual waste which will be implemented in 2018-19. A dynamic purchasing solution will enable councils to remain aligned to environmental policy and legislation while allowing new entrants into the market. • Plans for including environmental impact measures as part of Scotland Excel's CSM programme are on hold pending the roll out of a new programme in 2018-19.
<p>(e) Champion the development and dissemination of best practice in sustainable procurement</p>	<ul style="list-style-type: none"> • Monitor the impact of Scotland Excel's sustainable procurement strategy • Work with national partners to develop enhancements to the national sustainable toolkit • Continue to evolve Scotland Excel's horizon scanning programme 		<ul style="list-style-type: none"> • Scotland Excel has continued to monitor the impact of its sustainable procurement strategy throughout 2017-18. Sustainability considerations and benefits are detailed within each contract award report. • Scotland Excel has been working to enhance the national sustainability toolkit as part of the Scottish Government Best Practice Forum. In 2017-18, the Forum reviewed the implications of the Equality Duty and completed a policy draft for Equality Impact Assessment. • Horizon scanning meetings took place quarterly throughout the year to review the external environment and identify any new risks and opportunities.

Goa1 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 3 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	<ul style="list-style-type: none"> Continue to develop and implement improvements to account management services 		<ul style="list-style-type: none"> Account managers delivered Quarterly Business Reviews with local authority procurement leads throughout 2017-18. These discussions have provided valuable feedback to inform Scotland Excel's business change and learning and development activities.
(b) Develop and implement a stakeholder engagement strategy that support the delivery of first class customer experience across all of our services	<ul style="list-style-type: none"> Complete the stakeholder engagement strategy Develop and implement a senior stakeholder engagement plan Initiate a customer care forum to support ongoing improvements to customer service Publish a report on the results of the 2017 customer satisfaction survey Develop a 'future digital' strategy to support online delivery of customer information and services 		<ul style="list-style-type: none"> Completion of the stakeholder engagement strategy was put on hold to release staff resources for the Scotland Excel Conference and Supplier Excellence Awards. This will now be revisited in 2018-19. Scotland Excel's Executive Team held engagement meetings with elected members and senior stakeholders throughout the year. Plans to support ongoing engagement will be developed as part of Scotland Excel's communications plan. The customer care forum will now be established in 2018-19 on completion of the stakeholder engagement strategy. Tailored reports for senior stakeholders, procurement leads and staff on the findings of the customer satisfaction survey were produced and distributed to stakeholders. A Digital/ICT strategy has been completed, and priorities for new developments in 2018-19 have been agreed with the Senior Management Team.

<p>(c) Develop and implement a corporate communications strategy that enhances and protects Scotland Excel's corporate reputation</p>	<ul style="list-style-type: none"> • Complete the marketing and communication strategy • Develop and implement a plan to enhance Scotland Excel's profile and reputation • Continue to deliver marketing/communications initiatives to promote Scotland Excel services 		<ul style="list-style-type: none"> • Scotland Excel's marketing and communications strategy has been completed. • A communications plan which sets out high level priorities for corporate communications, public affairs and stakeholder engagement has been completed. • Scotland Excel's marketing and communications team delivered a full programme of activities during 2017-18 including campaigns and event management for the Supplier Excellence Awards. Other activities included press releases, social media, web content, brochures, advertisements, award entries, and exhibition support.
<p>(d) Develop and implement a model for associate members which delivers clear business and financial benefits to Scotland Excel and the membership base</p>	<ul style="list-style-type: none"> • Continue to recruit housing associations in line with the associate member strategy • Develop an associate member offering for third sector organisations 		<ul style="list-style-type: none"> • Fifteen housing associations were recruited as associate members during 2017-18. • Due to the launch of a Scottish Government-funded third sector organisation, Procurement 4 Partnership (P4P), Scotland Excel has delayed plans to develop an associate member offering for this market until 2018-19 to allow for further research.
<p>(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</p>	<ul style="list-style-type: none"> • Continue to host and/or attend forums to gather sector views and share information • Continue to represent the sector on matters relating to public procurement • Continue to engage with relevant stakeholders in the wider public sector environment 		<ul style="list-style-type: none"> • Scotland Excel held and/or attended forums for sector stakeholders throughout 2017-18 including Commercial User Intelligence Groups (UIGs), steering groups for procurement capability and social care, and attendance at the Scottish Local Government Procurement Forum. • Scotland Excel represented sector interests at meetings throughout 2017-18 including government forums for collaborative procurement, construction, best practice and professional development. • Scotland Excel has continued to engage with a wide range of stakeholders and partners. This activity will be formalised as part of the stakeholder engagement strategy in 2018-19.




Goa1 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 3 Priorities	RAG status	Progress summary
(a) Develop and implement a strategy to support staff recruitment, retention, development, performance and engagement	<ul style="list-style-type: none"> Complete the development and implementation of an organisational development strategy 		<ul style="list-style-type: none"> An organisational development strategy is in place to provide structure for workstreams in Culture & Values, Leadership & Talent Management, Reward & Recognition, and Systems & Processes. Implementation of the organisational development strategy will continue in 2018-19 with support from Investors in People (IIP).
(b) Develop and implement programmes to support the continuous improvement of business performance, systems and processes	<ul style="list-style-type: none"> Agree and deliver 2017-18 internal transformation projects Implement a spend data management and reporting solution Continue to plan and implement the migration of the ICT infrastructure to a cloud environment Undertake assessment to renew CIPS accreditation 		<ul style="list-style-type: none"> Scotland Excel's business change team managed five internal projects in 2017-18 to support continuous improvement. Development of a data management and reporting solution is now underway and the first phase is expected to be completed by the end of June 2018. During 2017-18, Scotland Excel's ICT team migrated staff to cloud-based Office 365 software and Windows 10 to support agile working. Staff can now access ICT resources and files remotely. Scotland Excel has successfully renewed its Chartered Institute of Procurement & Supply (CIPS) accreditation following a rigorous assessment.
(c) Ensure that Scotland Excel delivers its plans through effective governance, risk management and policies	<ul style="list-style-type: none"> Explore options for governance models which support the future growth of Scotland Excel 		<ul style="list-style-type: none"> An options appraisal for governance models to support future growth was presented to the Joint Committee in December 2017. Further work has been taking place to finalise recommendations which will be presented to the Joint Committee in June 2018.

(d) Develop and implement a strategy for gathering, analysing and distributing business intelligence within Scotland Excel and across the sector	<ul style="list-style-type: none"> Expand the use of BI tools across the organisation to support internal/external delivery of data and reports 		<ul style="list-style-type: none"> Several interactive reports have been developed using a new Business Intelligence (BI) tool during 2017-18, and this will be rolled out across the organisation and to customers in 2018-19.
(e) Develop and implement a clear, transparent and sustainable funding and delivery model for Scotland Excel	<ul style="list-style-type: none"> Hold 4 regional consultation workshops for new strategy development Develop a new corporate strategy for 2018-22 Explore options for funding models to support the new strategy 		<ul style="list-style-type: none"> Five regional workshops with local authority procurement leads to consult on the new strategy took place in February and March 2018. The new corporate strategy and operating plan is in development and will be presented to the Joint Committee in June 2018. An initial paper on funding was submitted to the Joint Committee in December 2017. Further work has been taking place to finalise recommendations which will be presented to the Joint Committee in June 2018.

Report Key

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

Key Performance Indicators

KPI	Link to outcomes	Q4 Status
No. & value of contracts delivered v plan	<ul style="list-style-type: none"> Our services support the effective and efficient delivery of public services 	<ul style="list-style-type: none"> 31 contracts delivered, renewed or extended against target of 31 by year end £1.01bn portfolio value against £1bn target by year end
Percentage & value of savings v target (excluding social care)	<ul style="list-style-type: none"> Our customers are satisfied with our services and achieve a measurable return on their investment 	<ul style="list-style-type: none"> Average savings of 3.5% against a rolling 5% target (2015-18) £3.8m estimated saving in the last recorded quarter (Jan-Mar 2018)
No. of PCIP assessments completed v schedule	<ul style="list-style-type: none"> Our expertise supports continuous improvement in procurement performance 	<ul style="list-style-type: none"> 15 assessments completed against 15 targeted
No. of Scottish suppliers & percentage SMEs	<ul style="list-style-type: none"> Our services help to deliver positive and sustainable outcomes for communities and service users 	<ul style="list-style-type: none"> 479 Scottish suppliers of which 76.8% are SMEs
No. of community benefits realised to date	<ul style="list-style-type: none"> Our services support the implementation of national and local policy priorities 	<ul style="list-style-type: none"> 349 jobs 220 apprenticeships 58 work placements 60,646 hours work experience 4,958 hours volunteering/mentoring £465k value of other initiatives
Customer satisfaction statistics & trends ¹	<ul style="list-style-type: none"> Our customers are satisfied with our services and achieve a measurable return on their investment 	<ul style="list-style-type: none"> 82.4% of procurement stakeholders 80.8% of senior stakeholders
Website usage statistics & trends	<ul style="list-style-type: none"> Our customers receive relevant communication and support 	<ul style="list-style-type: none"> 8,014 visitors in Q4 19,175 user sessions in Q4
Media coverage v target	<ul style="list-style-type: none"> Our reputation demonstrates the value of collaboration 	<ul style="list-style-type: none"> 66 media items placed to date against target of 50 by year end
Income from associate members v target	<ul style="list-style-type: none"> Our reputation demonstrates the value of collaboration 	<ul style="list-style-type: none"> £55.8k income against a £60k target
Staff turnover v headcount	<ul style="list-style-type: none"> Our people, policies, processes and technology optimise our value 	<ul style="list-style-type: none"> 4.7% staff turnover rate 70 permanent staff

Report issued: June 2018

¹ Percentage of respondents reporting their overall satisfaction as 'very good' or 'good' in the 2016-17 customer satisfaction survey

Appendix 4

Planned Procurement to 31/03/2020

Frameworks due for renewal (or subject to contract extension) by Dec 2020

Short Contract Title	Schedule No	End Date of current framework
Street Lighting Bulk Renewal of Luminaires	1013	30/06/2018
Demolition	1115	31/07/2018
Community Meals	0115	31/08/2018
Buildings Related Engineering Consultancy	1113	30/09/2018
Domestic Furniture and Furnishings	0815	31/10/2018
Plumbing and Heating Materials	1714	30/11/2018
Vehicle Purchase RM1070	0200	01/12/2018
Telecare and Telehealth Technologies	0614	31/12/2018
Bitumen Products	0516	28/02/2019
Personal Protective Equipment	0416	28/02/2019
Outdoor Play Equipment and Artificial Surfaces	0215	12/03/2019
Fostering	1015	24/03/2019
Asbestos	1114	31/03/2019
Building and Timber Materials	1314	31/03/2019
Electrical Materials	0615	31/03/2019
Presentation & Audio Visual Equipment	1214	31/03/2019
Security (Equipment)	0814b	31/03/2019
Security (Services)	0814	31/03/2019
Secure Care	0716	31/03/2019
Waste Disposal Equipment	0315	31/03/2019
Energy Efficiency Contractors	0913	30/04/2019
Customer Service Platform	0415	31/05/2019
Frozen Foods	1016	30/06/2019
Education Materials	0916	31/07/2019
Bottled Gas	0817	31/10/2019
Steeplejack Services	1017	31/10/2019
Laundry Equipment	0917	05/11/2019
Pest Control Services	1217	30/11/2019
Catering Machines	2117	07/01/2020
Swimming Pool Chemicals	1517	07/01/2020
Water Coolers	1317	07/01/2020
Digital Publications and Services	2517	31/01/2020
Library Books & Textbooks	0617	31/01/2020
Education And Office Furniture	0216	29/02/2020
Fire Safety Products	1617	15/04/2020
Groceries & Provisions	0515	30/04/2020
Catering Sundries	0915	31/07/2020
Organic Waste	0816	31/07/2020
Recycle and Refuse Containers	0117	02/11/2020
Vehicle Parts	0116	31/12/2020

New Contract Areas

<u>Contract Title</u>	<u>Forecast Delivery date</u>
Vocational Training Service Providers	Dec 18
Power Tools	June 18
Boiler Maintenance	July 18
First Aid Materials	Sept 18
Commercial Catering Equipment	Oct 18
Social Work Health Care System	Nov 18
Care Home Services for older People	Jan 19
Care and Support	Aug 19
New Build Housing	Sept 19



Scotland Excel

To: Joint Committee

On: 29 June 2018

Report by Director Scotland Excel

Community Benefits & Fair Work Practices Update

1 Introduction

The purpose of this report is to provide an update on the Community Benefits facilitated and delivered from the Scotland Excel portfolio of framework agreements, together with an update regarding Fair Work Practices.

The requirement to include Community Benefits in the delivery of goods and services is an integral element within Scotland Excel frameworks. Community Benefits are reviewed with suppliers at contract management review meetings and reported to local authority procurement managers at their business review meetings. Additionally, the system used to capture and record Community Benefits has been reviewed and fully addresses the requirements of the statutory guidance made under the Procurement Reform (Scotland) Act 2014, and supports the ongoing drive to deliver sustainable procurement. This report updates members on the Community Benefits and Fair Work Practices return for the period to 30 March 2018.

2 Summary

Twice yearly in conjunction with the standard Management Information gathering process suppliers now complete a comprehensive Community Benefits template. This provides a clear picture of the type (Employment, Apprenticeship, Training etc), and classification (Social, Economic, Environmental) of Community Benefits delivered. It also allows suppliers, where necessary, to apportion the extent to which any Community Benefits shared across different public sector contracts is derived from Scotland Excel Frameworks.

Table 1 shows a summary of the social value added across the portfolio since 2013. The figures are complete to the end of 30 March 2018.

	2013/14	2014/15	2015/16	2016/17	2017/18	Total
No of Apprentices	9	92	49	18	52	220
No of New Jobs	78	43	29	53	146	349
No of Work Placements	0	5	6	17	30	58
Hours of Volunteering & Mentoring	95	377	1279	1570	1637	4958
Hours of Works Experience	5305	28214	16734	7852	2541	60,646
Value of Other Community Benefits	£2,474	£16,550	£46,140	£87,814	£311,549	£464,527

Table 1: Summary of social value added across the collaborative portfolio

The overall position regarding the social benefits being returned is extremely positive. For the latest period through to end of March 2018 Community Benefits were recorded from 106 suppliers and importantly 32 of these suppliers recorded new jobs. Community benefit returns are sought from suppliers and providers who receive, in excess of £10,000 spend via a Scotland Excel framework. The most recent return has encompassed a range of suppliers many from small spend suppliers receiving just £20,000 and larger suppliers.

The results for 2017/18 note a significant increase in community benefits. Where community benefits are applicable to a framework this is driven and monitored through our suppliers and providers' contractual obligations. The area which presents compelling growth is the 'number of new jobs'. Analysis has indicated that in the Highland local authority area alone 23 jobs have been created and 20 are directly attributable to Scotland Excel's Recyclable and Residual Waste framework.

The value attributable to 'Other Community Benefits' largely relates to charitable donations and sponsorships. For example, as shown in appendix 1, returns illustrate that South Ayrshire received a significant amount of 'Other Community Benefits' where a key supplier apportioned a substantial £34,128 in respect of their contribution to the Scottish Landfill Communities Fund. Operators of landfill sites in Scotland are liable for Scottish Landfill Tax. South Ayrshire Waste and Environment Trust (SAWET) is an Approved Body set up to give out money through the Scottish Landfill Communities Fund to help organisations, groups and communities to make practical improvements to their environment. It is estimated that this contribution supported approximately 7 South Ayrshire based projects.

Additionally, it should be noted that a number of suppliers have indicated that they now set aside specific funds for contracting authorities to invest appropriately in community related projects.

With regard to Fair Work Practices (including the Living Wage) Scotland Excel commenced formal consideration within Tenders in early 2015. Since this time the respective position on bidders' work practices has been outlined within Executive Sub Committee Contracts for Approval Reports. From a review of the

data available since 2015 the overall position across Scotland Excel's portfolio is:

Of the 531 suppliers appointed since formal consideration

- 437 (82.3%) notified that that they pay the Living Wage
 - Living Wage Accredited – 70 (13.2%)
 - Progress towards accreditation – 18 (3.4%)
 - Committed to gaining accreditation over the first 2 years of the framework – 81 (15.3%)
 - Not accredited but paying the Living Wage – 268 (50.4%)
- Not accredited or paying the Living Wage but committed to doing so within 2 years – 18 (3.4%)
- Neither accredited nor paying Living Wage – 76 (14.3%)

Scotland Excel continue to ensure transparency within the tender process and focus on aspects of fair work practices deemed relevant for each framework. Scotland Excel continue to monitor and encourage the implementation of fair working practices and to work closely with suppliers to review their progress in this area.

3 Next Steps

The next Community Benefits data collection, analysis and review cycle will be completed in line with Management Information process to cover the period through to the end of 30 September 2018. The results will be reviewed with the supply base and where appropriate will be incorporated into supplier performance objectives.

4 Conclusion

Committee members are requested to note the content of this report, and support the measures proposed to monitor delivery of community benefits for the 2018/19 financial year.

Appendix 1 Community Benefits by Council 2017/18

	Number of new apprentices	Number of new employees	Number of work placements	Hours of volunteering	Hours of work experience	Monetary value of Other Community Benefits
Aberdeen City	0.5	5.3	0.3		177	£3,475
Aberdeenshire	2.5	5.8	1.6	0.5	35	£14,986
Angus	1		1.4	0.3		£4,772
Argyll & Bute						£1,202
Clackmannanshire		1				£314
Dumfries & Galloway	1			8		£3,626
Dundee	1	2.8	2.3		8	£8,582
East Ayrshire	1	3		18		£1,737
East Dunbartonshire						£903
East Lothian	0.5	0.4				£665
East Renfrewshire		2				£1,130
Edinburgh	7.3	7.5	4.8	24		£14,986
Falkirk	4.5	4.5		168	78	£1,677
Fife	1	4	1.5		299.5	£12,791
Glasgow	7.4	27.8	5	249.2	12	£23,025
Highland	1.3	23		38		£2,230
Inverclyde	2					£205
Midlothian	5.5	0.4				£916
Moray	0.5					£1,622
North Ayrshire	1	6	5	203	171	£7,038
North Lanarkshire	2.1	2.6		446	735.9	£38,660
Orkney						£258
Perth & Kinross	3	1.4	2	32		£4,253
Renfrewshire	0.3	3		234	85	£9,232
Scottish Borders	0.5					£400
Shetland						£1,997
South Ayrshire		1		216	174	£39,926
South Lanarkshire	4	7			646	£16,719
Stirling	2	0	1.5			£13,927
Tayside Contracts						£1,860

West Dunbartonshire						£5,826
West Lothian		11.5	1			£14,771
Riverclyde Homes		0.1				
Various		24.7				£27,530
Unassigned	2.4	1.6	4		120	£30,308
TOTAL	52.3	146.4	30.4	1637	2541.4	£311,549



Scotland Excel

To: Joint Committee

On: 29 June 2018

Report by Director Scotland Excel

Organisation Information Report

1. Introduction

As part of the governance process, members of the Joint Committee are advised on an annual basis of staff absence rates, special leave given to staff and hospitality granted by the organisation. The information for the 2017 / 18 financial year is detailed below.

2. Scotland Excel Staff Absence

The Joint Committee has previously agreed that Scotland Excel should work to an absence rate of below 4%. This target aligns Scotland Excel with partner organisations, supports good practice in this area and demonstrates the ongoing commitment to absence management as a key efficiency target.

During the current year the average sickness absence rate for staff has been 1.3%, a total of 239 days across all staff. The organisation will continue to monitor this and ensure that, where required, staff are given appropriate support to maintain their attendance.

3. Special Leave

Under item 6.2(w) of the Scheme of Delegation, the Director has the authority to permit any member of staff to absent themselves occasionally and temporarily during business hours to attend to duties or services of a civic honour, charitable, academic or social nature provided that these do not interfere with the efficient discharge of the functions of Scotland Excel and to grant special leave, in accordance with the lead authority's special leave policy.

Scotland Excel follows the HR policies and procedures of the lead authority, Renfrewshire Council. When approving requests for special leave, consideration is always given to the operational requirements of Scotland Excel together with requests that may have been previously granted and outstanding annual leave. Categories of special leave include some medical appointments, illness of family dependants, bereavements, civic duties and exam / study leave. A total of 83 days are recorded, 55 days paid leave and 28 days unpaid leave, against the undernoted categories.

Reason	Paid or Unpaid	Days
Support family dependants	Paid	15
Support family dependants	Unpaid	18
Bereavement	Paid	11.5
Exam / Study leave	Paid	12.5
Jury Duty	Unpaid	10
Hospital	Paid	11.5
Election Duties	Paid	4.5

4. Hospitality

Under Item 6.2(e) of the Scheme of Delegation, the Director has the authority to approve the provision of reasonable hospitality to a maximum of £1,000 in relation to one occasion where this is thought to be in the interests of Scotland Excel.

In the last financial year there was no spend.

5. Recommendation

The Joint Committee is requested to note the contents of report.