

Notice of Meeting and Agenda Scotland Excel Joint Committee

Date	Time	Venue
Friday, 30 June 2017	10:45	City Chambers, Glasgow City Council, 80 George Square, Glasgow, G2 1DU

KENNETH GRAHAM
Clerk

Membership

No appointment as yet (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); No appointment as yet (City of Edinburgh Council); Councillor Donald Balsille (Clackmannanshire Council); Councillor Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Stephen Thomson (Dumfries and Galloway Council); Baillie Willie Sawers (Dundee City Council); Councillor Gordon Jenkins (East Ayrshire Council); No appointment as yet (East Dunbartonshire Council); Councillor John McMillan (East Lothian Council); Councillor Tony Vuchanan (East Renfrewshire Council); Councillor Gary Bouse (Falkirk Council); No appointment as yet (Fife Council); Baillie 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 Todd Ferguson (North Ayrshire Council); Councillor Paul Di Mascio and Councillor Kenneth Stevenson (North Lanarkshire Council); Councillor Barbara Foulkes (Orkney Islands); Councillor Ian Campbell (Perth and Kinross Council); Councillor John Shaw (Renfrewshire Council); Councillor Simon Mountford (Scottish Borders Council); No appointment as yet (Shetland Islands Council); Councillor Peter Henderson (South Ayrshire Council); Councillor Eileen Logan and Councillor Collette Stevenson (South Lanarkshire Council); Councillor Alison Laurie (Stirling Council); No appointment as yet (The Moray Council); Councillor Ian Dickson (West Dunbartonshire Council); Councillor John McGinty (West Lothian Council)

Further Information

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

A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at www.renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx

For further information, please either email democratic-services@renfrewshire.gov.uk or telephone 0141 618 7112.

Members of the Press and Public

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

Items of business

The Clerk to the Joint Board will preside prior to the election of the Convener

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 Appointment of Convener**
- 2 Appointment of Vice Convener**
- 3 Term of Office of Convener and Vice Convener** **5 - 6**
Report by Clerk.
- 4 Membership of Joint Committee** **7 - 10**
Report by Clerk.
- 5 Membership of Executive Sub-committee** **11 - 12**
Report by Clerk.
- 6 Minute of Joint Committee** **13 - 22**
Minute of meeting of the Joint Committee held on 9 December 2016.
- 7 Minutes of Executive Sub-committee** **23 - 40**
Minutes of meetings of the Executive Sub-committee held on 9 December 2016, 10 February 2017 and 31 March 2017.
- 8 Overview of Three Year Strategy**
Presentation by Director of Scotland Excel.
- 9 Elected Member Engagement Plan** **41 - 42**
Report by Director of Scotland Excel.
- 10 Operating Plan Update 2016/17** **43 - 58**
Report by Director of Scotland Excel.
- 11 Operating Plan 2017/18** **59 - 78**
Report by Director of Scotland Excel.

12	Unaudited Annual Accounts 2016/17	79 - 114
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	Report by Director of Scotland Excel.	
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	Report by Director of Scotland Excel.	
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	Report by Director of Scotland Excel.	
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	Report by Chief Auditor, Renfrewshire Council.	
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	Report by Director of Scotland Excel.	
19	Date of Next Meeting	
	Note that the next meeting of the Joint Committee will be held at 10.45 am on Friday 8 December 2017 in Glasgow City Chambers.	

Scotland Excel

To: Joint Committee

On: 30 June 2017

**Report
by
the Clerk**

Term of Office of Convener and Vice Convener

1. Summary

- 1.1 The purpose of this report is to seek the Joint Committee's approval to the term of office for the Convener and Vice Convener of the Joint Committee.

2. Recommendation

- 2.1 That it be agreed that the term of office of the Convener and Vice Convener be until the next local government elections in May 2022.

Scotland Excel

To: Joint Committee

On: 30 June 2017

Report by the Clerk

Membership of Scotland Excel Joint Committee

1. Summary

- 1.1 The purpose of this report is to advise on the appointments by member authorities to the Scotland Excel Joint Committee.

2. Recommendation

- 2.1 That the appointments be noted.

3. Background

- 3.1 Paragraph 3.2 of the Scotland Excel Terms and Conditions, signed by every member authority provides that:
- Each member authority shall appoint one of their elected members to be their representative on the Joint Committee. Each member authority with a population in their area in excess of 200,000 shall be entitled to also appoint a second representative on the Joint Committee.
 - It shall be open to each of the member authorities to replace its representative on the Joint Committee at any time.
- 3.2 The appendix to this report details the appointments to the Joint Committee following the local government elections in May 2017.
- 3.3 It should be noted that 6 member authorities have still to make appointments to the Joint Committee.

Council	No. of Reps	No. of Substitutes	Nominated Member(s)	Substitute(s)
Aberdeen City	2	2	No appointment as yet – council meeting 21 June	
Aberdeenshire	2	2	Bill Howatson Alastair Bews	Gillian Owen Charles Buchan
Angus	1	1	Angus Macmillan Douglas	tbc
Argyll & Bute	1	1	Rory Colville	tbc
City of Edinburgh	2	2	No appointment as yet – council meeting 29 June	
Clackmannanshire	1	1	Donald Baisille	tbc
Comhairle Nan Eilean Siar	1	1	Norman Macdonald	tbc
Dumfries & Galloway	1	1	Stephen Thomson	Sean Marshall
Dundee City	1	1	Willie Sawers	tbc
East Ayrshire	1	1	Gordon Jenkins	Iain Linton
East Dunbartonshire	1	1	No appointment as yet	
East Lothian	1	1	John McMillan	Willie Innes
East Renfrewshire	1	1	Tony Buchanan	tbc
Falkirk	1	1	Gary Bouse	tbc
Fife	2	2	No appointment as yet	

Glasgow City	2	2	Norman MacLeod Jane Morgan	tbc tbc
Highland	2	2	Alister Mackinnon Andrew Baxter	tbc tbc
Inverclyde	1	1	Jim Clocherty	Stephen McCabe
Midlothian	1	1	Derek Milligan	tbc
North Ayrshire	1	1	Todd Ferguson	tbc
North Lanarkshire	2	2	Paul Di Mascio Kenneth Stevenson	Meghan Gallacher
Orkney Islands	1	1	Barbara Foulkes	tbc
Perth & Kinross	1	1	Ian Campbell	tbc
Renfrewshire	1	1	John Shaw	John McNaughtan
Scottish Borders	1	1	Simon Mountford	Gordon Edgar
Shetland Islands	1	1	No appointment as yet – council meeting 28 June	
South Ayrshire	1	1	Peter Henderson	tbc
South Lanarkshire	2	2	Eileen Logan Collette Stevenson	tbc tbc
Stirling	1	1	Alison Laurie	Margaret Brisley
The Moray	1	1	No appointment as yet – council meeting 29 June	
West Dunbartonshire	1	1	Ian Dickson	Jonathan McColl
West Lothian	1	1	John McGinty	tbc

Scotland Excel

To: Joint Committee

On: 30 June 2017

Report by the Clerk

Membership of Scotland Excel 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 consider the membership of the Executive Sub-committee; and
- 2.2 That membership of the Executive Sub-committee be next reviewed at the meeting of the Joint Committee in June 2018.

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 2014, the Joint Committee agreed to increase the number of members of the Sub-committee from 10 to 12 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

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 in both June 2015 and June 2016 agreed to continue with the same membership and the Joint Committee is requested to consider the appointment of members to the Executive Sub-committee for the period to June 2018 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.



Minute of Meeting Scotland Excel Joint Committee

Date	Time	Venue
Friday, 09 December 2016	10:45	City Chambers, Glasgow City Council, 80 George Square, Glasgow, G2 1DU

PRESENT

Councillors Milne (Aberdeen City Council); Shand (Aberdeenshire Council); Houston (substitute for Councillor Valentine) (Angus Council); Morton (Argyll and Bute Council); Cook and Whyte (both City of Edinburgh Council); Macdonald (Comhairle Nan Eilean Siar Council); Craik (Fife Council); Bailie MacLeod and Councillor McElroy (both Glasgow City Council); Councillors Brennan (substitute for Councillor Clocherty) (Inverclyde Council); G McLean, (North Ayrshire Council); O'Rourke (North Lanarkshire Council); Holmes (Renfrewshire Council); Provost Logan (South Lanarkshire Council) and Councillor Ryall (West Dunbartonshire Council).

CHAIR

Councillor Holmes, Convener, presided.

IN ATTENDANCE

J Welsh, Director, S Brannagan, Head of Customer & Business Services, H Carr, Head of Strategic Procurement, I McNaught, Customer Development Manager, L Cairns, Procurement Coordinator, L McIntyre, Senior Communications Specialist and L Jones, Personal Assistant to the Director (all Scotland Excel); L Robertson, Senior Procurement Officer (Angus Council) and A MacArthur, Head of Finance; M Conaghan, Legal & Democratic Services Manager, E Currie, Senior Committee Services Officer; M Ball, Accountant and K Druce, Assistant Democratic Services Officer (all Renfrewshire Council).

APOLOGIES

Councillors Young (Aberdeen City Council); Howatson (Aberdeenshire Council); Valentine (Angus Council); Rankin (City of Edinburgh); McGill (Clackmannanshire Council); Dykes (Dumfries and Galloway Council); Bailie Sawers (Dundee City Council); Councillors Roberts (East Ayrshire Council); Murray (Falkirk Council); Councillors Fernie (Highland Council); Clocherty (Inverclyde Council); Spowart (North Lanarkshire Council); Stockan (Orkney Islands Council); Kellas (Perth and Kinross Council); Mitchell (Scottish Borders Council); Westlake (Shetland Islands Council); Reid (South Ayrshire Council); Wardhaugh (South Lanarkshire Council); and McMillan (West Lothian Council).

DECLARATIONS OF INTEREST

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

Prior to the start of the meeting the Convener welcomed Councillors Brennan (Inverclyde Council), Houston (Argyll & Bute Council) and McGill (Clackmannanshire Council) to the meeting.

1(a) MINUTE OF JOINT COMMITTEE

There was submitted the Minute of the meeting of the Joint Committee held on 17 June 2016.

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 17 June, 16 September and 18 November 2016.

DECIDED: That the Minutes be approved.

1(c) MINUTE OF CHIEF EXECUTIVE OFFICERS MANAGEMENT GROUP

There was submitted the Minute of the Chief Executive Officers Management Group held on 7 November 2016.

DECIDED: That the Minute be noted.

SEDERUNT

Councillors Morton and Whyte entered the meeting during consideration of the following item of business.

2 AUDITED ANNUAL ACCOUNTS 2015/2016

Under reference to item 2 of the Minute of the meeting of the Executive Sub-committee held on 16 September 2016 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 2015/16.

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 2016, in accordance with the accounting policies detailed in the accounts. A report on the 2015/16 audit by Audit Scotland was also attached to the report.

It was noted that the Executive Sub-committee had approved the audited annual accounts 2015/16 for signature.

DECIDED: That the report be noted.

3 **SCOTLAND EXCEL SCHEME OF DELEGATED FUNCTIONS**

Under reference to item 10 of the Minute of the meeting of this Joint Committee held on 17 June 2016 there was submitted a report by the Clerk seeking approval of the revised Scotland Excel Scheme of Delegations, a copy of which was appended to the report.

DECIDED: That the revised Scotland Excel Scheme of Delegations, as appended to the report, be approved.

4 **REVIEW OF STANDING ORDERS RELATING TO CONTRACTS**

Under reference to item 2 of the Minute of the meeting of the Executive Sub-committee held on 18 November 2016 there was submitted a report by the Clerk relative to revised Standing Orders Relating to Contracts, a copy of which was appended to the report.

DECIDED: That the revised Standing Orders Relating to Contracts, as appended to the report and which had been approved by the Executive Sub-committee on 18 November 2016, be noted.

5 **SUSTAINABLE PROCUREMENT STRATEGY**

There was submitted a report by the Director of Scotland Excel relative to a new Sustainable Procurement Strategy for Scotland Excel, a copy of which was appended to the report.

The report intimated that the revised strategy had been developed following a detailed review of the statutory guidance and best practice and was clearly aligned to the strategic priorities of local government. The strategy would support local government in meeting the challenge of delivering social benefits and contributing to economic growth. It also strengthened the consideration of social considerations such as workforce matters, including the Living Wage, and community benefits at the outset of a procurement exercise to ensure that overall value and potential social benefits were optimised.

The strategy built upon current practice and set out how Scotland Excel would best address recent changes in legislation, implement the new sustainable procurement duty and further incorporate sustainability into all of its procurement activity.

It was proposed that 'best value' be moved to the first consideration under the heading Economic Sustainability in the strategy. This was agreed.

DECIDED:

- (a) That the report be noted;
- (b) That the new Scotland Excel Sustainable Procurement Strategy, as appended to the report, be approved; and
- (c) That 'best value' be moved to the first consideration under the heading Economic Sustainability in the strategy.

6 **LEARNING AND DEVELOPMENT STRATEGY**

There was submitted a report by the Director of Scotland Excel relative to the proposed Scotland Excel Learning and Development (L&D) Strategy.

The report intimated that providing learning and development to members had been at the heart of Scotland Excel's strategic direction since inception. Increasingly however, the local government community had highlighted the challenges of educating their workforce in a sustainable manner, supporting their continuous professional development through a mode which delivered practical results in the workplace. Scotland Excel had provided a one-day stand alone course delivered through an external training provider, the contract for which came to an end on 20 November 2016.

To inform the strategy, structured interviews were conducted across the local authority community capturing the communities' current and future needs nationally. A three-month pilot then implemented outcomes from the consultation followed by multiple lessons learned exercises.

An online learning platform had been created through the Scotland Excel Academy replicating best practice from Scotland's Higher Education community. The Academy would deliver a portfolio of multi-disciplinary L&D provision supporting procurement; leadership and management and project management knowledge, and the report detailed information for all programmes.

Each L&D programme supported a methodology comprising self-directed learning; face-to-face workshops and work based projects. The overarching objective was to impart practical knowledge to the learners that could be implemented in the learners' work based practice to realise tangible outcomes. The programmes would be accredited with the professional bodies resulting in the learners earning professionally recognised qualifications in addition to acquiring useful knowledge. As learners outgrew the academy, pathways had been established with regional academic partners where learners could continue their continuous professional development and lifelong learning.

It was proposed that reports be submitted to future meetings of the Joint Committee detailing the cost effectiveness of the strategy. This was agreed.

DECIDED:

- (a) That the progress of this strategy be noted;
- (b) That the implementation of the Learning and Development Strategy be approved; and

(c) That reports be submitted to future meetings of the Joint Committee detailing the cost effectiveness of the strategy.

7 ASSOCIATE MEMBER STRATEGY

There was submitted a report by the Director of Scotland Excel relative to the work undertaken with regard to associate members.

The report intimated that Scotland Excel, as part of a three-year strategy, had sought to grow associate membership whilst maintaining focus on core membership. In order to formally document the approach, an associate member strategy had been developed. The strategy, which formed the appendix to the report, covered membership and services; competitive analysis; market strategy; key recommendations; target market; Arm's Length Organisations; reciprocal agreement; and membership fees.

The report recommended that further work be undertaken to ascertain a better third tier fee structure and that the possibility of a specific fee structure for housing associations be investigated. This was agreed.

It was proposed that the maximum fee for associate members be reviewed and that a report be submitted to a future meeting of the Joint Committee. This was agreed.

DECIDED:

(a) That the progress made be noted;

(b) That the Associate Membership Strategy be approved;

(c) That further work be undertaken to ascertain a better third tier fee structure and that this be reported to a future meeting of the Joint Committee;

(d) That the possibility of a specific fee structure for housing associations be investigated and that the results be reported to a future meeting of the Joint Committee; and

(e) That the maximum fee for associate members be reviewed and that a report be submitted to a future meeting of the Joint Committee.

8 IMPLICATIONS FOR SCOTLAND EXCEL OF A UK EXIT FROM THE EUROPEAN UNION

There was submitted a report by the Director of Scotland Excel relative to the implications, from a procurement perspective, for Scotland Excel and member councils, as a result of a UK exit from the European Union (EU).

The report intimated that much of UK public procurement was regulated by EU rules which were set out in core EU Treaties and directives and that the Procurement Reform (Scotland) Act 2014 had been designed to dovetail with these directives and treaties. The significant uncertainty surrounding the implications of a UK exit from the EU applied to the future of public procurement.

If the UK government negotiated a deal with the EU which retained single market access, continued compliance with EU procurement law, in part or in full, was expected to form part of that deal. It was not clear whether Scotland would be able to secure a separate deal regarding access to the single market. As in the case of a UK deal, continued compliance with EU public procurement law would be likely to form part of any such agreement for Scotland to remain in the single market.

The report provided information in relation to economic interests and the impacts on businesses. Scotland Excel would continue to follow the pricing review requirements agreed with all participating suppliers at the award stage as a condition of contract.

DECIDED: That the report be noted.

9 **UPDATE ON THE CONTRACT DELIVERY PLAN**

There was submitted a report by the Director of Scotland Excel relative to the progress against the 2016/17 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 2016/17 and Appendix 3 to the report detailed contracts with extension options and contract management activity ongoing in 2016/17.

DECIDED: That the progress made to date be noted.

10 **OPERATING PLAN 2015/2016**

Under reference to item 3 of the Minute of the meeting of this Joint Committee held on 17 June 2016 there was submitted a report by the Director of Scotland Excel relative to the progress made against operating plan activities and commitments during 2016/17.

The report intimated that in June 2015 the Joint Committee approved a new three-year strategy and rolling annual operating plan. From April 2016, quarterly reports were being produced to track Scotland Excel's performance against operating plan activities and these reports summarised the progress made against the 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 made during the first six months of the 2016/17 financial year and updates on ten key performance indicators (KPIs) agreed at the meeting of the Joint Committee held on 17 June 2016.

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 against the operating plan 2016/17 be noted.

11 CARE AND HOUSING PROPOSALS

There was submitted a report by the Director of Scotland Excel relative to recent engagement with the Scottish Government seeking funding for two new areas of delivery, being an extension of Scotland Excel's care portfolio to include Care at Home and Adult Supported Living; and a proposal to support the housing sector in terms of procurement capability and ongoing development activity.

The report intimated that Scotland Excel's care portfolio currently covered a number of areas supporting care in both children and adult services. Adult Supported Living and Care at Home were areas where there had been no national approach despite spend being in the region of £850million per annum. A proposal had been presented to the Scottish Government to seek funding for a small team to explore these areas and develop best value at both a national and local level. A copy of the proposal submitted to the Scottish Government formed Appendix 1 to the report.

The report further intimated that the second proposal submitted to the Scottish Government identified the role Scotland Excel could play in supporting the Scottish Government's aspirations within the Affordable Housing Supply Programme. The proposal sought funding for a team to analyse housing spend and support savings through the use of existing frameworks, undertake procurement assessments and support the affordable housing sector in improving procurement capability. A copy of the proposal submitted to the Scottish Government formed Appendix 2 to the report.

DECIDED:

(a) That the content of the proposals submitted to the Scottish Government be noted; and

(b) That the delivery of this new work be approved subject to funding being approved by the Scottish Government.

12 DEVELOPMENT OF A SMALL VALUE PROCUREMENT SERVICE

There was submitted a report by the Director of Scotland Excel relative to a proposal regarding the value that Scotland Excel could deliver to its members through the introduction of a small value procurement service. The proposal, if approved, would be implemented in fiscal 2017/18 and would run for four years, the life of the proposed contract.

The report intimated that as part of a review of funding operations in 2015, Scotland Excel had considered the use of procurement rebates as a possible funding mechanism. In 2016/17 members achieved approximately £1.4 million in procurement rebates. Following discussion with stakeholders it was felt that existing rebates currently received by members should be left untouched.

Subsequent to this agreement, Scotland Excel had recently implemented a framework for groceries with a new rebate attached and the report sought to utilise this new rebate, not currently utilised by members, to fund a new service based around low value procurement opportunities. The initial proposal sought to return cash to members to provide a degree of requisition mitigation however, extensive consultation resulted in a request for a value proposition rather than a cash return. The appendix to the report detailed the indicative source of rebates by

council based on historical spend patterns.

The report detailed the operating model of the delivery team and the benefits across three areas of cost avoidance, resources and contractual savings.

DECIDED:

(a) That the report be noted; and

(b) That the introduction of a small value contracts team be approved.

13 PROPOSAL TO DEVELOP A PARTNERSHIP MODEL WITH CROWN COMMERCIAL SERVICES

There was submitted a report by the Director of Scotland Excel relative to the proposal that Scotland Excel enter into a partnership agreement with Crown Commercial Services for the provision of cars and light commercial vehicles. A copy of the proposal report formed the appendix to the report.

The report intimated that the current Scotland Excel framework for cars and light commercial vehicles expired on 31 May 2017. As part of a strategic category review Scotland Excel had considered various delivery models to meet the demands of councils. Given that the majority of vehicle types procured through this type of framework were standard vehicle models available directly from the UK vehicles market there was ample evidence to support that Scotland Excel and stakeholders would gain little strategic or economic value by conducting a further independent procurement exercise rather than collaborating with another public sector body.

A review of viable alternatives had concluded that the current arrangement developed by Crown Commercial Services, an executive agency sponsored by H.M. Government Cabinet Office, represented an opportunity for Scottish local authorities to benefit from the economies of scale offered by a national contract. Additional benefits included that the reduction in the resource requirement within Scotland Excel to develop a replacement contract would support the pursuit of additional contract activity for member councils.

DECIDED:

(a) That the report be noted; and

(b) That the development of a partnership with Crown Commercial Services be approved.

14 CARE HOME SERVICES FOR OLDER PEOPLE

There was submitted a report by the Director of Scotland Excel relative to work undertaken in respect of care home services for older people and setting out the rationale for seeking further funding from councils/health and social care partnerships to continue with this critical activity.

The report intimated that in Scotland, care home provision was delivered by more than 300 providers across almost 900 care homes and that 20 providers received more than 50% of the total expenditure. Given the cross local authority expenditure presence of these 20 providers and the prevalence of ever more complex business and financial structures, 25 local authorities provided project funding to Scotland Excel to facilitate a range of services to support local strategic commissioning of care home services for older people. Scotland Excel had taken this work forward under four work streams, market intelligence; financial risk; cost of care; and procurement strategy. Appendix 1 to the report detailed the progress made across all work streams.

CoSLA was currently working with Scottish Government and other partners on the reform of adult social care. Scotland Excel was an integral part of this work through participation on a range of governance groups. The reform activity recognised that the current National Care Home Contract (NCHC) fee setting and procurement process required review to acknowledge changing policy, including the establishment of health and social care partnerships and the requirement for joint strategic commissioning plans. Scotland Excel had led on the development of a cost care calculator which would underpin fee negotiations by providing a tool which examined care home costs more forensically than before.

The Scottish Government/CoSLA Task Force for the Future of Residential Care made several recommendations on future commissioning of services including 'partnerships should explore new procurement methodologies to offer control over quality and capacity'. In recognition of this recommendation, and to support current NCHC reform, Scotland Excel had been developing a procurement strategy exploring potential procurement and non-procurement options for the future sourcing of care home services. The report detailed the objectives the strategy could deliver.

Scotland Excel was seeking a three-year programme of funding from local authorities/health and social care partnerships to build on work already completed and embark on an extensive work programme. The annual funding sought per local authority/health and social care partnership over the next three years was detailed in Appendix 2 to the report.

DECIDED: That the proposal be endorsed.

15 **REVENUE ESTIMATES 2017/2018**

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 2017/18.

Appendix 1 to the report detailed the revenue estimates 2017/18 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 2017/18, as detailed in Appendix 1 to the report, be agreed;

(b) That the utilisation of reserve funding, as detailed in Appendix 1 to the report, be agreed; and

(c) That the requisition from constituent authorities, as detailed in Appendix 2 to the report, be agreed.

16 PROCUREMENT COMMERCIAL IMPROVEMENT PROGRAMME (PCIP) RESULTS

There was submitted a report by the Director of Scotland Excel relative to an update on the results of the Procurement and Commercial Improvement Programme (PCIP) assessments undertaken by Scotland Excel across member organisations.

DECIDED: That the progress made in implementing the new assessment regime and the positive results displayed by local government be noted.

17 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 register 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 regular review of risks had included the addition of the political changes created by "Brexit". While there remained uncertainty over what changes and impact this might have on the organisation the inclusion ensured that review and sharing of information with stakeholders would take place. 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 annually to the Joint Committee.

DECIDED: That the report be noted.

18 MEETINGS OF SCOTLAND EXCEL JOINT COMMITTEE 2017

There was submitted a report by the Clerk relative to proposed meeting dates for the Joint Committee during 2017.

DECIDED: That meetings of the Joint Committee be held at 10.45 am on 30 June and 8 December 2017 within the City Chambers, Glasgow City Council.

19 DATE OF NEXT MEETING

DECIDED: That it be noted that the next meeting of the Joint Committee would be held at 10.45 am on 30 June 2017 within the City Chambers, Glasgow City Council.

VALEDICTORY

Councillor Holmes thanked members of the Joint Committee for their contribution to the work of the Joint Committee and for their assistance to him during his period as Convener.

Bailie MacLeod thanked Councillor Holmes for his fairness in chairing meetings of the Joint Committee during his period as Convener.

Minute of Meeting

Scotland Excel Executive Sub-Committee

Date	Time	Venue
Friday, 09 December 2016	10:15	City Chambers, Glasgow City Council, 80 George Square, Glasgow, G2 1DU

PRESENT

Councillor Shand (Aberdeenshire Council); Councillor Houston (substitute for Councillor Valentine) (Angus Council); Councillor Macdonald (Comhairle Nan Eilean Siar); Councillor Craik (Fife Council); Councillor McElroy (Glasgow City Council); Councillor McLean (North Ayrshire Council); Councillor Holmes (Renfrewshire Council); and Provost Eileen Logan (South Lanarkshire Council).

CHAIR

Councillor Holmes, Convener, presided.

APOLOGIES

Councillors Dykes (Dumfries and Galloway Council); Fernie (Highland Council); and Westlake (Shetland Islands Council).

IN ATTENDANCE

J Welsh, Director of Scotland Excel, S Brannagan, Head of Customer & Business Services, H Carr, Head of Strategic Procurement, I McNaught, Customer Development Manager, L Cairns, Procurement Coordinator, L McIntyre, Senior Communications Specialist and L Jones, Personal Assistant to the Director (all Scotland Excel); and A MacArthur, Head of Finance, E Currie, Senior Committee Services Officer and M Ball, Accountant (all Renfrewshire Council).

DECLARATIONS OF INTEREST

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

1 **REVENUE BUDGET MONITORING REPORT**

There was submitted a joint revenue budget monitoring report by the Treasurer and the Director of Scotland Excel for the period 1 April to 11 November 2016.

DECIDED: That the report be noted.

SEDERUNT

Provost Logan and Councillor McElroy entered the meeting during consideration of the following item of business.

2 **CONTRACT FOR APPROVAL - SUPPLY AND DELIVERY OF VEHICLE PARTS**

There was submitted a report by the Director of Scotland Excel relative to the proposed renewal framework for the supply and delivery of vehicle parts which would operate from 1 January 2017 to 31 December 2020.

The report intimated that the framework would provide councils and participating bodies with a mechanism to procure a wide range of vehicle parts, windscreen replacement, workshop consumables, auto electrics and hydraulics covering the varied fleet mix across councils incorporating cars and light vans up to 44 tonne refuse collection vehicles and other specialist heavy vehicles.

The framework had been split into seven lots as detailed in table 1 in the report. This lotting strategy had been designed to more closely align the requirements of councils and continued to maximise opportunities for small and medium-sized enterprises (SMEs) and the SME status for each bidder was detailed in Appendix 2 to the report.

Appendix 1 to the report detailed the participation, spend and savings summary of the 29 councils participating in the framework. It was noted that Tayside Contracts would also be participating in the framework.

The framework had been advertised at £7.25 million per annum and 37 tender responses had been received. Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the compliant offers received had been completed and Appendix 3 to the report detailed the scores relative to 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 33 suppliers across the seven 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 **REQUEST FOR ASSOCIATE MEMBERSHIP OF SCOTLAND EXCEL BY HISTORIC ENVIRONMENT SCOTLAND**

There was submitted a report by the Director of Scotland Excel indicating that Historic Environment Scotland had submitted an application to become an associate member of Scotland Excel.

DECIDED: That the application by Historic Environment Scotland 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 **SICKNESS ABSENCE 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 period August to October 2016 and provided information relating to the absence statistics.

DECIDED: That the report be noted.

5 **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 January 2017 in Scotland Excel Meeting Room 1, Renfrewshire House, Paisley.

Minute of Meeting

Scotland Excel Executive Sub-Committee

Date	Time	Venue
Friday, 10 February 2017	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

PRESENT

Councillors Valentine (Angus Council); Craik (Fife Council); McElroy (Glasgow City Council); Holmes (Renfrewshire Council); Westlake (Shetland Islands Council); and Provost Logan (South Lanarkshire Council).

BY VIDEOLINK

Councillors Shand (Aberdeenshire Council) and Macdonald (Comhairle Nan Eilean Siar).

CHAIR

Councillor Holmes, Convener, presided.

APOLOGIES

Councillors Whyte (City of Edinburgh Council); Fernie (Highland Council); and McLean (North Ayrshire Council).

IN ATTENDANCE

J Welsh, Director, S Brannagan, Head of Customer & Business Services, H Carr, Head of Strategic Procurement, D Benstead, Senior Procurement Specialist, S Dahlstrom, Senior Procurement Specialist, J Weaver, Senior Procurement Specialist, and N Burleigh, Senior Procurement Specialist (all Scotland Excel); E Currie, Senior Committee Services Officer and M Ball, Accountant (both Renfrewshire Council); and M Ferris, Senior Audit Manager and A Haar, Senior Auditor (both Audit Scotland).

DECLARATIONS OF INTEREST

Councillor McElroy declared a financial interest in item 6 of the agenda as he was an employee of the Kibble Education and Care Centre and indicated his intention to leave the meeting during consideration of the item and not to take part in any discussion or voting thereon.

Councillor Valentine declared a non-financial interest in item 7(b) of the agenda as Angus Council was a member of the Tayside and Central Scotland Transport Partnership and indicated that having considered the advice within the councillors' code of conduct, he was satisfied that it was in order for him to take part in consideration of and voting on this item.

1 REVENUE BUDGET MONITORING REPORT

There was submitted a joint revenue budget monitoring report by the Treasurer and the Director of Scotland Excel for the period 1 April 2016 to 6 January 2017.

DECIDED: That the report be noted.

2 ANNUAL AUDIT PLAN 2016/17

There was submitted a report by the Treasurer relative to the annual audit plan 2016/17 for Scotland Excel which outlined Audit Scotland's planned activities in their audit for the 2016/17 financial year.

DECIDED: That Audit Scotland's annual audit plan 2016/17 be noted.

3 CONTRACT FOR APPROVAL: BITUMEN AND ASSOCIATED PRODUCTS

There was submitted a report by the Director of Scotland Excel relative to the proposed renewal framework for bitumen and associated products which would operate from 1 March 2017 to 28 February 2019, with an option to extend for a further two 12-month periods.

The report intimated that the framework would provide Councils and participating bodies with a mechanism to procure a wide range of bitumen related products ranging from bulk bitumen through to reinstatement products, surface dressings and cementitious products and sundries.

The framework had been split into five lots as detailed in table 1 in the report. Appendix 1 to the report detailed the participation, spend and savings summary of the 24 Councils participating in the framework. It was noted that Tayside Contracts would also be participating in the framework.

The framework had been advertised at £48 million for the full four-year term and five tender responses had been received. 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 scores relative to 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 all five compliant suppliers across the five lots as detailed in Appendix 3 to the report.

It was proposed that upon renewal of a contract, details of community benefits provided by previous suppliers be included in future reports. This was agreed.

DECIDED:

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

(b) That upon renewal of a contract, details of community benefits for the previous framework would be provided.

4 CONTRACT FOR APPROVAL: ENGINEERING & TECHNICAL CONSULTANCY

There was submitted a report by the Director of Scotland Excel relative to the proposed renewal framework for engineering and technical consultancy which would operate from 18 March 2017 to 17 March 2021.

The report intimated that the framework would provide councils and participating bodies with a mechanism to procure a comprehensive range of engineering and technical consultancy services.

The framework had been split into seven lots as detailed in table 1 in the report. This lotting structure aligned with the various specialisms within the market and facilitated the participation of specialist small and medium-sized enterprise (SME) consultants in the procurement process and the SME status for each bidder was detailed in Appendix 2 to the report.

Appendix 1 to the report detailed the participation, spend and savings summary of the 30 Councils participating in the framework. In addition, NESTRANS and SPT, Scotland Excel associate members would also be participating in this framework.

The framework had been advertised at £17 million per annum and 61 tender responses had been received. Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the compliant offers received had been completed and Appendix 3 to the report detailed the scores relative to 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 was awarded to 27 suppliers across the seven 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.

5 **CONTRACT FOR APPROVAL: FOSTERING & CONTINUING CARE SERVICES**

There was submitted a report by the Director of Scotland Excel relative to the proposed framework for fostering services which would operate from 25 March 2017 to 24 March 2019, with an option to extend for a further two years up to 24 March 2021.

The report intimated that the framework would enable local authorities to purchase fostering placements from independent and voluntary providers as a supplement to their internal provision.

The structure of the new framework continued to set out a clearly specified core or 'standard' service, Service Option 1 – Standard Service, but now with the opportunity to purchase a range of "enhanced" or specialist services, Service Option 2 – Enhanced Services, offered by bidders, each with their own characteristics. It was anticipated that approximately 90% of spend would be on the 'standard' service.

The framework was open to all 32 Scottish local authorities and any integrated health and social care organisations taking on their legal responsibilities as a result of the Public Bodies (Joint Working) (Scotland) Act 2014. Glasgow City Council had its own separate purchasing arrangements and had confirmed that it would not purchase services under the national framework.

The report highlighted that fostering services were purchased on a case by case basis, making it difficult to estimate future expenditure. Extrapolating existing spend information, with estimates for expansion of the scope and market growth, the overall framework spend for four years was estimated at approximately £104 million. Appendix 1 to the report detailed the participation, spend and savings summary of the 32 councils participating in the framework.

Tender responses had been received from 15 organisations with 13 offers for Service Option 1 – Standard Service and 41 offers for Service Option 2 – Enhanced Services. Appendix 2 to the report detailed the SME status for each bidder.

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

One of the objectives of the framework was to give maximum choice of services and providers available to meet diversity of needs and with all bidders having or expected to achieve above average quality standards, it was recommended that participation on the framework agreement be awarded to all 15 bidders who submitted compliant bids 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.

DECLARATION OF INTEREST

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

6 **CONTRACT FOR APPROVAL: SECURE CARE**

There was submitted a report by the Director of Scotland Excel relative to the proposed renewal framework for secure care which would operate from 1 April 2017 to 31 March 2019, with an option to extend for a further 12-month period.

The report intimated that the Scottish Government was responsible for secure accommodation placements for sentenced children whilst local authorities were responsible for secure accommodation placements for children who had been remanded in custody and for children who were placed in secure accommodation for welfare reasons. Scotland Excel had again secured commitment from each of the 32 local authorities and the Scottish Government to participate in the current contract and Appendix 1 to the report detailed the participation, spend and cost impact summary of all participants.

Tender responses had been received by five providers as detailed in Appendix 2 to the report. One bidder did not meet the necessary minimum selection criteria and was not evaluated any further.

Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the complaint offers received had been completed and Appendix 3 to the report detailed the scores relative to each bidder.

Based on the evaluation undertaken and in line with the criteria and weightings detailed in the report it was recommended that the contracts be awarded to the four providers as detailed in Appendix 3 to the report.

It was proposed that details of the proposed fee increase for this contract be provided to members of the Executive Sub-committee. This was agreed.

DECIDED:

(a) That the contracts be awarded to the four providers as detailed in Appendix 3 to the report; and

(b) That details of the proposed fee increase for this contract be provided to members of the Executive Sub-committee.

SEDERUNT

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

DECLARATION OF INTEREST

Councillor Valentine having declared a non-financial interest in the following item of business remained in the meeting during its consideration.

7 REQUESTS FOR ASSOCIATE MEMBERSHIP OF SCOTLAND EXCEL

(a) GLASGOW PRESTWICK AIRPORT

There was submitted a report by the Director of Scotland Excel indicating that Glasgow Prestwick Airport had submitted an application to become an associate member of Scotland Excel.

DECIDED: That the application by Glasgow Prestwick Airport 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.

(b) TAYSIDE AND CENTRAL SCOTLAND TRANSPORT PARTNERSHIP

There was submitted a report by the Director of Scotland Excel indicating that Tayside and Central Scotland Transport Partnership had submitted an application to become an associate member of Scotland Excel.

DECIDED: That the application by Tayside and Central Scotland Transport Partnership 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.

8 UPDATE ON THE CONTRACT DELIVERY PLAN

There was submitted an update report by the Director of Scotland Excel relative to the progress of the 2016/17 contract delivery plan.

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

The report highlighted that contract delivery remained very active with nine contracts delivered so far and a further eight planned by March 2017. In addition, 13 contracts had been extended over the course of the year. The value of the portfolio was expected to grow to around £950 million by April 2017. The significant increase in the forecast value was due to the tender for the framework for Energy Efficiency Contractors being released to the market at a value of £200 million. The award recommendation was due to be presented in March and given the complexity of the tender, delivery at that time remained at risk. The remainder of the construction category continued to grow, with the first collaborative contract for playground equipment also due to delivery in March.

The operational contract portfolio had also shown growth and work was ongoing to develop the mobilisation plan for the supply of light vehicles through the collaborative partnership with Crown Commercial Services. Work continued to be undertaken in supporting contract management in care home services for older people, with 27 Councils supporting the work plan, and funding agreed for a further three years.

It was noted that overall, efficiencies delivered to date continued to be in line with the target set at 5%.

DECIDED: That the progress made to date be noted.

9 OPERATING PLAN UPDATE

There was submitted an update report by the Director of Scotland Excel relative to the projects and activities undertaken by the organisation in quarter 3 of the 2016/17 Operating Plan.

The Director advised that action point 1(c)-develop and implement a strategy and plan for improving supplier performance-remained as amber.

DECIDED: That the progress made be noted.

10 MEETINGS OF SCOTLAND EXCEL EXECUTIVE SUB-COMMITTEE IN MARCH 2017

There was submitted a report by the Clerk relative to a proposal to change the Scotland Excel Executive Sub-committee meeting schedule for March 2017.

The report intimated that at the meeting of the Executive Sub-committee held on 16 September 2016 it was agreed that the Executive Sub-committee would meet on 3 March 2017. Having considered the planned award dates for contracts during March 2017, it was now considered to be more suitable for the meeting in March to take place at the end of the month. It was therefore proposed to cancel the meeting scheduled for 3 March and instead hold a meeting of the Executive Sub-committee on 31 March 2017.

DECIDED:

(a) That it be agreed that the meeting of the Executive Sub-committee scheduled to be held at 10.45am on 3 March 2017 be cancelled; and

(b) That it be agreed that a meeting of the Executive Sub-committee be held at 10.45am on 31 March 2017 in Scotland Excel Meeting Room 1, Renfrewshire House.

Minute of Meeting Scotland Excel Executive Sub-Committee

Date	Time	Venue
Friday, 31 March 2017	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

Present

Councillors Shand (Aberdeenshire Council); Valentine (Angus Council); Macdonald (Comhairle Nan Eilean Siar); Craik (Fife Council); Fernie (Highland Council); Holmes (Renfrewshire Council); Westlake (Shetland Islands Council); and Provost Logan (South Lanarkshire Council).

Chair

Councillor Holmes, Convener, presided.

Apologies

Councillors Whyte (City of Edinburgh Council); Dykes (Dumfries and Galloway Council); McElroy (Glasgow City Council); and McLean (North Ayrshire Council).

In Attendance

J Welsh, Director, H Carr, Head of Strategic Procurement, L Marron, Senior Procurement Specialist, J Yeomans, Senior Procurement Specialist, J Baxter, Senior Procurement Specialist, and B Kyle, Consultant (all Scotland Excel); and E Currie, Senior Committee Services Officer, K Brown, Committee Services Officer and M Ball, Accountant (for item 1 only) (all Renfrewshire Council).

Declarations of Interest

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

1 Revenue Budget Monitoring Report

There was submitted a joint revenue budget monitoring report by the Treasurer and the Director of Scotland Excel for the period 1 April 2016 to 3 March 2017.

The report intimated that gross expenditure was £10,000 over budget and income was currently £83,000 over recovered resulting in a net underspend of £73,000.

DECIDED: That the report be noted.

Sederunt

Provost Logan entered the meeting during consideration of the following item of business.

2 Contract for Approval: Supply and Delivery of Education and Office Furniture

There was submitted a report by the Director of Scotland Excel relative to the award of a second generation framework agreement for the combined provision of education and office furniture which would be effective from 1 May 2017 until 29 February 2020, with an option to extend for a further period of one year until 28 February 2021.

The report intimated that the framework would provide councils and participating bodies with a mechanism to procure a wide range of furniture suitable for classrooms, pre-5 environments, dining rooms and flexible learning spaces. Furniture for use in office environments would also be available together with furniture suitable for meeting rooms and reception areas.

The framework had been divided into 11 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 Tayside Contracts, the Scottish Prison Service, Strathclyde Partnership for Transport and associate members of Scotland Excel would also be participating in the framework.

The forecast spend for the framework had increased to £9 million per annum and £36 million over the four-year term of the framework, including any extension period. Tender responses had been received from 26 suppliers. One supplier withdrew and another supplier had been unable to provide all of the required supporting documentation which rendered their offer non-compliant. Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the remaining 24 compliant offers had been completed and Appendix 3 to the report detailed the scores relative to each bidder.

Based on the evaluation undertaken and in line with the criteria and weightings detailed in the report it was recommended that the framework be awarded to 21 suppliers across the 11 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 Contract for Approval: Energy Efficiency Contractors

There was submitted an amended report by the Director of Scotland Excel relative to the award of Scotland Excel's first national collaborative framework for energy efficiency contractors which would operate from 1 May 2017 until 30 April 2019, with an option to extend up to 30 April 2021.

The report intimated that the framework would support councils to deliver on the responsibilities set out in the Energy Efficiency Standards for Social Housing (EESH) and the Home Energy Efficiency Programme for Scotland: Area Based Scheme (HEEPS: ABS). The framework had been developed to accommodate future potential schemes as well as allowing councils to utilise the framework, where appropriate, on non-domestic and public buildings. The framework also incorporated additional funding under the Energy Company Obligation (ECO), a UK wide scheme to help reduce carbon emissions and tackle fuel poverty by placing obligations on energy suppliers to implement targeted energy saving measures.

The framework had been split into three lots as detailed in table 1 in the report. Each lot had been divided into sub-lots for specific types of insulation and heating measures and this ensured that specialist contractors and small and medium enterprises could bid for measures suited to their particular skills and experience.

Appendix 1 to the report detailed the participation, spend and savings summary of the 29 councils participating in the framework. The contract spend had been estimated between £50 million and £200 million per annum across all three lots. This reflected the anticipated spend from the current HEEPS: ABS programme of £50 million combined with the potential investment required to comply with EESH. The maximum value of work that could be awarded under the framework was £800 million over the four-year term of the framework. Tender responses had been received from 49 organisations but several were deemed non-compliant as they failed to complete the required schedule of rates or technical method statements. Those deemed non-compliant had been advised that they would not be considered further.

Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the compliant offers received had been completed and Appendix 3 to the report detailed the scores relative to 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 31 suppliers across 13 sub-lots on a council-by-council basis 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.

Sederunt

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

4 Contract for Approval: Outdoor Play Equipment and Artificial Surfaces

There was submitted a report by the Director of Scotland Excel relative to the award of the first national collaborative framework for the design, supply, installation and inspection of outdoor play equipment and artificial surfaces which would operate from 1 May 2017 to 12 March 2019, with an option to extend to 12 March 2021.

The report intimated that the framework would provide councils and other participating bodies with a mechanism to procure a broad scope of works, services and supply arrangements for outdoor play equipment, safer surfaces, outdoor gym equipment, multi-use games areas, artificial surfaces and wheeled sports areas.

The framework had been divided into 10 lots as detailed in table 1 in 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 and Advanced Procurement for Universities and Colleges Excel would also be participating in the framework.

The forecast spend for the framework had increased to £9 million per annum and £36 million over the four-year term of the framework, including any extension period. Tender responses had been received from 36 suppliers. Two bidders failed to submit a qualification and master technical response and one bidder failed to submit a commercial response. As all three bidders were non-compliant they had been advised that they would not be considered further. Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the remaining 31 compliant offers had been completed and Appendix 3 to the report detailed the scores relative to each bidder.

Based on the evaluation undertaken and to secure best value, capacity and coverage it was recommended that the framework be awarded to 28 suppliers across the 10 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.

5 Contract for Approval: Supply and Delivery of Personal Protective Equipment

There was submitted a report by the Director of Scotland Excel relative to the award of a third generation framework for the supply and delivery of personal protective equipment which would operate from 1 May 2017 to 28 February 2021, with an option to extend for a further two 12-month periods.

The new framework would continue to provide councils and associate members with a mechanism to procure a wide range of personal protective equipment including workwear, footwear, safety wear and hi-visibility wear.

The framework had been divided into two lots as detailed in table 1 in 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 Tayside Contracts and NHS Scotland would also be participating in the framework.

The annual spend for participating councils was forecast at approximately £10 million per annum. Together with the NHS annual spend of approximately £600,000, the value over the term of the framework, including the two extension periods, had been estimated at £40 million. Tender responses had been received from 31 suppliers. One bidder subsequently withdrew their offer. One bidder submitted a non-compliant tender for one of the lots and another bidder failed to upload to PCS-T on time and neither of these bids had been accepted.

Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the complaint offers received had been completed and Appendix 3 to the report detailed the scores relative to each bidder.

Based on the evaluation undertaken and in line with the criteria and weightings detailed in the report it was recommended that a two-lot supplier framework agreement be awarded to the 21 compliant bidders 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(a) Request for Associate Membership of Scotland Excel: Blue Triangle Housing Association

There was submitted a report by the Director of Scotland Excel indicating that Blue Triangle Housing Association had submitted an application to become an associate member of Scotland Excel.

DECIDED: That the application by Blue Triangle Housing Association 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.

6(b) Request for Associate Membership of Scotland Excel: City Property Glasgow (Investments) LLP

There was submitted a report by the Director of Scotland Excel indicating that City Property Glasgow (Investments) LLP had submitted an application to become an associate member of Scotland Excel.

DECIDED: That the application by City Property Glasgow (Investments) LLP to become an associate member of Scotland Excel, with no annual fee, subject to completion and signing of the agreement document, be approved.

7 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 February 2017, the previous six and 12 months and provided information relating to the absence statistics and reasons.

DECIDED: That the report be noted.

8 Date of Next Meeting

DECIDED: That the next meeting of the Executive Sub-committee be held on 30 June 2017 in Glasgow City Chambers, George Square, Glasgow following the meeting of the Joint Committee being held that day at 10.45 am.

Valedictory

Councillor Holmes thanked members of the Executive Sub-committee and the staff of Scotland Excel and Renfrewshire Council for their contribution to the work of the Executive Sub-committee and for their assistance to him during his period as Convener.

Councillor Valentine thanked Councillor Holmes for his fairness in chairing meetings of the Executive Sub-committee during his period as Convener.

Scotland Excel

To: Joint Committee

On: 30 June 2017

**Report
by
Director Scotland Excel**

Elected Member Engagement Plan

1. Introduction

Scotland Excel is developing an engagement programme to help Joint Committee members stay informed about the work of Scotland Excel and key matters relating to public procurement throughout the year. The plan has been informed by the responses of previous Joint Committee members to our recent customer satisfaction survey.

This report provides members with a high level overview of the programme.

2. Pre Joint committee activities

Prior to the Joint committee meeting in June, we have undertaken a number of steps to support members:

- Scotland Excel has developed a briefing note on public procurement which will form part of the Improvement Service's Elected Members' Briefing Series, and will pursue other partnership opportunities with the Improvement Service (IS) for education materials and events which support Elected Members.
- A letter has been written to each council leader from the director of Scotland Excel.
- Once the joint committee member is known, a welcome letter has been sent requesting a meeting.
- Scotland Excel has developed an induction pack of key information which is available to all Joint Committee members in hard copy or electronic format.
- A number of meetings have been scheduled with members.

3. Ongoing activities

To support member engagement, a rolling annual programme of activities will be developed, updated and circulated to members on a regular basis. The programme will consist of a range of activities which our survey suggested would be of interest to members:

- A planned member induction event in September 2017 which would include organisational and procurement awareness.
- Further Meetings to be scheduled prior to and subsequent to the Joint Committee in June.
- Themed round table events
- Influencer dinners
- Invitations to Scotland Excel events
- Development & training opportunities
- Newsletters

4. Recommendation

The Joint Committee is asked to note the progress and plans to support member engagement.

Scotland Excel

To: Joint Committee

On: 30 June 2017

**Report by
Director Scotland Excel**




Operating Plan Update 2016-17

1. Purpose of the report

In June 2015, Scotland Excel's Joint Committee approved a new three year corporate strategy supported by a rolling annual operating plan. This report presents an update on our performance against operating plan activities and commitments during 2016-17.

2. Reporting methodology

Progress reports are produced quarterly to track Scotland Excel's performance against operating plan activities. The reports summarise the progress made against the key priorities identified each year, and use a 'traffic light' symbol to provide a quick guide to the status of each action:

	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 which follows provides an update on activities undertaken during the full financial year to 31 March 2017. The report also tracks performance against ten key performance indicators (KPIs) included within the operating plan.

3. Reporting schedule

Progress reports are produced at the end of each quarter and submitted to the Executive Sub-Committee at their next scheduled meeting. Half yearly and annual reports are also submitted to Joint Committee meetings.

4. Recommendation

The members of the Joint Committee are invited to note the progress made by Scotland Excel in delivering its corporate strategy during 2016-17.




Operating Plan



2016 – 2017



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 2 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"> Develop a contract delivery plan for joint committee approval in Dec 2016 Manage a flexible workforce model to resource contract delivery Develop a plan for delivering the adult supported living and care at home strategy Develop a proposal to secure ongoing funding to support older people's care home services Develop proposals for partnering with other procurement organisations as appropriate Hold biannual Commercial ULGs and interim steering group meetings Communicate strategies for all key category areas 		<ul style="list-style-type: none"> An update on the contract delivery plan was presented at December 2016 Joint Committee meeting. A new team was set up in Q4 to expand the portfolio through the development of 'small value' contracts which help reduce the workload of local authority procurement teams. The procurement workforce planning tool is being reviewed monthly, with resources reallocated as required to support the contract delivery plan. Following approval of Scottish Government funding, a high level work plan has been developed to deliver adult supported living and care at home strategies, and staff to resource the programme have been recruited. Funding has been secured from 28 councils/ Health and Social Care Partnerships to continue support for older people's care home services for the next three years. Work is underway to deliver the procurement of light and commercial vehicles through a partnership with Crown Commercial Services (CCS). The new arrangement begins in June 2017 and will be monitored closely to ensure it delivers the expected benefits. Commercial ULGs and interim steering groups took place throughout 2016-17. In Q4, the steering group met twice to agree the terms of reference and delivery plan for the small value contracts team. Eight category strategies have been published on the Scotland Excel website.




(b) Develop and implement a strategy and plan for the delivery of contract and supplier management	<ul style="list-style-type: none"> Implement a project to pilot the national CSM tool Develop a plan to roll out CSM across the portfolio Produce annual contract management reports for all contracts 		<ul style="list-style-type: none"> Following a successful pilot, Scotland Excel is adopting the contract and supplier management (CSM) tool which is available as part of the Scottish Government's national eCommerce portfolio. A plan to roll out the new CSM programme across the portfolio has been developed, and implementation will be completed during 2017-18. Annual contract management reports have been produced for all contracts, including a benchmark of savings against market indices and an updated risk matrix.
(c) Develop and implement a strategy and plan for improving supplier performance	<ul style="list-style-type: none"> Deliver an integrated programme of supplier development activity 		<ul style="list-style-type: none"> A supplier development programme will be rolled out in 2017-18 as part of the new CSM approach, with development activities tailored to the results of regular surveys undertaken as part of the CSM programme.
(d) Manage the rollout of a new national procurement capability assessment to the local government sector	<ul style="list-style-type: none"> Complete the rollout of the current PCIP programme Analyse and report on PCIP results Schedule PCIPs for members not participating in 2016 Work with partners to agree the way forward for PCIPs 		<ul style="list-style-type: none"> 16 Procurement & Commercial Improvement Programme (PCIP) assessments were completed by November 2016 during the first phase of rollout to the local government sector. The findings of the PCIP assessments were reported to the Joint Committee in December 2016, and are being used to inform the development of 2017-18 leading change and education programmes. A second phase of PCIP assessments with the remaining 16 councils began in March and will be completed by July 2017. It has been agreed that the national PCIP programme will be delivered on a two-year cycle. Local authorities will complete a second PCIP assessment by June 2019.
(e) Develop and implement a programme to lead and support the development of procurement and commercial capability	<ul style="list-style-type: none"> Agree and resource development requirements with sector stakeholders Develop and deliver a development programme to March 2017 Deliver an Annual Conference to support development in Q4 		<ul style="list-style-type: none"> Following a sector steering group meeting in May, it was agreed that each council would be offered three days of development support during 2016-17. 32 requests for development support were completed during 2016-17, and a further four will be completed by July 2017. A number of lessons have been learned in relation to project scoping and resourcing which will inform the new programme being developed for 2017-18. The Annual Conference took place at the Golden Jubilee Conference Hotel in Clydebank on 7-8 February 2017, and was attended by 69 local authority procurement delegates.

<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"> • Develop and implement a blended learning strategy • Finalise recommendations for delivering the social care commissioning PDA • Develop and implement plans for recruiting 2 interns and a modern apprentice during 2016-17 		<ul style="list-style-type: none"> • A new learning and development strategy was approved by the Joint Committee in December 2016. Blended learning is being delivered through the Scotland Excel Academy online platform, supported by face-to-face workshops. • Following consultation with stakeholders, the social care commissioning professional development award (PDA) was superseded by a new Leading and Managing Strategic Commissioning programme. A 12 month pilot programme was initiated with Inverclyde Council in October 2016, and will be rolled out in 2017-18. • In 2016-17, Scotland Excel recruited and developed two graduate interns in procurement and a Modern Apprentice in business services.
<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 • Incorporate additional shared service income into annual funding proposals 		<ul style="list-style-type: none"> • The development of a shared services strategy was deferred until 2017-18 to allow focus on several new shared service opportunities which were approved by the Joint Committee in December 2016. • Funding proposals for 2016-17 were approved by the Joint Committee in December 2016.

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 2 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 an action plan to ensure internal compliance with legislation Identify legislative areas to be incorporated within L & D plans for the sector Monitor risks/ opportunities arising from the Community Empowerment Act Develop a plan for engaging with IJBs/NSS Develop a plan for delivering waste category strategy recommendations 		<ul style="list-style-type: none"> An action plan to comply with new procurement legislation was developed. Activities have included an update to contract standing orders and the publication of the sustainable procurement strategy. The European Single Procurement Document (ESPD) was identified as the key legislative area requiring support. No major risks or opportunities have arisen from the Community Empowerment Act this year. Where service delivery or assets have transferred to community bodies, Scotland Excel has liaised with council procurement teams to manage any impact on the contract portfolio. Scotland Excel has continued to engage with Integrated Joint Board Chief Officers. A further update on the care home services for older people project was provided to the Chief Officers network in February. Scotland Excel has continued to work on contract renewals in line with the recommendations of the waste category strategy. A new organic waste contract is expected to be approved in June 2017.
(b) Ensure Scotland Excel's collaborative frameworks support local and national government policy priorities	<ul style="list-style-type: none"> Continue to support fair working practices and other policy areas Continue to support policy aspects of social care frameworks Continue to represent the sector at the CRDG and support the roll out of recommendations 		<ul style="list-style-type: none"> Fair working practices and other policy areas continue to be considered as part of the contract development process. Contract terms now require compliance with the Equality Act which prohibits unfair treatment and promotes a fairer and more equal society. New frameworks for fostering and secure care delivered in Q4 have incorporated the new National Care Standards and the requirement to provide continuing care for young people aged up to 21. Scotland Excel has been working with Construction Review Delivery Group partners to identify cross-sector opportunities for national construction frameworks, and will continue this activity in 2017-18.

<p>(c) Ensure Scotland Excel's collaborative frameworks support positive local economic outcomes</p>	<ul style="list-style-type: none"> • Continue to encourage local business participation through procurement processes, partnerships and events • Embed community benefits in procurement processes • Develop and implement a new reporting approach for community benefits • Consider opportunities for supported businesses and/or third sector in contract strategies 		<ul style="list-style-type: none"> • Scotland Excel has continued to support local business participation in procurement opportunities. In 2016-17, staff took part in eleven 'Meet the Buyer' and supplier development events across Scotland. • All frameworks delivered in 2016-17 include community benefits provision. Further opportunities to include council-specific commitments will be explored in 2017-18 to expand the delivery of benefits across Scotland. • A new community benefits reporting template for suppliers was developed in 2016-17. Scotland Excel is now able to report against community benefit classifications in line with statutory guidance, including the monetary value of benefits provided. • In 2016-17, Scotland Excel secured sub-contracting commitments for supported businesses, and contract awards were made to third sector organisations directly or through consortia.
<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 develop policies and programmes in support of a National Brokerage model • Continue to embed environmental considerations through procurement processes 		<ul style="list-style-type: none"> • Scotland Excel has continued to work with partners to support the Scottish Materials Brokerage Service Project, ensuring that the waste category strategy aligns with the Household Waste Recycling Charter Code of Practice which supports the recovery of value from waste. • Opportunities to minimise environmental impact have been considered as part of the development process for all contracts in 2016-17. Suppliers have committed to a range of initiatives including recycling, reuse and reducing carbon footprint.
<p>(e) Champion the development and dissemination of best practice in sustainable procurement</p>	<ul style="list-style-type: none"> • Publish Scotland Excel's sustainable procurement strategy • Deliver stakeholder support for new legislative duties through L & D plans • Continue to represent the sector within the Scottish Government's Best Practice working group • Develop and implement a consistent approach to horizon scanning 		<ul style="list-style-type: none"> • Scotland Excel's sustainable procurement strategy was approved by the Joint Committee in December 2016 and is available on the website. • Workshops to support the use of the ESPN were held for stakeholders in this year, and will continue in 2016-17 through the delivery of the learning and development strategy. • Scotland Excel has continued to represent the sector within the Scottish Government Best Practice Group. In 2016-17, the group developed guidance for new procurement legislation which has been incorporated into the Procurement Journey. • A programme of quarterly horizon scanning meetings for senior managers was implemented in 2016-17 to identify and discuss risks and opportunities arising from key events in the external environment.

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 2 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"> Implement phase 2 of account management improvements 		<ul style="list-style-type: none"> Service improvements and training implemented during 2016-17 have had a positive impact, with account management services scoring particularly highly in the recent customer satisfaction survey.
(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"> Publish a stakeholder engagement strategy Implement a survey and report on customer satisfaction Initiate a customer care forum to support ongoing improvements to customer service Develop a centralised contact data resource Develop a 'future digital' strategy including options for an online customer collaboration platform 		<ul style="list-style-type: none"> The stakeholder engagement strategy was not completed in 2016-17 due to resource constraints, and will now be published in 2017-18. Surveys were issued to c. 1,500 stakeholders in November including senior stakeholders, procurement officers and other local authority contacts. An initial analysis of responses indicates that satisfaction is generally very positive, and a report will be published early in 2017-18. The cross-functional customer care forum was not initiated during 2016-17 due to the delayed delivery of the stakeholder engagement strategy. The forum will now be implemented in 2017-18. A centralised list of c. 1,500 procurement and technical contacts has been created and updated regularly throughout the year. The new cloud-based ICT infrastructure to be implemented in 2017-18 will facilitate the ongoing management and maintenance of this data. Development of a 'future digital' strategy has been postponed until 2017-18 to align with the implementation of the cloud-based ICT infrastructure.


(c) Develop and implement a corporate communications strategy that enhances and protects Scotland Excel's corporate reputation	<ul style="list-style-type: none"> • Update the marketing and communications strategy and plan • Complete and launch the new Scotland Excel website • Continue to monitor and manage all communications risks arising from contracts/ business activities 		<ul style="list-style-type: none"> • The marketing and communications strategy was not completed in 2016-17 due to resource constraints and change of direction towards increased media and public affairs activity. A strategy will be developed in 2017-18, accompanied by rolling plans for marketing and communications campaigns. • The new Scotland Excel website was launched in June 2016 and scored very highly in the recent customer satisfaction survey. • Scotland Excel has continued to mitigate communication risks through appropriate handling of media enquiries in line with policy. 	<ul style="list-style-type: none"> • The marketing and communications strategy was not completed in 2016-17 due to resource constraints and change of direction towards increased media and public affairs activity. A strategy will be developed in 2017-18, accompanied by rolling plans for marketing and communications campaigns. • The new Scotland Excel website was launched in June 2016 and scored very highly in the recent customer satisfaction survey. • Scotland Excel has continued to mitigate communication risks through appropriate handling of media enquiries in line with policy.
(d) Develop and implement a model for associate members which delivers clear business and financial benefits to Scotland Excel and the membership base	<ul style="list-style-type: none"> • Review the associate member fee structure • Develop and implement an associate member strategy • Develop an associate membership offering for the social landlord sector 		<ul style="list-style-type: none"> • A new associate member fee structure has been developed with a focus on the key target of housing associations. This is being piloted with members and will be formalised in 2017-18. • An associate member strategy was approved by the Joint Committee in December 2016. New member recruitment will initially focus on housing associations alongside the new government-funded programme being implementing for this sector. • The membership offering for housing associations is being reviewed along with the processes/procedures which support member experience. This will be completed in 2017-18 and will include enhancements for all levels of associate membership. 	<ul style="list-style-type: none"> • An associate member strategy was approved by the Joint Committee in December 2016. New member recruitment will initially focus on housing associations alongside the new government-funded programme being implementing for this sector. • The membership offering for housing associations is being reviewed along with the processes/procedures which support member experience. This will be completed in 2017-18 and will include enhancements for all levels of associate membership.
(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	<ul style="list-style-type: none"> • Host and/or attend forums to gather sector views and share information • Represent the sector within the national public procurement programme • Continue to review engagement plans for Scotland Excel's wider stakeholder landscape 		<ul style="list-style-type: none"> • Scotland Excel has held and/or attended forums for sector stakeholders throughout 2016-17. These have included local authority steering groups for contract development, procurement capability, eCommerce and construction, and attendance at the Scottish Local Government Procurement Forum. • Scotland Excel has represented sector interests at national procurement/ commissioning meetings throughout 2016-17. These have included government forums for collaborative procurement, eCommerce, construction, best practice and professional development. • Scotland Excel has engaged with key stakeholders across a range of business areas during 2016-17. This will be formalised through the review of stakeholder engagement plans for each key partner following the completion of the stakeholder engagement strategy. 	<ul style="list-style-type: none"> • Scotland Excel has held and/or attended forums for sector stakeholders throughout 2016-17. These have included local authority steering groups for contract development, procurement capability, eCommerce and construction, and attendance at the Scottish Local Government Procurement Forum. • Scotland Excel has represented sector interests at national procurement/ commissioning meetings throughout 2016-17. These have included government forums for collaborative procurement, eCommerce, construction, best practice and professional development. • Scotland Excel has engaged with key stakeholders across a range of business areas during 2016-17. This will be formalised through the review of stakeholder engagement plans for each key partner following the completion of the stakeholder engagement strategy.




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 2 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"> Develop and implement an organisation wide rolling resource plan Develop a recruitment management strategy Review the careers microsite and develop proposals for improvement/replacement Develop plans to enhance employee performance management, training and development Develop proposals for a new staff intranet 		<ul style="list-style-type: none"> The resource planning format used for procurement teams was piloted for the customer and business services function during 2016-17. Due to the diverse nature of activities undertaken within this function, a different format is required, and will be implemented early in 2017-18. A successful recruitment campaign and event was delivered in February 2017 using a new proactive, multi-channel approach. Further works is required in 2017-18 to develop new processes which support the end-to-end recruitment process. The careers microsite has been refreshed with new branding, content and a registration facility for vacancy notifications. Further development will be considered in 2017-18 to support the recruitment process. A second phase of the organisational development project, initiated in November 2016, includes employee performance and development as part of its remit. The project will be completed during 2017-18. A new staff intranet was launched in December 2016 and will continue to be developed in 2017-18 in response to staff feedback.
(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 2016-17 transformation projects Develop a proposal for a spend data management and reporting tool 		<ul style="list-style-type: none"> Four projects were successfully closed in 2016-17. A second phase of organisational development was initiated and will be completed in 2017-18 along with the stakeholder engagement project. Proposals for data management and reporting have progressed during 2016-17. Discussions are ongoing with a potential partner for data gathering, cleansing and warehousing, and a pilot of data analysis tools was completed. A full solution will be implemented in 2017-18.

	<ul style="list-style-type: none"> • Develop a proposal to migrate the ICT infrastructure to a cloud environment • Establish a Policy Review Group to support ongoing procurement policy and process improvements • Continue to develop academic, business and professional partnerships to support innovation and best practice • Develop an action plan to respond to IIP assessment recommendations 		<ul style="list-style-type: none"> • Investigations in 2016-17 found that full migration to a cloud environment was not feasible in the short term due to cost. Scotland Excel is now working with Renfrewshire Council to implement a cloud-based infrastructure which will be completed in 2017-18. • Procurement policies and FAQ documents have continued to be reviewed throughout 2016-17 and are available for staff to download from the new intranet. • During 2016-17, Scotland Excel established collaborative partnerships with 7 Scottish business schools and 3 professional bodies to support the implementation of the learning and development strategy. • The recommendations of the Investors in People (IIP) report have been incorporated into phase 2 of the organisational development project which will be completed in 2017-18. A staff survey programme has been implemented to track the success of actions taken.
<p>(c) Ensure that Scotland Excel delivers its plans through effective governance, risk management and policies</p>	<ul style="list-style-type: none"> • Refresh CEOMG participation and remit • Continue to monitor and update the corporate risk management plan • Develop and implement a rolling plan for updating corporate policies • Produce quarterly performance management reports for governance meetings 		<ul style="list-style-type: none"> • The first meeting of the refreshed Chief Executive Officers Management Group (CEOMG) took place in November 2016. The group now meets quarterly and has a new remit to provide strategic advice and direction for the organisation. • Scotland Excel's risk management plan has continued to be reviewed and updated by senior managers on a monthly basis. The register is presented at each Joint Committee meeting for review. • HR and corporate policies were reviewed and updated in 2016-17, and are available for staff to download from the new intranet. A rolling plan for future reviews will take effect from 2017-18. • A performance management reporting process was established in 2016-17 and quarterly reports have been issued throughout the year.
<p>(d) Develop and implement a strategy for gathering, analysing and distributing business intelligence within Scotland Excel and across the sector</p>	<ul style="list-style-type: none"> • Embed data management processes developed as part of the business intelligence project • Agree feasibility of offering external services in response to the findings of the business intelligence project 		<ul style="list-style-type: none"> • Scotland Excel's management information (MI) tracker and checklist, developed as part of the business intelligence project, was embedded as standard practice during 2016-17. • Following consultation with stakeholders in 2016-17, agreement was reached that there was no opportunity to extend business intelligence services to the sector at this time.

<p>(e) Develop and implement a clear, transparent and sustainable funding and delivery model for Scotland Excel</p>	<ul style="list-style-type: none"> • Develop and agree 2017-18 funding proposals at the Dec joint committee • Develop proposals for a flexible associate/partnership resourcing model • Continue to explore options for funding models which support sustainability and growth over the longer term 		<ul style="list-style-type: none"> • Funding proposals for 2017-18 were approved at the Joint Committee meeting in December 2016. • Proposals for a flexible associate/partnership model to resource business requirements were developed in 2016-17 and will be implemented during 2017-18. • Funding for the coming financial year includes additional resources for new and existing services from rebates, associate member income and partner projects. Proposals for longer term funding options will be developed in 2017-18 to support a new five year corporate strategy.
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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"> 26 contracts delivered, renewed or extended against 26 targeted £749m portfolio value against £770m target
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 4.4% against a rolling 5% target (2015-18) £4.41m estimated saving in the last recorded quarter (Jan-Mar 2017)
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"> 16 assessments completed against 16 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"> 390 Scottish suppliers of which 77.2% 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"> 203 jobs 168 apprenticeships 28 work placements 58,105 hours work experience 3,321 hours volunteering/mentoring £153k 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"> 7,380 visitors in Q4 16,950 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"> 47 media items against 25 targeted
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"> £56.5k income against a £30k 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"> 8.9% annual staff turnover 56 permanent staff

Report issued: June 2017

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: 30 June 2017

Report
by
Director Scotland Excel

Operating Plan 2017-18

1. Purpose of the report

In June 2015, Scotland Excel's Joint Committee approved a new three year strategy and rolling annual operating plan. The plan is reviewed and updated each year to ensure that it remains closely aligned with strategy, and to respond to any changes in the external environment. This report presents the updated operating plan which will guide the projects and activities undertaken by the organisation in 2016-17.

2. Planning methodology

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



The operating plan is used to set annual priorities from which detailed performance objectives are cascaded to the all staff through Scotland Excel's Performance Review and Development (PRD) programme.

3. Monitoring and reporting

Reports summarising the progress made against operating plan priorities are produced at the end of each quarter and submitted to the Executive Sub-Committee at the next scheduled meeting. Half yearly and annual reports will also be submitted to Joint Committee meetings.

4. Recommendation

The members of the Joint Committee are invited to note and approve the updated operating plan for 2017-18.



Operating Plan

01 April 2017 – 31 March 2018

Introduction

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

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

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

Our vision is to be the shared service partner of choice for the local government sector by ensuring that everything we do delivers value to our customers and their communities. The strategy map on page 5 provides an overview of our business goals and strategic objectives, and the full strategy document is available to download from our website.

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

This is the third and final iteration of the plan which reflects the progress that has been made over the past two years and responds to changes in our external environment. Our progress reports for 2015-16 and 2016-17 provide information on the activities undertaken to date, and can be used to track the evolution of the operating plan.

We also use these annual reviews to assess what we have achieved in relation to the eight outcomes identified in the strategy map. An assessment for 2017-18 can be found on page 6.

A new five year corporate strategy will be developed later this year to inform the organisation's activities until 2022. Rolling annual operating plans will continue to be published from 2018 to support the new strategy.

Strategy Map

Vision

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

Mission

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

Values

Professional • Courageous • Respectful • Integrity

Outcomes

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

Goals

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

During 2016-17, our activities achieved the following outcomes.

<p>Our services support the effective and efficient delivery of public services</p> <ul style="list-style-type: none"> • New contracts delivered for demolition, energy efficiency contractors and outdoor play equipment • Funding secured to develop procurement solutions for care homes for older people, adult supported living and care at home • Support provided to SEEMis for the procurement of a new national education management information system 	<p>Our expertise supports continuous improvement in procurement performance</p> <ul style="list-style-type: none"> • 'Scotland Excel Academy' launched to provide flexible, multi-disciplined learning for local authority procurement practitioners • 49 projects, workshops and assessments delivered to councils to support procurement performance • Funding secured to develop and deliver a programme to support procurement capability within the housing sector
<p>Our services support the implementation of national and local policy priorities</p> <ul style="list-style-type: none"> • New fostering services contract includes provision for continuing care places for young people aged up to 21 years • New contract for energy efficiency contractors will help councils and housing associations reduce fuel poverty • New outdoor play equipment contract supports the delivery of the national Play Strategy for Scotland 	<p>Our services help to deliver positive and sustainable outcomes for communities and service users</p> <ul style="list-style-type: none"> • Community benefits delivered 53 jobs, 18 apprenticeships, 17 work placements and 7,852 hours of work experience • £535m spend on current contract portfolio with Scottish-based suppliers, of which 73% is with SMEs • New domestic furniture contract includes opportunities for third sector organisations and supported business
<p>Our customers receive relevant communication and support</p> <ul style="list-style-type: none"> • New website launched with additional functionality developed in response to customer feedback • Annual development event held for 69 local authority procurement delegates in February 2017 • New infographic report provides key procurement statistics for each local authority area 	<p>Our reputation demonstrates the value of collaboration</p> <ul style="list-style-type: none"> • 62 print and online news stories generated by Scotland Excel and a further 44 generated with partners • Scotland Excel staff invited to speak at 22 events and conferences • 80 delegates attended a Scotland Excel event in March 2017 promoting careers in public sector procurement
<p>Our people, policies, processes and technology optimise our value</p> <ul style="list-style-type: none"> • New contract and supplier management programme developed to increase efficiency and improve reporting • Plans for a cloud-based ICT infrastructure initiated to increase business agility and efficiency • New small value contracts team established to release capacity within council procurement teams 	<p>Our customers are satisfied with our services and achieve a measurable return on their investment</p> <ul style="list-style-type: none"> • Estimated savings of £16.1m achieved, representing a return of c. £5 for every £1 invested in Scotland Excel • £762K of funding secured from Scottish Government to expand collaborative services for new and existing customers • 82% of stakeholders reported 'good' or 'very good' overall satisfaction in our customer satisfaction survey

Priorities for 2017-18

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

<p>Goa1 1: Supporting the delivery of better and more effective public services</p> <ul style="list-style-type: none"> • Develop and deliver new 'small value' and renewal contracts • Complete the roll out of a new approach to Contract and Supplier Management (CSM) • Deliver an integrated programme of supplier development activity including the Supplier Excellence Awards in February 2018 • Complete the first cycle of national Procurement and Commercial Improvement Programme (PCIP) assessments • Deliver a procurement capability programme aligned to PCIP results and sector development needs • Continue to develop the 'Scotland Excel Academy' to meet sector training and education needs • Develop and deliver a programme of procurement services for housing associations • Continue to encourage and support new entrants to public procurement • Investigate further shared service offerings which provide efficiencies and benefits for members 	<p>Goa1 2: Being sustainable in everything we do</p> <ul style="list-style-type: none"> • Publish an annual procurement report in line with procurement legislation • Develop and implement a procurement strategy for care home services for older people. • Research the care at home and adult supported living sectors and make recommendations for future commissioning • Provide procurement support for the Scottish Local Government Digital Transformation programme • Develop a proposal for the procurement of childcare and early learning services • Continue to support national and local policy initiatives through procurement • Continue to identify and implement procurement opportunities for the third sector and supported businesses • Continue to develop and enhance community benefits and local economic impact reporting • Continue to support councils with sustainable procurement duties and best practice
<p>Goa1 3: Placing customers at the heart of our business</p> <ul style="list-style-type: none"> • Continue to enhance and deliver account management services for local authorities • Embed the stakeholder engagement strategy and deliver continuous improvement in customer service • Develop a digital strategy to underpin the future development of online customer service and information resources • Develop and implement a rolling communications plan to raise the profile of Scotland Excel in the media and among key stakeholders • Continue to implement Scotland Excel's strategy for the recruitment and retention of associate members • Continue to develop and strengthen relationships with external stakeholders 	<p>Goa1 4: Becoming the partner of choice for delivering shared services</p> <ul style="list-style-type: none"> • Deliver an organisational development strategy to support staff recruitment, retention, performance and engagement • Complete Scotland Excel's migration to a cloud-based ICT infrastructure • Continue to review governance arrangements to create a robust framework for delivering the organisation's activities • Continue to implement plans for improving data management and business intelligence • Develop a new five year corporate strategy for 2018-22 to support the future growth of Scotland Excel • Explore funding and/or income generation opportunities to ensure the long term sustainability of the organisation

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	Commitment
(a) Develop and implement a contract plan aligned to the strategic priorities of member authorities	<ul style="list-style-type: none"> • Deliver a rolling schedule of new contract opportunities identified and agreed with local authority stakeholders • Ensure renewed contracts continue to focus on current strategic priorities • Develop and implement a procurement strategy for care home services for older people • Research the care at home and adult supported living sectors across Scotland and make recommendations for future commissioning • Provide ICT procurement services for the local government Digital Office to support the implementation of digital technologies within local authorities • Continue to explore new approaches to funding and resourcing procurement opportunities including chargeable services, partnership working and portfolio restructuring • Continue to operate a flexible workforce model to support the effective implementation of the contract delivery plan
(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 Scotland Excel's new contract and supplier management(CSM) programme across the contract portfolio • Continue to produce annual contract management reports for all contracts to support continuous improvement
(c) Develop and implement a strategy and plan for improving supplier performance	<ul style="list-style-type: none"> • Deliver an integrated programme of supplier development activity as part of Scotland Excel's CSM model • Develop and implement plans for the second Scotland Excel Supplier Excellence Awards in February 2018 • Identify and work with key suppliers within each category to explore the potential for developing long term partnerships which add value to the solutions they provide to councils

(d) Manage the rollout of a new national procurement capability assessment to the local government sector	<ul style="list-style-type: none"> • Complete the first cycle of Procurement and Commercial Capability (PCIP) assessments for remaining local authorities by July 2017 • Continue to work with national procurement partners to implement a rolling two-year cycle of PCIP assessments
(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 programme of procurement capability and change services for local authority procurement practitioners, based on PCIP results and council needs • Deliver an annual conference for local authority procurement practitioners which supports change and capability within the sector in February 2018 • Develop and deliver a programme for the housing sector including procurement capability assessments, change management support, advice on collaborative contracts and community benefits, and additional chargeable services
(f) Develop and implement a 'procurement academy' to support professional capability and encourage new entrants to public procurement	<ul style="list-style-type: none"> • Continue to develop and deliver the 'Scotland Excel Academy' as a flexible education programme which meets current and future sector training needs, partnering with educational and professional institutes to deliver training, qualifications and continuing professional development (CPD) • Continue to develop and deliver the 'Scotland Excel Academy' online learning resource in support of blended and distance learning models • Continue to encourage and support new entrants to public procurement, including graduate trainees, interns and modern apprentices
(g) Develop and implement a shared service offering for councils which meets their requirements in a changing public sector landscape	<ul style="list-style-type: none"> • Develop and implement a strategy for further shared services, aligned to customer needs, ensuring that each new service has a clear value proposition and can be delivered effectively and sustainably by Scotland Excel • Monitor the investment of new streams of funding arising from the additional services being delivered in 2017-18

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	Commitment
(a) Develop and implement strategies for responding to procurement and/or public sector legislation	<ul style="list-style-type: none"> • Publish an annual report on procurement activity in line with the requirements of the Procurement Reform (Scotland) Act 2014 • Assess the impact of the new General Data Protection Regulation (GDPR) in relation to Scotland Excel's business policies and processes and develop a plan to ensure compliance • Continue to monitor risks and/or opportunities arising from the local planning aspects of the Community Empowerment (Scotland) Act 2015 • Continue to engage with Chief Officers of Integration Joint Boards (IJBs) to secure social care procurement opportunities arising from the Public Bodies (Joint Working) Act 2014 • Develop a proposal to support councils with the procurement of early learning and childcare provision to meet increased obligations under the Children and Young People (Scotland) Act 2014 • Continue to implement Scotland Excel's waste category strategy to support councils with duties arising from the Waste (Scotland) Regulations 2012
(b) Ensure Scotland Excel's collaborative frameworks support local and national government policy priorities	<ul style="list-style-type: none"> • Continue to consider workforce matters in collaborative tenders, monitoring and reporting on supplier Living Wage commitments • Continue to consider other policy areas that can be supported through collaborative tenders, (e.g. ethical sourcing, health and nutrition, organic and local produce) • Continue to develop social care frameworks around national outcomes, (e.g. GIRFEC, Keys to Life) • Continue to support the roll out of recommendations arising from the Construction Review including cross-sector engagement to support national construction contract development activity

<p>(c) Ensure Scotland Excel's collaborative frameworks support positive local economic outcomes</p>	<ul style="list-style-type: none"> • Continue to support participation by local companies in collaborative tenders, providing regular reports to councils on the economic impact delivered for their area • Continue to incorporate community benefits in collaborative tenders to support employment, training and social inclusion at a local level • Continue to develop Scotland Excel's community benefits tracking system and provide regular reports to local authorities on the impact in their local area • Continue to identify opportunities for the third sector and supported businesses through contract participation and supply chain initiatives • Champion and facilitate local opportunities for supported businesses in partnership with local authorities and other stakeholders
<p>(d) Ensure Scotland Excel's collaborative frameworks support local government environmental duties and policies</p>	<ul style="list-style-type: none"> • Continue to support local authorities with their obligations to collect, handle, treat and recover value from waste • Continue to assess and mitigate the environmental impact of collaborative contracts
<p>(e) Champion the development and dissemination of best practice in sustainable procurement</p>	<ul style="list-style-type: none"> • Continue to implement Scotland Excel's sustainable procurement strategy to guide and support all aspects of sustainable procurement • Continue to support local authorities with meeting their sustainability duties, working with partners to develop, deliver and promote tools and guidance which support good practice • Continue to monitor, review and report on macro-environmental factors affecting public procurement, sharing intelligence and guidance with local authorities

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	Commitment
(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 deliver a rolling programme of account management meetings, information and services in line with plans agreed and reviewed annually with each local authority Gather, analyse and report on customer intelligence to support Scotland Excel's business decisions and ensure services remain in line with customer requirements
(b) Develop and implement a stakeholder engagement strategy that support the delivery of first class customer experience across all of our services	<ul style="list-style-type: none"> Implement an internal customer care forum to respond to the findings of the customer satisfaction survey, develop customer service principles and lead the delivery of continuous customer service improvements Develop a strategy for future digital developments including options for a web content management system, an online customer collaboration platform, and a customer relationship management system Monitor and manage customer complaints, including regular analysis of data to identify common issues and eliminate root causes of dissatisfaction
(c) Develop and implement a corporate communications strategy that enhances and protects Scotland Excel's corporate reputation	<ul style="list-style-type: none"> Develop and deliver a rolling communications plan to raise Scotland Excel's profile including corporate communications, public affairs, media and stakeholder engagement Continue to deliver a rolling programme of campaigns, events and activities which market Scotland Excel's services and promote the impact of our work to stakeholders Maintain Scotland Excel's website as the primary source of accurate and up-to-date corporate news and information Continue to identify, monitor and manage all communications risks arising from Scotland Excel's collaborative contracts and/or other business activities

<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 implement Scotland Excel's associate member strategy to support targeted member recruitment, transparent pricing, and the delivery of value and efficient service to all members
<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 local authority forums to share information, reach consensus on sector views and secure a mandate to lead/influence on behalf of the sector where appropriate • Continue to represent and champion the views and requirements of the sector within the Public Procurement Reform Programme, and strengthen positive working partnerships with other Centres of Procurement Expertise • Continue to develop and maintain relationships with key national/local bodies or groups that can influence public policy, (e.g. COSLA, Improvement Service, Scottish Care, CCPS, FSB, Chambers of Commerce) • Continue to develop relationships and build influence with key partners and representative bodies for public service areas supported by collaborative procurement, (e.g. SFT, SCOTS, Social Work Scotland, Zero Waste Scotland)

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	Commitment
(a) Develop and implement a strategy to support staff recruitment, retention, development, performance and engagement	<ul style="list-style-type: none"> Continue to implement rolling workforce forecasts and plans to ensure that Scotland Excel always has the right mix of people and skills to deliver its corporate strategy and operational plans Continue to develop and implement a recruitment management strategy, including the implementation of a new careers microsite and effective candidate management processes Continue to develop and implement an employee performance management policy and process which ensures that all job descriptions, competencies and behaviours are clearly aligned with Scotland Excel's vision, mission, values and plans Continue to implement employee development plans which are clearly aligned to identified corporate and personal training needs, offer a route to career progression, support staff retention and ensure effective succession planning Develop and implement an employee engagement and reward strategy to support staff motivation, retention, communication and wellbeing
(b) Develop and implement programmes to support the continuous improvement of business performance, systems and processes	<ul style="list-style-type: none"> Review and manage Scotland Excel's transformation programme to ensure it continues to support the delivery of the 2015-18 corporate strategy and operational plans Continue to implement a programme of ICT and systems development to support the delivery of business activities identified in the 2015-18 corporate strategy and operational plans Continue to establish a cloud-based ICT infrastructure to support organisational flexibility and growth, and provide efficient and effective ICT support for all technologies used within Scotland Excel Continue to implement a rolling plan for reviewing and evaluating key business processes Retain Investors in People (iIP), Chartered Institute of Procurement and Supply (CIPS) and Chartered Management Institute Approved Centre accreditation, and seek accreditation for other business areas as appropriate

<p>(c) Ensure that Scotland Excel delivers its plans through effective governance, risk management and policies</p>	<ul style="list-style-type: none"> • Continue to review and update Scotland Excel's governance model to ensure that it provides the optimum level of oversight of the organisation's performance and business activities • Continue to review and report on identified corporate and contract risks in line with Scotland Excel's risk management methodology and plan • Continue to implement a rolling review of Scotland Excel's corporate policies to ensure they provide an appropriate and supportive framework for business activities and performance
<p>(d) Develop and implement a strategy for gathering, analysing and distributing business intelligence within Scotland Excel and across the sector</p>	<ul style="list-style-type: none"> • Expand the use of data analytics tools to improve access to management information and reporting across the organisation • Explore options for using data analytics tools to provide data dashboards for each local authority
<p>(e) Develop and implement a clear, transparent and sustainable funding and delivery model for Scotland Excel</p>	<ul style="list-style-type: none"> • Develop a new five year corporate strategy to support the future development of growth of Scotland Excel in line with member requirements and priorities • Continue to explore all available funding and/or income generation opportunities to ensure the long term sustainability of the organisation and delivery of the 2018-22 corporate strategy • Continue to review Scotland Excel's business delivery model, ensuring that all fixed and operational costs return optimal efficiency and value for money

Measuring performance

A set of ten key performance indicators (KPIs) will be monitored during 2017-18 to assess our performance in delivering against the outcomes supported by our corporate strategy. These are listed below and aligned to the most relevant outcome, and updates will be reported quarterly. Actions identified from our operating plan which do not have a quantifiable KPI measure will also be reported on a quarterly basis.

Key performance indicators	Link to outcomes
No. & value of contracts delivered v plan	<ul style="list-style-type: none"> • Our services support the effective and efficient delivery of public services
Percentage & value of savings v target ¹	<ul style="list-style-type: none"> • Our customers are satisfied with our services and achieve a measurable return on their investment
No. of PCIP assessments completed v schedule	<ul style="list-style-type: none"> • Our expertise supports continuous improvement in procurement performance
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
No. of community benefits realised	<ul style="list-style-type: none"> • Our services support the implementation of national and local policy priorities
Customer satisfaction statistics & trends	<ul style="list-style-type: none"> • Our customers are satisfied with our services and achieve a measurable return on their investment
Website usage statistics & trends	<ul style="list-style-type: none"> • Our customers receive relevant communication and support
Media coverage v target	<ul style="list-style-type: none"> • Our reputation demonstrates the value of collaboration
Income from associate members v target	<ul style="list-style-type: none"> • Our reputation demonstrates the value of collaboration
Staff turnover v headcount	<ul style="list-style-type: none"> • Our people, policies, processes and technology optimise our value

¹ Excluding social care

Scotland Excel

To: Joint Committee

On: 30 June 2017

Report by The Treasurer

Scotland Excel Unaudited Annual Accounts 2016-17

1. Summary

- 1.1. The attached Annual Accounts for the year ended 31 March 2017 have been completed and forwarded to Audit Scotland for audit.
- 1.2. The Accounts show a deficit for the year of £97,552 against a budgeted deficit of £199,510. 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 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 2016/17

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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. £950m contract portfolio supports the delivery of social care, construction, roads, transport, environment, corporate, education and ICT services. Our contracts achieve annual savings of c. £16m, 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 2016-17 operating plan year end report, which measures performance against the business plan for the current year, can be found at the link below.

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<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 deficit of £97,552 for the financial year 2016/17, compared to a budgeted deficit of £199,510; returning an underspend of £101,958. In line with the agreed business plan, the deficit incurred was funded from reserves.

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 (£119,000) and accrued employee benefits, (£14,438).

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 (£79,000).

	Budget £	Actual £	Variance £
Employee Costs	2,927,110	3,053,666	(126,556)
Property Costs	176,500	177,099	(599)
Supplies and Services	210,500	119,395	91,105
Contractors & Others	65,000	132,835	(67,835)
Administrative Costs	315,600	363,541	(47,941)
Payments to Other Bodies	19,000	64,159	(45,159)
Total Expenditure	3,713,710	3,910,695	(196,985)
Requisition Income	(3,484,200)	(3,484,200)	-
Other Income	(30,000)	(328,943)	298,943
Total Income	(3,514,200)	(3,813,143)	298,943
(Surplus)/Deficit for Year	199,510	97,552	101,958

The overspend in Employee Costs is primarily related to costs associated with the delivery of the National Care Home Contract and is fully offset by additional income.

The underspend within Supplies and Services relates to the IT budget. The Scotland Excel planned IT migration plan has, following discussion with Renfrewshire IT staff, been revised. As a result of changes planned by Renfrewshire to their infrastructure it would have been inappropriate to proceed on the basis that had been planned when, working in conjunction with Renfrewshire Council, there is the opportunity to be part of their migration to a cloud environment. There will now be a requirement to defer the previously agreed draw down of reserves to 2017 / 18 for the changes in the IT infrastructure. This was previously reported to the February 2017 Executive Sub Committee.

The Contractors and Others overspend relates to consultancy expenditure in relation to the National Care Home Contract which is fully offset by additional income.

The overspend within Administration Costs relates to the legal costs associated with a challenge to a framework award. At present there is no indication of the settlement that will be recovered in relation to the expenses incurred.

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

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The over recovery of Other Income relates to the Training Costs discussed above, additional full year Associate Member Fees and the income received in relation to the National Care Home Contract.

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 £385,384.

The balance on revenue reserves is made up as follows:

General Revenue Reserve	£367,928
National Care Home Ring-fenced Reserve *	£17,456
Balance at 31 March 2017	<u>£385,384</u>

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

Provisions, Contingencies and Write-offs

The Joint Committee has included a contingent asset (see note 16) within the accounts.

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 15. The appointed actuaries have confirmed a net deficit position of £4.673 million, a deterioration of £2.478 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 together with planned increases in employers' contributions provide sufficient security and income to meet future pension liabilities.

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 2017-18 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

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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 2017/18 requisition remain at 2016/17 levels but the Joint Committee will continue to pursue efficiencies and cost reductions.

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 2017.

Alan Russell CPFA

Treasurer
30 June 2017

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,
- 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

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.

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

From 1 September 2014, the date of the appointment of the new Director, the Director's salary was revised to match the Renfrewshire Council Chief Officer pay scale CO21.

2015/16	Senior Employees		2016/17		
Total	Name	Post Held	Salary, fees and allowances (i)	Expenses allowance chargeable to UK income tax	Total
£			£	£	£
96,589	Julie Welsh	Director	100,172	-	100,172
74,765	Hugh Carr	Head of Strategic Procurement	75,307	-	75,307
61,178	Stephen Brannagan	Head of Customer & Business Services (from 25/05/15)	73,242	-	73,242
232,532	Total		248,721	-	248,721

(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 2017, 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.

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2015/16	Member contribution rates on earnings in the bands below	2016/17
Up to £20,500	5.5%	Up to £20,500
£20,501 to £25,000	7.25%	£20,501 to £25,000
£25,001 to £34,400	8.5%	£25,001 to £34,400
£34,401 to £45,800	9.5%	£34,401 to £45,800
Over £45,801	12%	Over £45,801

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 2017		Change in accrued pension benefits since 31 March 2016		Pension contributions made by Scotland Excel during 2016-2017
Name	Post Held	Pension	Lump Sum	Pension	Lump Sum	(i)
		£m	£m	£m	£m	£
Julie Welsh	Director	0.015	0.002	+0.003	+0.000	19,333
Hugh Carr	Head of Strategic Procurement	0.008	0.000	+0.001	+0.000	14,534
Stephen Brannigan	Head of Customer & Business Services (from 25/05/15)	0.000	0.000	(*) +0.000	+0.000	14,136
Total		0.023	0.002	+0.004	+0.000	48,003

(*) pension figure for 2015-16 has been restated due to having less than 2 year's membership

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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 2016/17, in bands of £5,000.

2015/16 Number of employees	Remuneration Band	2016/17 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	1
-	£80,000 - £84,999	-
-	£85,000 - £89,999	-
-	£90,000 - £94,999	-
1	£95,000 - £99,999	-
-	£100,000 - £104,999	1
<hr/> 3		<hr/> 3

5. Exit packages

Scotland Excel agreed no exit packages in 2016-17.

Independent Auditor's Report

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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 2017 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 2017

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 2015 carried forward		-	(3,460,000)	(63,220)	(3,523,220)
<i>Movement in reserves during 2015-16</i>					
Total comprehensive income and expenditure		(561,881)	1,579,000	-	1,017,119
Adjustments between accounting basis and funding basis under regulations	6a & 6b	311,250	(314,000)	2,750	0
Transfer from Creditors	6a	733,567			733,567
Net increase or (decrease) before transfers to other statutory reserves		482,936	1,265,000	2,750	1,750,686
Transfers to or (from) other statutory reserves		-	-	-	-
Transfer to creditors	12	(482,936)	-	-	(482,936)
Increase or (decrease) in 2015-16		-	1,265,000	2,750	1,267,750
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 under regulations	6a & 6b	212,438	(198,000)	(14,438)	-
Transfer from Creditors	6a	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	12	(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)

Comprehensive Income and Expenditure Statement for the year ended 31 March 2017

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**.

2015/16			2016/17	
£		Note	£	
3,007,406	Employee Costs		3,187,104	
178,250	Property Costs		177,100	
139,516	Supplies & Services		119,395	
113,796	Contractors		132,835	
340,661	Administration Costs		363,541	
68,264	Payments to Other Bodies		64,159	
3,847,893	Cost of Services		4,044,134	
(209,958)	Sales, Fees & Charges		(324,424)	
108,163	Financing & Investment Income and Expenditure	8	74,481	
(3,184,217)	Requisitions from Members Authorities	13	(3,484,200)	
561,881	(Surplus) or deficit on the provision of services		309,990	
(1,579,000)	Actuarial (Gains) or losses on pension assets and liabilities	15a	2,280,000	
(1,579,000)	Other Comprehensive Income & Expenditure		2,280,000	
(1,017,119)	Total Comprehensive Income & Expenditure		2,589,990	

Expenditure Funding Analysis for the year ended 31 March 2017

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.

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

2015/16	(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 2016	(254,869)			(254,869)
Approved draw on reserves	505,500			505,500
Employee Statutory Adjustment		(2,750)		(2,750)
Pension Cost			200,000	200,000
Pension Interest			114,000	114,000
(Surplus) or deficit on the provision of service				561,881

Balance Sheet as at 31 March 2017

The **balance sheet** shows the value as at 31 March 2017 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.

31st March 2016 £		Note	31st March 2017 £
	<u>Current Assets</u>		
658,283	Funds held by Renfrewshire Council		620,120
21,887	Debtors and Prepayments	10	19,891
150	Cash in Hand		150
680,320			640,161
	<u>less Current Liabilities</u>		
(740,790)	Creditors And Accruals	11	(715,069)
(60,470)	Net Assets Excluding Pension (Liability)/Asset		(74,908)
	<u>Long Term Liabilities</u>		
(2,195,000)	Pension (liability)/Asset	15c	(4,673,000)
(2,255,470)	Net (Liabilities)/Asset Including Pension		(4,747,908)
	<u>Represented by:</u>		
	Usable Reserves - Revenue		
482,936	Balance due to Scottish Government and related parties		385,384
(482,936)	Transfer to Creditors	12	(385,384)
	Unusable Reserves		
(60,470)	Employee Statutory Adjustment Account	6c	(74,908)
(2,195,000)	Pension Reserve	6b	(4,673,000)
(2,255,470)			(4,747,908)

The unaudited accounts were issued on the 30 June 2017. Balance Sheet signed by:

Alan Russell CPFA
Treasurer
30 June 2017

Cash flow Statement for the year ended 31 March 2017

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.

2015/16		2016/17
£		£
	Operating Activities	
	Cash Inflows	
(3,401,539)	Sale of goods and rendering of services	(3,793,803)
-	Grants	(52,750)
(5,837)	Interest received	(4,519)
(3,407,376)	Cash inflows generated from operating activities	(3,851,072)
	Cash Outflows	
2,444,429	Cash paid to and on behalf of employees	2,563,936
848,190	Cash paid to suppliers of goods and services	871,764
414,913	Other payments for operating activities	453,535
3,707,532	Cash outflows generated from operating activities	3,889,235
300,156	Net (increase)/decrease in cash and cash equivalents	38,163
958,589	Cash and cash equivalents at the beginning of the reporting period - short term deposits with Renfrewshire Council	658,433
658,433	Cash and cash equivalents at the end of the reporting period - short term deposits with Renfrewshire Council	620,270
300,156	Net cash outflow in cash and cash equivalents in year	38,163

Note 1 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2017 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.

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- 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.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Joint Committee to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary severance. They are charged on an accruals basis to the Employee Costs line in the Comprehensive Income and Expenditure Statement when the Joint Committee is demonstrably committed to either terminating the employment of an officer or making an offer to encourage voluntary severance. The Joint Committee is only demonstrably committed to a termination when it has a detailed formal plan for the termination and it is without realistic possibility of withdrawal; and agreement to the termination has been granted by the Executive Sub-Committee.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Revenue balances to be charged with the amount payable by the Joint Committee to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

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 15 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 5 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.

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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.

Provisions

Provisions are made where an event has taken place that gives the Joint Committee a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that Scotland Excel becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Joint Committee settles the obligation.

Reserves

The Joint Committee has three reserve funds. The Revenue Reserve contains any balance of requisition income from members of the Joint Committee together with the balance of members' contributions in relation to the National Care Home contract.

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 2 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 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, 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 9 provides further information.
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Note 4 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.

The items in the Balance Sheet at 31 March 2017 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 £2.490 million. However, the assumptions interact in complex ways. During 2016/17, the appointed actuaries advised that the net pension liability had increased by £2.280 million as a result of estimates being corrected.

Note 5 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 2017, 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 6 Details of Movement in Reserves

a. Revenue Reserve

2015/16		2016/17
£		£
(733,567)	Balance as at 1 April	(482,936)
(314,000)	Transfer to pension reserve	(198,000)
2,750	Transfer to employee statutory adjustment account	(14,438)
561,881	(Surplus) or Deficit on the provision of services (from the Comprehensive Income & Expenditure Account)	309,990
(482,936)	Balance as at 31 March	(385,384)

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 is shown as payable to the member authorities.

b. Pension Reserve

2015/16		2016/17
£		£
(3,460,000)	Balance as at 1 April	(2,195,000)
1,579,000	Actuarial Gains and Losses (see note 15)	(2,280,000)
(314,000)	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	(198,000)
(2,195,000)	Balance as at 31 March	(4,673,000)

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

2015/16		2016/17
£		£
63,220	Balance as at 1 April	60,470
(63,220)	Reversal of prior year accrual for short-term accumulating compensated absences	(60,470)
60,470	Recognition of the accrual for short-term accumulating compensating absences at 31 March	74,908
60,470	Balance as at 31 March	74,908

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

The deficit for the year on the Revenue Reserves was £212,438 greater 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.

2015/16 £		2016/17 £
	Amounts to be included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining Movement in Reserves Statement	
(700,000)	Net charges made for retirement benefits in accordance with IAS19	(622,000)
2,750	Net charges for employment short-term accumulating absences	(14,438)
<u>(697,250)</u>		<u>(636,438)</u>
	Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining Movement in Reserves Statement	
386,000	Employers contributions payable to the Strathclyde Pension Fund	424,000
<u>(311,250)</u>	Net additional amount required to be debited or credited to the Revenue Reserves balance for the year	<u>(212,438)</u>

Note 8 Financing & Investment Income

2015/16 £		2016/17 £
(5,837)	Interest on Balances	(4,519)
114,000	Pension Interest Cost	79,000
<u>108,163</u>	Total Financing and Investment (Income)/Cost	<u>74,481</u>

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Note 9 Operating Leases

Scotland Excel acquired an operating lease for accommodation at Renfrewshire House effective from February 2013 until February 2018. The annual rental charge is £87,320. The expenditure charged in year to the Comprehensive Income and Expenditure Statement was £87,320 (2015/16 £87,320).

2015/16		2016/17
£		£
	Future Minimum Lease Payments	
87,320	- not later than one year	76,076
76,076	- later than one year and not later than five years	-
-	- later than five years	-
163,396	Total	76,076

Note 10 Debtors

31st March 2016		31st March 2017
£		£
-	Other local authorities	1,454
21,887	Other Entities and Individuals	18,437
21,887	Total short term debtors	19,891

Note 11 Creditors

31st March 2016		31st March 2017
£		£
3,168	Central government bodies	52,750
493,136	Other local authorities	387,324
60,470	Short Term Accumulating Absences	74,908
168,799	Accrued Payrolls	180,279
15,217	Other entities and individuals	19,808
740,790	Total short term creditors	715,069

Note 12 Transfer to Creditors

2015/16		2016/17
£		£
<u>482,936</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>385,384</u>

Note 13 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 2017 was £186,850 (2015/16 £185,000).

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2015/16		Percentage	2016/17
£	Council		£
128,501	Aberdeen City	4.0%	140,607
143,137	Aberdeenshire	4.5%	156,621
75,480	Angus	2.4%	82,591
62,001	Argyll & Bute	1.9%	67,842
44,420	Clackmannanshire	1.4%	48,605
91,751	Dumfries & Galloway	2.9%	100,395
90,747	Dundee City	2.8%	99,296
78,444	East Ayrshire	2.5%	85,835
70,517	East Dunbartonshire	2.2%	77,160
68,365	East Lothian	2.1%	74,806
63,651	East Renfrewshire	2.0%	69,647
252,995	Edinburgh (City of)	7.9%	276,829
33,002	Eilean Siar	1.0%	36,111
95,036	Falkirk	3.0%	103,989
195,335	Fife	6.1%	213,737
305,136	Glasgow City	9.6%	333,882
131,284	Highland	4.1%	143,652
58,300	Inverclyde	1.8%	63,793
60,399	Midlothian	1.9%	66,090
65,013	Moray	2.0%	71,138
85,368	North Ayrshire	2.7%	93,410
181,383	North Lanarkshire	5.7%	198,471
30,214	Orkney	0.9%	33,061
90,546	Perth & Kinross	2.8%	99,076
103,049	Renfrewshire	3.2%	112,758
74,347	Scottish Borders	2.3%	81,351
30,994	Shetlands Council	1.0%	33,914
73,859	South Ayrshire	2.3%	80,817
170,443	South Lanarkshire	5.4%	186,501
63,536	Stirling	2.0%	69,522
62,843	West Dunbartonshire	2.0%	68,763
104,121	West Lothian	3.3%	113,930
3,184,217	Total	100%	3,484,200

Note 14 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 2016/17 were £5,620 (£5,720 in 2015/16). There were no fees paid to Audit Scotland in respect of any other services.

Note 15 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.

15a. 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 2016/17:

2015/16		Note	2016/17
£			£
	Comprehensive Income & Expenditure Statement		
	Cost of Services		
586,000	Current service cost	(i)	543,000
-	Past service cost/(gain)	(ii)	-
-	Settlements & curtailments	(iii)	-
<u>586,000</u>			<u>543,000</u>
	Financing & Investment Income & Expenditure		
<u>114,000</u>	Net Interest	(iv)	<u>79,000</u>
700,000	Total post employment benefit charged to the Surplus or Deficit on the Provision of Services		622,000
	Other post employment benefit charged to the Comprehensive Income and Expenditure Statement		
62,000	Return on assets excluding amounts included in net interest		(2,171,000)
(1,641,000)	Actuarial (gains) and losses arising on changes in financial assumptions		<u>4,451,000</u>
(1,579,000)	Total Actuarial (gains) and losses		2,280,000
(879,000)	Total post employment benefit charged to the Comprehensive Income and Expenditure Statement		2,902,000
	Movement in Reserves Statement	(v)	
(1,265,000)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code		2,478,000
<u>386,000</u>	Employers Contributions paid to Strathclyde Pension Fund		<u>424,000</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.

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- 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 (£198,000).

The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2016/17 these amounted to £20,479 (2015/16 £19,652).

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial losses of £2.280 million are included in the Movement in Reserves Statement (2015/16 £1.579 million gain). The cumulative amount of actuarial losses is £(4.713) million (2015/16 £ (2.433) million).

15b. 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:

2015/16		2016/17
£000		£000
13,549	Opening present value	12,980
586	Current service cost	543
444	Interest Cost	465
136	Employee Contributions	151
	Remeasurement (gains)/losses:	
(1,641)	Actuarial (gains)/losses arising from changes in financial assumptions	4,451
(94)	Benefits Paid	(97)
12,980	Balance as at 31 March	18,493

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

2015/16		2016/17
£000		£000
10,089	Opening Fair Value	10,785
330	Interest Income	386
	Remeasurement gain/(loss):	
(62)	Return on assets excluding amounts included in net interest	2,171
386	Contributions from employer	424
136	Contributions from employee	151
(94)	Benefits Paid	(97)
10,785	Closing fair value of scheme assets	13,820

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15c. Fund history

	2012/13	2013/14	2014/15	2015/16	2016/17
	£000	£000	£000	£000	£000
Present Value of Liabilities	(8,873)	(10,210)	(13,549)	(12,980)	(18,493)
Fair value of assets	7,647	8,548	10,089	10,785	13,820
Surplus/(deficit) in the Fund	(1,226)	(1,662)	(3,460)	(2,195)	(4,673)

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

The total liability of £4.673 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.

15d. 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 2014.

The principal assumptions used by the actuary have been:

31st March 2016	Year Ended:	31st March 2017
Mortality assumptions		
	Longevity at 65 for current pensioners	
22.1 years	• Men	22.1 years
23.6 years	• Women	23.6 years
	Longevity at 65 for Future pensioners	
24.8 years	• Men	24.8 years
26.2 years	• Women	26.2 years
4.2%	Rate of increase in salaries*	4.4%
2.2%	Rate of increase in pensions	2.4%
3.5%	Rate for discounting scheme liabilities	2.6%
	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:

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31st March 2016 £000		Percentage	31st March 2017 £000
	Equity Securities		
1,011	Consumer	9.5%	1,307
808	Manufacturing	7.5%	1,037
318	Energy and Utilities	3.0%	411
744	Financial Institutions	7.0%	962
435	Health and Care	4.1%	562
616	Information Technology	5.8%	795
3,932	Total Equity	36.7%	5,074
	Private Equity		
1,049	All	8.2%	1,139
1,049	Total Private Equity	8.2%	1,139
	Real Estate		
1,159	UK Property	12.1%	1,667
-	Overseas Property	0.0%	-
1,159	Total Real Estate	12.1%	1,667
	Investment Funds & Unit Trusts		
2,799	Equities	32.2%	4,443
1,316	Bonds	5.6%	776
4	Commodities	0.1%	9
-	Infrastructure	0.0%	-
151	Other	1.4%	187
4,270	Total Investment Funds & Unit Trusts	39.2%	5,415
	Derivatives		
-	Foreign Exchange	0.0%	2
3	Other	0.0%	1
3	Total Derivatives	0.0%	3
	Cash & Cash Equivalents		
372	All	3.8%	521
372	Total Cash & Cash Equivalents	3.8%	521
10,785	Total	100%	13,820

15e. 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 2016-17 and 2017-18.

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 £0.424 million.

Note 16 Contingent Liabilities and Assets

Prior to the award of a new Framework contract, a legal challenge was submitted in June 2016. Scotland Excel has recognised a contingent asset for the recovery of costs in defending the action as the court ruled in favour of Scotland Excel. At present there is no indication of the settlement that will be recovered in relation to the expenses incurred. The expenses incurred have been included within the financial position outlined in these annual accounts.

Scotland Excel

To: Joint Committee

On: 30 June 2017

**Report
by
Director Scotland Excel**

Budget Drawdown Reserves Usage 2017/18

1. Introduction

Joint Committee members will note that within the financial statements for 2016/17, a surplus of £101,958 was reported for the period. This was primarily due to the postponement of IT projects including the migration of the IT infrastructure.

Further progress has been made on these projects and funding is now required to support this and additional work within the organisation.

2. Scotland Excel – IT Projects

The Scotland Excel planned IT migration plan was, following discussion with Renfrewshire IT staff, revised as a result of changes planned by Renfrewshire to their IT infrastructure. It would have been inappropriate to proceed on the basis that had been planned when, working in conjunction with Renfrewshire Council; there was the opportunity to be part of their migration to a cloud environment. This was previously reported to the February 2017 Executive Sub Committee.

Migration is now well underway and funding to support this project is now required within 2017/18.

In addition to the IT infrastructure project, a project to progress the development of a spend data repository was delayed in 2016/17. This project has made some progress including the introduction of data analytics tools. Further progress is anticipated in mid-2017 and requires additional funding.

A total of £50k is requested to progress this phase of the IT projects.

3. Scotland Excel – Office Upgrade

Scotland Excel has made initial changes to its office space to support the recent growth of the organisation. Existing furniture and fittings have now grown beyond its typical lifespan and is of a size and type not conducive to agile and smart working or to support further growth. Renfrewshire council has made significant

improvements throughout its main offices and Scotland Excel wishes to follow this lead. Working with facilities staff within Renfrewshire council, we propose initiating the first phase of these office changes by investing £50k to change a proportion of the existing furniture.

4. Recommendation

The Joint Committee is requested to approve the drawdown of £100k from reserves to fund the above projects.

Scotland Excel

To: Joint Committee

On: 30 June 2017

Report by Director Scotland Excel

Update on the Contract Delivery Plan

1. Introduction

This report provides a progress update on the 2017/ 2018 contract delivery plan.

2. Progress to Date

As detailed in Appendices 1 – 3, the 2017/2018 contract delivery plan comprises framework renewals, new developments, framework extensions and frameworks with ongoing contract management only.

There are 51 current frameworks in the Scotland Excel contract portfolio, with 11 of these current frameworks to be retendered in 2017/2018 (Appendix 1).

Scotland Excel plans to add a further 11 new frameworks to its contract portfolio by the end of the financial year (Appendix 2).

A further 15 of the frameworks on the current portfolio have extension options that will be considered in 2017/2018 (Appendix 3).

As detailed in Appendix 1, education materials will now be presented to the Executive Sub Committee on 30 June, with an August framework start date. This aligns with the reopening of schools after the summer break. In addition, there is likely to be a short delay in completing the library books and textbooks framework, as councils have requested Scotland Excel to ensure digital inclusion is addressed in the new framework scope. The remaining nine frameworks to be retendered in 2017/ 2018 are currently on track with the forecast schedule.

All 10 of the new frameworks planed for delivery in 2017/ 2018 are being coordinated through the newly created small value contracts team. This team has been established by Scotland Excel to deliver frameworks for commonly used goods and services with combined council spend levels of between £1 million and £2 million per annum.

In addition to the activity detailed in Appendices 1 – 3, Scotland Excel is exploring the benefits of further collaborative procurement across high spend, critical service areas of adult social care. Scotland Excel has released a Prior Information Notice to collate views on the current and future procurement of care home services for older people. Scotland Excel has also been commissioned to review how adult supported living and care at home services are procured and preliminary scoping work is underway.

Overall, efficiencies delivered to date continue to be within the 2-4% forecast range.

3. Conclusion

Members are invited to note the progress made to date.

Appendix 1 - List of contracts to be renewed

2017/18

Service	Estimated Annual Collaborative Contract Opportunity	Activity	Original Forecast Date	Previous Forecast Date	Delivered Date	Latest Forecast Date if Different	Forecast Savings Range	Delivered Savings Forecast	Comments
Education Materials	16,000,000	Renew	Mar-17			Jun-17	2% - 4%	6.9%	Recommendations to be presented to Executive Sub Committee on 30th June
Frozen Foods	25,000,000	Renew	Jun-17				2% - 4%	3.5%	Recommendations to be presented to Executive Sub Committee on 30th June
Organic Waste	12,000,000	Renew	Jun-17				2% - 4%	-1.4%	Recommendations to be presented to Executive Sub Committee on 30th June
Recycle & Refuse Containers	10,000,000	Renew	Oct-17				2% - 4%		Procurement strategy approved
Tyres	6,000,000	Renew	Oct-17				2% - 4%		Renewal project underway
Vehicle & Plant Hire	20,000,000	Renew	Oct-17				2% - 4%		Renewal project underway
Library Books & Textbooks	14,000,000	Renew	Nov-17			Jan-18	2% - 4%		Renewal project underway
Heavy Vehicles	35,000,000	Renew	Dec-17				2% - 4%		Procurement strategy approved
Milk	9,000,000	Renew	Jan-18				2% - 4%		Renewal project underway
Trade Materials	10,000,000	Renew	Jan-18				2% - 4%		Renewal project underway
Children's Residential	75,000,000	Renew	Mar-18				n/a		Renewal project underway

Appendix 2 – List of new contracts to be developed and delivered in 2017/2018

Service	Estimated Annual Collaborative Contract Opportunity	Activity	Original Forecast Date	Previous Forecast Date	Delivered Date	Latest Forecast Date if Different	Forecast Savings Range	Delivered Savings Forecast	Comments
Bottle Gas Suppliers	2,000,000	New contract	Oct-17				5.50%		Strategy in development
Laundry Equipment	1,100,000	New contract	Oct-17				5.50%		Strategy in development
Steeplejacks	1,200,000	New contract	Oct-17				5.50%		Strategy in development
Pest and Vermin Control	2,000,000	New contract	Dec-17				5.50%		Strategy in development
Water Coolers and Bottled Water	1,400,000	New contract	Dec-17				5.50%		
Shelving, Racking and Storage	800,000	New contract	Dec-17				5.50%		
Swimming Pool Contractors	1,200,000	New contract	Dec-17				5.50%		
Fire Fighting and Rescue Equipment	2,700,000	New contract	Mar-18				5.50%		
IT Training Providers	1,000,000	New contract	Mar-18				5.50%		
Vocational Training Services Providers	1,800,000	New contract	Mar-18				5.50%		
Catering Equipment Maintenance and Repair	2,200,000	New contract	Mar-18				5.50%		

Appendix 3 – Contracts with extension options and contract management activity ongoing in 2017/2018

Contracts with extension options in 2017/18

Contract Description	Est Annual Value
Asbestos	£ 8,000,000
Building and Timber Materials	£ 15,200,000
Building Related Engineering Consultancy	£ 10,000,000
Community Meals	£ 4,000,000
Domestic Furniture & Furnishings	£ 20,000,000
Electrical Materials	£ 14,000,000
Grounds Maintenance Equipment	£ 12,500,000
Heavy Plant	£ 12,500,000
Janitorial Products	£ 9,000,000
Meats - Fresh, Prepared and Cooked (incl. Fresh Fish)	£ 7,000,000
Presentation & Audio Visual Equipment	£ 6,000,000
Security Services & Equipment	£ 18,000,000
Signage	£ 2,000,000
Street Lighting Materials	£ 35,000,000
Washroom Solutions	£ 3,500,000

Contracts with no renewal or extension activity but with mobilisation

Contract Description	Est Annual Value
Agency Workers Social Care	£ 20,000,000
Bitumen	£ 15,000,000
Care Homes for Adults with LD	£ 31,000,000
Catering Sundries	£ 6,000,000
Customer Service Platform	£ 3,750,000
Demolition	£ 16,000,000
Education & Office Furniture	£ 9,000,000
Energy Efficiency Contractors	£ 200,000,000
Engineering Consultancy	£ 17,000,000
Fostering	£ 25,000,000
Groceries & Provisions	£ 30,000,000
Light Vehicles	£ 25,000,000
Online School Payments	£ 2,500,000
Personal Protective Equipment	£ 10,000,000
Playground Equipment & Artificial Surfaces	£ 17,500,000
Plumbing Materials	£ 20,621,122
Recyclable & Residual Waste	£ 25,000,000
Road Maintenance Materials	£ 2,500,000
Roadstone	£ 35,000,000
Salt for Winter Maintenance	£ 15,375,000
Secure Care	£ 20,000,000
Street Lighting (Bulk Renewal of Luminaires)	£ 5,000,000
Telecare & Telehealth Technologies	£ 3,400,000
Vehicle Parts	£ 12,000,000
Waste Disposal Equipment	£ 1,250,000

Scotland Excel Joint Committee

To: Joint Committee

On: 30 June 2017

**Report
 by
 Director Scotland Excel**

Community Benefits 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 frameworks agreements.

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 the quarterly business review meetings. Additionally, the system used to capture and record Community Benefits has been reviewed and 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.

This report updates members on the Community Benefits return for the period to 31 March 2017.

2 Summary

Twice yearly in conjunction with the standard Management Information gathering process suppliers now complete a comprehensive Community Benefits template. This provides a clearer picture of the type (Employment, Apprenticeship, Training etc), and classification (Social, Economic, Environmental) of the Community Benefit delivered. It also allows suppliers, where necessary, to apportion the extent to which any shared Community Benefit is derived from Scotland Excel Frameworks.

Table 1 shows a summary of the social value added across the portfolio since the revised community Benefit collection process was implemented. The figures for 2016/17 are now the complete return for the full financial year ending 31st March 2017.

	2013/14	2014/15	2015/16	2016/17	Total
No of Apprentices	9	92	49	18	168
No of New Jobs	78	43	29	53	203
No of Work Placements	0	5	6	17	28
Hours of Volunteering & Mentoring	95	377	1279	1570	3321
Hours of Works Experience	5305	28214	16734	7852	58105
Value of Other Community Benefits	£2,474	£16,550	£46,140	£87,814	£152,978

Table 1: Summary of social value added across the collaborative portfolio

The successful delivery of the Domestic Furniture and Fittings framework was significant factor in the number of new jobs and apprenticeships created since 2013/14. Whilst this may have resulted in a peak, in terms of new jobs and apprentices, the overall social benefits being returned is extremely positive. A notable and innovative example that falls within the category “Value of Other Community Benefits” is the creation of a fund for local initiatives. The fund is based on a rebate proposal from a supplier on our Electrical Materials Framework and the total value that Councils can now access is c£20,000.

In addition to the Social Benefits outlined in this report it should also be noted that relevant data for Environmental Benefits, including the volume and weight of recycled material, is captured by contract managers as part of routine contract management activity. This data is included in the business reviews held with each corporate procurement function on an on-going basis. Similarly, Workforce matters including the Living Wage status are monitored, reported and managed on a contract by contract basis.

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 30th September 2017. 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 2017/18 financial year.

Appendix 1 Community Benefits by Council

	Number of Apprenticeships	Number of New jobs	Number of Work Placements (adults)	Hours of Volunteering & Mentoring	Hours of Works Experience (school-aged students)	Other Community Benefits - Sponsorship, Donations
Aberdeen City and Aberdeenshire	1					
Aberdeen City	1	7		2030	1676	£12,527
Aberdeenshire	1	1		10	960	£4,945
Angus	2		1		52	£2,363
Angus / Dundee						£0
Argyll & Bute	1			140		£5
Clackmannanshire						£183
Comhairle nan Eilean Siar						£317
Dumfries & Galloway	6					£145
Dundee	1	3			44	£1,022
East Ayrshire	2	3		88		£609
East Dunbartonshire	3			82		£20
East Lothian	1	0			44	£212
East Renfrewshire						£150
Edinburgh	24	6	3	126	2254	£6,027
Falkirk	3	6		144	1376	£5,955
Fife		1	2		1763	£4,608
Glasgow	11	11	1	8	2792	£15,226
Highland	3	8		52	8	£1,150
Inverclyde	4				44	£3
Midlothian	1					£1,958
Moray	1	1		100	1128	£2,675
North Ayrshire	6	12		120	3047	£2,784
North Lanarkshire	18	14	10		4729	£2,421
North Lanarkshire/ Renfrewshire	1					
Orkney	1				8	£5
Perth & Kinross	2	3	2	48	44	£3,470
Renfrewshire	4	3			154	£6,830
Scottish Borders	1				641	£508
Shetland						£528
South Ayrshire	2	1	0	105	1239	£1,326
South Lanarkshire	22	66		99	15455	£3,258
Stirling	1					£866
Tayside contracts						£400
Various						£0
West Dunbartonshire	1				78	£1,562
West Lothian	5	35	5	169	724	£5,748
Central Region	15				11590	
East Region						
North Region	11	9			4560	
Outside Scotland	1	1	2		3217	£12,159
Scotland Wide	4					£39,762
West Region	9				480	
Unassigned		9	1			£11,250

Scotland Excel

To: Scotland Excel Joint Committee

On: 30 June 2017

**Report
by
Director Scotland Excel**

Scotland Excel Risk Register

1. Introduction

Scotland Excel has, since the inception of the organisation, had in place a regularly reviewed risk register for the organisation's operations. The risk register is maintained to assess risks and threats that could impact on the delivery of Scotland Excel's organisational objectives and to identify actions that are being taken to mitigate such risks.

2. Background

The risk register, attached as an appendix, has been the subject of regular review and has identified the current risks to the organisation and the service delivery. The risk register has been considered by the Executive Team, the wider Senior Management Team and with staff through team meetings on a regular basis to ensure that all current risks are identified and that suitable actions are in place or under development to address the potential impact upon the organisation and its stakeholders.

Since the risk register was first reported to the Joint Committee members have contributed to the development, indicating a number of proposals that have improved the tracking of risks and the actions to manage the potential impact on the organisation. These have been incorporated into the report and show movements in risks, where actions have reduced likelihood or impact and the residual risk after these actions.

The risks will continue to be monitored and reviewed on a quarterly basis by the Senior Management Team and be reported on a 6 monthly basis to the Executive Sub-Committee and the Joint Committee.

3. Recommendations

Members are requested to note the report and the progress made to date.



Risk Management Plan

June 2017

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2. Report on corporate risk management objectives 3

3. Summary report on previous year’s risk position 3

4. Current internal and external business context for the organisation 3

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1. Risk management arrangements within Scotland Excel

- 1.1 During 2014-15, the organisation has implemented a range of standard procedures in keeping with the organisation's risk management strategy. This includes adoption of the risk management process and the standardised risk matrix for analysis and evaluation of risk.
- 1.2 The review of the Risk Register will be carried out by the Senior Management Team and the top 5 risks will be reported quarterly to the appropriate governance committee of Scotland Excel.
- 1.3 The Senior Management Team will review the register on a monthly basis. However managers will bring to the attention of the group a new risk or significant change in an existing risk this will be circulated within the Senior Management Team with immediate effect.

2. Report on corporate risk management objectives

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

3. Summary report on previous year's risk position

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

4. Current internal and external business context for the organisation

- 4.1. The Scotland Excel Senior Management Team (SMT) have participated in dedicated sessions, facilitated by Renfrewshire Council's Risk Manager to explore the organisation's current risk landscape and agree the key risks that should feature in the organisation's revised strategic risk register.
- 4.2. As a basis for refreshing the strategic risk register, the SMT considered the organisation's key business priorities and perceived significant challenges to achieving these:
 - Supporting the delivery of better and more effective public services
 - Being sustainable in everything we do.
 - Placing customers at the heart of our business.
 - Becoming the partner of choice for delivering shared services.

- 4.3. Focus was then given to the organisation's current external business environment: immediate matters of importance as well as those that may be on the horizon. In particular, the SMT considered the following:
- **POLITICAL CONTEXT**
 - The Christie Commission on the Future Delivery of Public Services
 - Changes in the political landscape, such as the breakup of CoSLA and the formation of the new Local Government Partnership
 - Health and social care integration – joint bodies as new legal entities who may procure through other means and not access Scotland Excel contracts
 - **ECONOMIC CONTEXT**
 - The increasing focus on public sector procurement as a driver of economic benefits and the relationship between procurement and the local economic agenda
 - Financial pressures and budget cuts in member councils
 - Financial (and other) factors impacting on resilience of suppliers – potential for provider failure/ business continuity risk
 - **SOCIAL CONTEXT**
 - The increasing focus on public sector procurement as a driver of social benefits
 - **TECHNICAL CONTEXT**
 - Complexities of certain new markets and matching in-house capacity/ capability
 - The third phase of the national Public Procurement Reform Programme – potential to be out of step with what's seen as good practice – detached from key requirements
 - Linked to the above, recommendations in the Review of Scottish Public Sector Procurement in Construction - the need to review, position the organisation to better serve customers (PCA good example)
 - Scotland's Digital Future/ delivery of Public Services strategy and the Local Government Information and Communication Technology (ICT) strategy – access in local communities. – Opportunity. – reputation that we say we can deliver ICT contract but can't deliver.
 - **LEGISLATIVE CONTEXT:**
 - The Procurement Reform (Scotland) Bill
 - Changes to EU and UK procurement legislation
 - Consultation on the Community Empowerment (Scotland) Bill – Scotland Excel Contracts may not be fully utilised. Sales and marketing need to respond and there is opportunity for small projects team to be involved.
 - Personalisation and self directed support legislation (individual choice) – risk in terms of the contract and additionally governance, in terms of how Scotland Excel supports member councils
 - Public Bodies (Joint Working) (Scotland) Act 2014
 - **ENVIRONMENTAL CONTEXT**
 - The increasing focus on public sector procurement as a driver of environmental benefits
- 4.4. Further to the above consideration of the current external business environment, the SMT also gave consideration to the current internal business environment: matters of importance identified in relation to internal priorities or challenges, or feedback/ performance:
- Performance against Transforming Scotland Excel priorities
 - Data integrity – systems and management information requirements to support future activities, future decisions and the transformation programme

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

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

5. The risk register from October 2015

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

- Supporting the delivery of better and more effective public services
- Being sustainable in everything we do.
- Placing customers at the heart of our business.
- Becoming the partner of choice for delivering shared services.

Original Risk Position

IMPACT	Extreme (5)	5	10 R1	15 R4 R5 R14	20 R11 R12	25 R15
	Major (4)	4	8 R6 R7 R8	12 R10 R13 R16	16 R2	20
	Moderate (3)	3	6	9 R9	12 R3	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
		Remote (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)

LIKELIHOOD

Low (1-3), Moderate (4-9), High (10-16), or Very High (17-25)

Residual Risk after Mitigation

IMPACT	Extreme (5)	5	10 R1	15 R4 R5 R12 R11 R14	20	25
	Major (4)	4 R10	8 R8	12 R13	16 R2	20 R15
	Moderate (3)	3	6 R6 R7	9 R9 R16	12 R3	15
	Minor (2)	2	4	6	8	10
	Insignificant (1)	1	2	3	4	5
		Remote (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
		LIKELIHOOD				
		Low (1-3), Moderate (4-9), High (10-16), or Very High (17-25)				


- 5.2. The organisation's top five risks (in terms of potential significance) are:
- (1) Political change impacts upon the governance of the organisation
 - (2) Failure to exploit new markets / opportunities leads to a failure to provide savings.
 - (3) Business Continuity if a failure occurs, impacts upon stakeholders.
 - (4) The financial stability of the organisation going forward based on annual requisitions
 - (5) Retention of staff
- 5.3. The planned risk treatment activity going into this year, which is required to further control of reduce the risks is included within the register in Appendix 1.
- 5.4. Strategic risks will be reported on a 6 monthly basis to the Executive Sub Committee.
- 5.5. As a minimum, the Senior Management Team will review the entire strategic risk register on a quarterly basis.
- 5.6. Individual SMT members will as a matter of course throughout the year, bring to the SMT for collective consideration any local (contract specific or operational) risks that may require escalation to the strategic risk register.


Appendix 1:

Risk Register established 01/09/2015


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


Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 2 Title: Context: (1) Failure to horizon scan to identify new markets/commodity shifts (2) Failure to deliver on priorities identified by member councils at commercial UIGs (3) Failure to explore viability of new markets (4) Need to match in-house capability and capacity to respond to new markets Impact of TTIP – Transatlantic Partnership	Scotland Excel fails to exploit potential new markets and opportunities to expand the contract portfolio securing savings for stakeholders.	HC	<ul style="list-style-type: none"> Horizon scanning to help to identify market development opportunities earlier and give the organisation longer to plan for capacity/capacity Commercial UIG/Steering Group provides platform for prioritising new market development opportunities, (e.g. discussion and agreement on how we strike a balance between their requirements and our capacity/capability) Workforce planning – anticipate requirements in over the long term and investigate how we can fund recruitment of new staff or up skill existing staff Secondments from expert partners, as per Zero Waste Scotland for the development of waste contracts. Contract governance arrangements mitigate some risk on capacity, (i.e. opportunity to identify issues before a tender goes to market) Currently the contract pipeline is full and for requests that have come for specific work we have requested separate and additional funding. The example being the National Care Home Contract. Partnering with Crown Commercial Services has also added capacity and has been successful. Development of category strategies with 2-3 year plan to enable opportunity to consolidate contracts and create additional capacity. 	4	5	20	16	↑
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the impact of this risk. (5 to 4)						

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

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

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

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

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


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


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

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

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 11 Title:	There are a range of factors in the organisation's business context that if not addressed effectively could impact on the longer term sustainability of Scotland Excel	JW	Financial Sustainability <ul style="list-style-type: none"> Identifying new opportunities to provide additional chargeable services based on customer demand Developing and implementing transparent budget management procedures Growth <ul style="list-style-type: none"> Ongoing robust market testing of all new shared service propositions Ensure ongoing robust business model is in place for all new services (cost to serve, funding/uptake forecasts) The growing contract portfolio has led to an increase in the number of Associate Members with a resulting increase in revenue. The organisation has developed a number of projects that now offer new services which greatly increase the benefits to stakeholders such as Small Value Project Team, Housing and Social Care teams. This has resulted in additional funding to the organisation. 	4	5	20	15	↑
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the likelihood of this risk. (4 to 3)						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 12 Title:	Scotland Excel encounters problems in recruiting and retaining staff of suitable skill, quality and experience to meet the agreed contract delivery schedule.	JW	Organisational development strategy is being created as part of the transformation programme <ul style="list-style-type: none"> Opportunity to formalise our new talent development activities into three year rolling strategy Refresh of employer branding and implementation of social media based recruitment advertising has been used to engage with a wider audience of potential staff. There is an ongoing review of the organisation's recruitment strategy to ensure that any changes in the market are addressed Scotland Excel has introduced a number of new initiatives such as information packs for candidates, awareness events, partnerships with recruitment agencies which have successfully addressed any recruitment challenges. Scotland Excel is now working on the development of a number of initiatives to ensure that the retention of the newly recruited staff is maintained. 	4	5	20	15	↑
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		
		The control measures of the organisation have reduced the likelihood of this risk. (4 to 3)						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 13 Title:	Legislative changes can impact on the organisation and its stakeholders creating challenges for the organisation to respond to and address.	HC	<ul style="list-style-type: none"> Active participation in various groups and boards influencing policy and direction of travel. Regular attendance for key staff at appropriate training and policy seminars. Working in partnership with key industry / service / professional groups to manage service development and delivery in line with legislative changes. Ongoing cross sector working to encourage sharing of best practice and reduction of duplication where possible. 	3	4	12	12	
Context: (1) Procurement Reform (Scotland) Bill (2) Changes to EU and UK procurement legislation (3) Consultation on the Community Empowerment (Scotland) Bill (4) Personalisation and self directed support legislation (individual choice) (5) Horizon scanning for future legislative changes								
Action Ref	Linked Actions	Latest Notes	Assigned to	Due Date	Status			
		There has been no movement in this risk.						

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

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 15 Title:	Political change impacts upon the governance of Scotland Excel and may change the emphasis of its future delivery.		<ul style="list-style-type: none"> Briefing papers prepared by the Scottish Government and Improvement Service shared across the Senior Management team on the implications of Brexit Briefings given on the possible impact of Brexit to elected members. After the May Local Government elections there may be changes in Joint Committee members. To address this, an information pack has been prepared and supporting succession planning with current members is underway. Horizon scanning highlights potential changes in the political agenda that may impact upon future frameworks allowing time to address these. 	5	5	25	20	↑
Action Ref	Linked Actions	Latest Notes	Assigned to	Due Date	Status			
		The control measures of the organisation have reduced the impact of this risk. (5 to 4)						

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

SCOTLAND EXCEL**To: SCOTLAND EXCEL JOINT COMMITTEE****Date: 30 June 2017****Report by
Chief Auditor****INTERNAL AUDIT ANNUAL REPORT 2016/17****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 2016/17, 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 2016-2017

**Renfrewshire Council
Finance & Resources
Internal Audit**

June 2017

Scotland Excel

Internal Audit Annual Report 2016/2017

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Scotland Excel

Internal Audit Annual Report

1 April 2016 – 31 March 2017

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 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 2016/17 relating to Scotland Excel;
- The outcome of Internal Audit reviews of supporting Renfrewshire Council corporate systems;
- Internal audit performance;
- Planned audit work for 2017/18;
- 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 2016/2017

- 3.1 The Annual Report for 2015/2016 was submitted to the Authority on 17 June 2016.
- 3.2 The following work was undertaken in relation to 2016/17 in line with the audit plan:
- Review of the governance arrangements within Scotland Excel;
 - Follow up of previous audit work.
- 3.3 The findings arising from Internal Audit reviews will be communicated to the Chief Officer's Management Group and the Executive Sub-Committee. A summary of the main findings are detailed in table 1 below.

Table 1

Audit Area	Conclusion
Governance Arrangements	<ul style="list-style-type: none">• Substantial Assurance• The audit has provided a substantial level of assurance in relation to Scotland Excel's governance arrangements. It was recommended that it would be good practice for management to determine if there are any measures which could be undertaken to encourage further member participation in the strategic operations of Scotland Excel.

- 3.4 The implementation rate of audit recommendations is a measure of operational culture and effectiveness. During 2016/17, 4 recommendations

relating to Scotland Excel's activities were followed up. All 4 (100%) have been fully implemented.

- 3.5 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
Procurement (Tendering arrangements)	<ul style="list-style-type: none"> • Substantial Assurance • No key risks were identified, although some recommendations were made in relation to retention of records, updating procedures and segregation of duties.

4. Review of Internal Audit Performance

- 4.1 Internal Audit produces regular reports on its performance during the year against a range of measures set annually by Renfrewshire Council's Director of Finance and Resources. These are set out in the following table.

Table 3

Internal Audit Performance 2016/17		
Performance measure	Target 2016/17	Actual 2016/17
% completion of audit plan for the year*	95%	91.8%

* 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 is 3.2% 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 maternity leave. The 95% targeted completion was achieved by the end of April 2017.
- 4.3 The Chief Auditor is required to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit including conformance with the PSIAS. During 2016/17, an external quality assessment was undertaken, as required by the PSIAS once every five years. The

assessment was undertaken as a peer review by West Lothian Council and concluded that the internal audit service was well managed and effective. A small number of recommendations for improvement were made and these have been added to the quality assurance and improvement programme for implementation during 2017/18.

4.4 External Audit

External Audit's review of the internal audit service concluded that the internal audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

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 2017/18

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 2017/18:

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

5.2 An annual report for 2016/2017 will also be provided to the Joint Committee.

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 in this annual report.

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 2016/17 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 CIPFA/SOLACE framework for corporate governance requirements, and of the corporate governance arrangements within Scotland Excel.

Signed.

Chief Auditor

Date

30 June 2017

Scotland Excel

To: Joint Committee

On: 30 June 2017

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 2016 / 17 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 2.6%, a total of 383.5 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 62 days are recorded, 40 days paid leave and 22 days unpaid leave, against the undernoted categories.

Reason	Paid or Unpaid	Days
Support family dependants	Paid	2.5
Support family dependants	Unpaid	10.0
Bereavement	Paid	10.5
Exam / Study leave	Paid	17.5
Jury Duty	Unpaid	12.0
Charity work	Paid	4.0
Hospital	Paid	0.5
Election Duties	Paid	5.0

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 £572 was spent under this approval as part of a review and development meeting and dinner for heads of Procurement in advance of Scotland Excel's annual event.

5. Recommendation

The Joint Committee is requested to note the contents of report.