Scotland Excel

To: **Chief Executive Officers Management Group**

On: **18 November 2020**

**Chief Executive's
Update Report**

1. Introduction

The purpose of this report is to provide the group with an update on key developments within Scotland Excel since the last meeting of the Chief Executive Officers Management Group on 19 August 2020.

2. Summary

Since the group last met there have been a number of developments:

2.1 Contingency Planning

The UK's exit from the European Union could well coincide with a second wave of the COVID-19 peaking over the winter months. Many business owners advise that they may be unable to remain viable during a second wave if extensive "lockdowns" are imposed again. It is imperative that councils have a risk management strategy drawn up and business continuity / disaster recovery plans are updated to reflect the current position. Scotland Excel has documented a summary position regarding key commodity areas that have been impacted, and are likely be further impacted, if a second wave of Coronavirus peaks in Scotland at the same time as the potential of a" no deal " within the Brexit negotiations.

Scotland Excel will develop further contingency planning per commodity area and by using management information and analysis of key supply chains continue to collaborate and improve cross sector functionality with all stakeholders and partners. There are key areas that Scotland Excel will focus upon in order to assist and support our stakeholders. This will include a review of business plans and refocusing resource as appropriate to support member councils.

2.2 Digital Office update

2.2.1 Social Care Case Management System

The Social Care Case Management System Framework is being set up to provide councils and health and social care partnerships (HSCPs) with a mechanism to procure systems based Social Care Case Management solutions to facilitate end-to-end case management for the delivery of social care services to children, adults and the Scottish Criminal Justice community. The Framework seeks to support the sharing of case information between Scottish Integrated Joint Boards and their partners.

The Invitation To Tender (ITT) was published on 3rd November, closing 1st December. Tender evaluation will take place during December and recommendations will be made to the January 2021 Executive Subcommittee with the framework available in February 2021.

2.2.2 Information Gathering

This project is a data collection exercise of IT hardware and software spend and contractual lifecycle information. Responses are being analysed in order to identify opportunities to reduce costs by adopting common platforms.
The data capture system has been further developed to include additional functionality and has now been re-launched and branded "STAMP" (Scotland's Technology Asset Management Platform).

To assist councils in seeing the full potential of this system, Scotland Excel will participate in contacting individual Local Authorities in the coming weeks to demonstrate and discuss STAMP and to advise and support on implementation and usage.

It is anticipated that the Digital Assurance Board will assume ownership for the common platform aspects of this work going forward, and a user intelligence group (UIG) will be formed to support the development of a collaborative contract plan.

2.2.3 Market Testing for Artificial Intelligence (AI)/Robotics Process Automation (RPA)

A number of Councils have expressed an interest in developing services with AI & RPA technologies, and some councils are already engaged in live projects. A market sounding exercise was conducted earlier this year by Scotland Excel to better understand the maturity of the supplier market.

Subject to confirmation of council demand, it is planned that a contract strategy will be assessed though the Scotland Excel internal governance process, with contract development from early in 2021.

Other Digital Developments

(i)   Digital Telecare

Scotland Excel has had a telecare equipment framework for a number of years. However, as the market for digital technology expands, greater opportunities exist to integrate telecare and telehealth. As such, the next generation of this framework will be for digital products and services.

It is expected that as the market matures, product availability and functionality will continue to evolve. As such, the route to market will be through a Dynamic Purchasing System (DPS), where new products and suppliers can be added to the contract on an ongoing basis. Contract mobilisation is anticipated from March 2021.

(ii)   Digital Booking System

Initial enquiries within this area focused on supply teacher booking systems. However, stakeholder and market engagement exercises would suggest that a more flexible model is required. A suitable contract vehicle is currently available from Crown Commercial Services (CCS), and given the established partnership working between CCS and Scotland Excel, this is the recommended route to market. As such, Scotland Excel will work with councils to ensure that this meets individual needs, and support the set up of call-off contracts as required.

(iii)   Telecare Penetration Testing

Scotland Excel completed an exercise to assist the Digital Office in contracting a supplier to provide penetration testing for Council telecare services. This was to assess data security on telecare services and the call-off was awarded to Cyber Quorum which will provide an average of 4 days penetration for each council. This project has now been completed and the Digital Office is in the process of mobilising the project throughout councils.

(iv)   Education Digital Devices

Scotland Excel has been working with the Digital Office on contracting for suppliers to provide digital devices (i.e. chromebooks, laptops and Ipads) and mobile data connectivity for disadvantaged children to support learning outside school. Contracts have been put in place to support the procurement of devices and data. The majority of purchases have been placed through the Scottish Government contract. The contracts setup through the CCS offer alternative routes for councils in the event of supply chain issues.

2.3   Scottish Government Funded projects

2.3.1 Early Learning & Childcare (ELC)

In 2018, Scotland Excel was commissioned to develop and publish: -

(i)   Guidance documents on setting and implementing sustainable rates for ELC, covering the following topics - Sustainable Rates; Business Sustainability; and Transition Options (Contracting Options).

(ii)   A suite of model contract documents and templates to support the procurement and contracting of ELC services at a local level. This involved a review of contract documentation in current use by local authorities, followed by an options appraisal exercise. The intention was to design Early Learning and Childcare specific (model) terms which could be added to local authority terms and conditions as required, while the contracting templates would standardise and streamline the procurement process.

The project took place over the period October 2018- June 2019, and it was delivered within the required timescales and within budget and involved extensive engagement with a range of stakeholders. These included providers, local authorities, COSLA, an ADES (Association of Directors of Education) sub-group and the Scottish Government.

Given the current environment, the Scottish Government has delayed the migration to 1140 funded hours until 2021. However, there is evidence that 15 out of the 32 Councils have adopted the model terms and conditions, the templates and associated guidance when procuring Early Learning and Childcare Services. The remaining 17 councils have still to publish their application or tender processes.

All councils have a requirement to determine a sustainable hourly rate per child to be paid to providers. Scotland Excel has been engaged by a number of councils to calculate this on their behalf. While other councils have either calculated this rate internally or engage with other third parties, Scotland Excel has identified this as an offering that can be provided to those additional councils who still need to calculate the sustainable rate. A communication detailing this service offering will be issued shortly.

2.3.2 Affordable Housing

Work on the next programme of support for housing associations using the Procurement Commercial Improvement Programme (PCIP) has been halted due to the ongoing pandemic and continuing restrictions.
Scotland Excel recently received requests from current associate members within housing associations who would like a follow up PCIP and measure progress from the original assessment in 2017/18. Virtual PCIPs are being considered.

Some initial discussion has taken place with Scottish Government about starting the wider programme for housing associations in the new year. The Housing Minister will be briefed on possible options for promoting the programme. Resumption of the programme is still unknown at time of writing.

Summary highlights since the last report: -

- Queens Cross Housing Association has recently become an associate member of Scotland Excel in order to access the wider contract portfolio but initially keen to take advantage of the domestic furniture framework.

2.4   Other Care Services

2.4.1 Care and Support

The Care and Support Flexible Framework for Adults commenced on 1 April 2020 and includes 78 providers offering over 300 services. The COVID-19 outbreak has incurred costs for social care providers and payments are met on a case by case basis through Scottish Government Supplier Relief, in line with SPPN5/20 guidance, to meet wider contract obligations. These payments are made directly to care providers and recorded through Council's mobilisation plans. A price comparison exercise will be required to establish the local hourly rates for 2021/22 to ascertain any variations for the framework pricing and any annual uplifts going forward.

The proposed tender timeline for the first year of the framework was disrupted due to the ongoing coronavirus (COVID-19) outbreak. Scotland Excel had initially planned to reopen the flexible framework in July 2020 and to have new providers awarded on the framework from October 2020. However, Scotland Excel had continued to receive expressions of interest from providers who wish to participate in the framework reopening process prior to and during the COVID-19 crisis. These providers have mainly been encouraged by Councils/ HSCPs to engage in the reopening of the framework. These councils preferring a single procurement approach as opposed to operating a mix of local and national contract arrangements, as this presents significant challenges for both parties to adequately resource. As a result of the anticipated demand the framework was reopened in October 2020, followed up with 6 Pre-tender Sessions (58 provider organisations).

Current efforts continue to focus on mobilisation support with participating Councils, 1 Council has adopted the framework and a further 4 Councils are preparing to utilise the framework from April 2021.

2.4.2 Care Homes for Older People

The responsibility for lead role in negotiations for the National Care Home Contract (NCHC) transferred to Scotland Excel 2019/2020 from COSLA. Scotland Excel continues to work in collaboration with Councils, COSLA and Scottish Care to develop a cost model to produce national rates for council funded places in nursing and residential care homes. The model covers a substantial percentage of the entire

running costs including direct staffing care benchmark drivers and continues to be the key anchor to conduct negotiations.

The NCHC 2021/22 negotiations commenced in mid-October 2020. In a "normal" annual cycle the rates are settled by November/December, however this has been delayed due to to the COVID-19 pandemic.

The NCHC negotiations will be informed by the Scottish Government changes in policy that are likely to have an impact on the cost model benchmarks to ensure on-going stability in the sector, whilst balancing longer term aspirations for transformational change in the care home sector. Essentially, the key policies that are likely to have an impact on the cost model are provisional legislation and funding arrangements due to COVID-19 including:

- Workforce: recommendations from the review of Adult Social Care and the Social Care Fund for Statutory Sick Pay;
- PPE: local distribution hubs and collective purchasing;
- Legislative Regulations: any changes in regulatory requirements that may have an impact; and
- Occupancy: set at an assumed 100%, the sector has received sustainability payments during COVID-19, and it may be difficult to hold to that position.

2.4.3 Care Homes for Adults with Learning Disabilities (including Autism)

In October 2019, following a tender exercise, the 2nd generation framework has increased the number of providers to 24 adding 57 care homes.

The impact of COVID-19 to establish the ongoing care costs for framework pricing, as part of supplier relief payments, remains an outstanding issue. Scotland Excel is continuing to work with COLSA to establish the payments made directly to care providers as recorded through Councils mobilisation plans to assess any variations for framework pricing. The contract monitoring returns, previously on hold due to COVID-19, were issued to providers in August 2020 enabling a full year monitoring report to be completed. The total annual spend in 2019/20 (for the period 1 April 2019 – 31 March 2020) equates to approximately £15.5 million; an increase of 9.6% from the previous year.

The planned mobilisation activities include 3 sessions to be held in November 2020 with awarded providers and further 3 sessions with participating Councils are planned in December 2021.

2.4.4 Children's Residential Care and Education with Short Breaks

(i)   Fee Review

The next scheduled fee review date for this framework is 1 April 2021 and the current plan is to retender the framework in October 2021. Two workshops were held with providers during October 2020 in order to capture experience and learning

from the impact of COVID-19. Over the next few months, Scotland Excel will engage with local authorities in order to develop cost models and forecasts to take account of costs associated with COVID-19. These will inform future fee reviews and the design of the evaluation methodology which will be applied to the commercial element of any tenders.

The phased withdrawal of Scottish Government funding from grant-aided schools has potential implications for local authority budgets over the next 8 years. Scotland Excel will continue to work closely with Scottish Government and COSLA to review the business plans of grant-funded schools to ensure there is a fair and balanced approach to the withdrawal of grants.

2.4.5 Secure Care Service

The next scheduled fee review date for this framework is April 2021. We anticipate that the continuing impact of COVID-19 will trigger additional cost drivers at the point of fee review. Therefore, we intend to engage with local authorities in advance of fee review in order to develop cost models and forecasts that take account of these cost drivers e.g. PPE, cleaning services, statutory sick pay. This work will inform future fee reviews.

2.4.6 Fostering and Continuing Care

(i)   Planned Tender

The current framework agreement will expire in July 2021. The intention is to go out to tender in January 2021. Market engagement has taken place, with UIG consultation ongoing at the time of writing.

Scotland Excel will continue to work with the UIG as part of the development of the renewal framework to ensure that there is a greater transparency of what would be expected to be included in a continuing care placement and how this is broken down as part of the provider's weekly fee.

There are no further price variance windows in the current framework

2.4.7 Social Care Agency Workers

(i)   This framework is for the supply of social care agency workers. This includes care workers, professional staff, such as social workers and ancillary staff, such as kitchen and domestic staff. There are 15 providers on the current framework

(ii)   The framework commenced on 1 August 2018 and is due to run until 31 July 2022. There are no extension opportunities, but this was tendered under the "light touch" regime. This allowed a more bespoke process, including flexibility to meet the future needs of purchasers by allowing the addition of new entrants and changes to existing participants on the published tender conditions. This process can be invoked at points deemed necessary by purchasing authorities, to enable sufficient geographic and service coverage across all of Scotland. This process requires a full tender exercise, that

follows the original tender process in all respects.

(iii)   In recent months, a number of councils have expressed interest in reopening this framework. A subsequent survey of councils confirmed that there is sufficient interest to merit to this approach. It has been agreed that the framework will be advertised in May 2021, in order to admit new entrants.

2.5 The Scotland Excel Academy

This snapshot illustrates The Academy's people development and organisational development activities.

o   821 registered learners
o   170 active learners engaged in accredited programmes across 8 cohorts
o   24 cohorts have now been completed
o   149 qualifications have been awarded (with several cohorts in final assessment)
o   7 new cohorts are planned
o   469 learners have participated in one-day development workshops
o   630 learners have now participated in the 'Stay Connected' online workshops
o   6 learners have been awarded Chartered Manager (CMgr)

Active Cohorts
1.   C#5 Procurement – Practitioner Level 4 (SCQF7)
2.   C#3 Procurement - Advanced Practitioner Levels 5 & 6 (SCQF8 & 9)
3.   C#5 Leadership and Management Level 5 Diploma (SCQF8)
4.   C#6 Leadership and Management Level 5 Diploma (SCQF8)
5.   C#7 Leadership and Management Level 5 Diploma (SCQF8)
6.   C#2 Leadership and Management Level 7 Diploma (SCQF11)
7.   C#2 Business Analysis SCQF8 & PDA Business Analysis, Decision Making & Innovation S9
8.   C#13 PDA Project Management SCQF8

Planned Cohorts
1.   C#6 Procurement – Practitioner Level 4 (SCQF7)
2.   C#4 Procurement - Advanced Practitioner Level 5 & 6 (SCQF8 & 9)
3.   C#2 Leadership and Management Level 6 Certificate (SCQF9)
4.   C#8 Leadership and Management Level 5 Diploma (SCQF8)
5.   C#3 Business Analysis SCQF8 & PDA Business Analysis, Decision Making & Innovation S9
6.   C#14 PDA Project Management SCQF8
7.   C#15 PDA Project Management SCQF8

2.6   New Build Housing

This framework has been live since August 2019. Due to COVID-19 restrictions, construction sites in Scotland were closed for a number of months and gradually reopened from June in line with construction health and safety guidelines.

These delays have had a substantial effect on planned project start dates as well as tendering timelines, with many projects being delayed 6-9 months. To date three projects have been awarded through the framework with a further nine currently out to tender, and a further four to be procured by the end of the year.

On the 6th November 2019, Scotland Excel hosted a webinar to promote the framework and the benefits of Project Bank Accounts with speakers from Scottish Government, Transport Scotland and The Royal Bank of Scotland. We have also refreshed the offer of bespoke mobilisation events for individual members on how they can maximise the benefits from the framework and comprehensive guidance and template documents are available for members to effectively manage procurement through this framework. As projects start on-site we will be collating data on community benefits delivered, fair work practices of the contractors and the use of social enterprises and supported businesses.

Unfortunately, one framework contractor has entered administration and another has withdrawn from the framework as it is no longer operating in Scotland, however the framework still has sufficient capacity through 17 contractors, with each council area having a choice of 3-6 contractors per lot.

2.7   Update on the Contract Plan and Contracts approved since February 2020

There are 74 current frameworks in the Scotland Excel contract portfolio, with 11 of these frameworks to be renewed before 31 March 2021. It is also planned that a further six new frameworks will be added to the contract portfolio by 31 March 2021.

A total of 19 of the frameworks on the current portfolio have extension options that are likely to be exercised in 2020/2021 with seven of these extensions already approved.

The overall efficiencies across the whole portfolio for 2020/21 is running at 1.3% compared to the 2.5 % forecast range. This figure will continue to be monitored throughout 2020/2021.

Considering the on-going impact on normal business practices resulting from the current Coronavirus/Covid-19 outbreak, an additional three frameworks have been extended these being Outdoor Play Equipment, Energy Efficiency and Organic Waste. The extension periods are for a maximum of 6 months. These extensions seek to ensure continuity of supply and reduce supplier burdens under those frameworks. This is essential in order to ensure that Scotland Excel members continue to have access to the goods and services they need to operate effectively, for both their routine operations and those circumstances where they may need to react rapidly in order to mitigate the impacts of the on-going health emergency

2.8   Update on Stakeholder Meetings

Scotland Excel undertakes a periodic structured stakeholder engagement project where it seeks to meet and seek the views of its key member stakeholders. This includes Elected Members, Chief Executives, Finance Directors, Corporate Procurement Managers and other senior officers.

The Covid situation had an impact on the scheduling of the stakeholder plan but has now commenced. To date, fourteen elected members have had one to one meetings. Feedback has been very positive across a number of areas. A common theme across the majority of meetings with elected members has been the support of local procurement initiatives.

Meetings have been arranged with Chief Executive's and Senior Officers from 24 Local Authorities. These meetings are taking place over the coming weeks to seek their views on performance and future direction of the organisation.

2.9   General update

New Associate Members

There have been three new associate members since the last CEOMG:

Crown Office & Procurator Fiscal Service
National Library of Scotland
Queens Cross Housing Association Ltd

Free Temporary Membership Programme

In addition, Scotland Excel provided a free temporary membership programme to all public sector and third sector organisations during the lockdown to enable the purchase of critical supplies such as PPE and Janitorial from the Scotland Excel frameworks. A total of thirty-six organisations took advantage of the offer that included small social enterprises, supported business and national bodies that included many museums and studios enabling the purchase of critical supplies and facilitate a route for re-opening to the public. Spend analysis of how these organisations benefited from Scotland Excel contracts should be available for the next update.

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