

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 Subcommittee 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.