

**MINUTE OF MEETING OF THE SCOTLAND EXCEL JOINT COMMITTEE
HELD IN THE CITY CHAMBERS, GLASGOW
ON 12 JUNE, 2015**

PRESENT

Councillors C Shand and W Howatson (both Aberdeenshire Council); P Valentine (Angus Council); E Morton (Argyll and Bute Council); I Whyte (City of Edinburgh Council); N Macdonald (Comhairle Nan Eilean Siar Council); R Murray (Falkirk Council); M McElroy and N MacLeod (both Glasgow City Council); J Clocherty (Inverclyde Council); J Bryant (Midlothian Council); G McLean (North Ayrshire Council); J Kellas (Perth and Kinross Council); M Holmes (Renfrewshire Council); J Mitchell (Scottish Borders Council); A Westlake (Shetland Islands Council) and P McGlinchey (West Dunbartonshire Council).

Councillor Holmes, Convener, presided.

APOLOGIES

Councillors R Milne (Aberdeen City Council); A Rankin (City of Edinburgh Council); A Drummond (Clackmannanshire Council); G Dykes (Dumfries and Galloway Council); Bailie W Sawers (Dundee City Council); Councillors D Reid and J Roberts (both East Ayrshire Council); J McMillan (East Lothian Council); M Smith and D Alston (both Highland Council); J Stockan (Orkney Council); M Cook (Scottish Borders Council); R Reid (South Ayrshire Council); Provost E Logan and Councillor P Clearie (both South Lanarkshire Council); Councillors A Wright (The Moray Council); K Ryall (West Dunbartonshire Council) and A McMillan (West Lothian Council).

IN ATTENDANCE

J Welsh, Director; H Carr, Head of Strategic Procurement; J McLaggan, Business Services Manager; M Robertson, Marketing and Communications Manager and S Brannagan, Head of Customer & Business Services (all Scotland Excel); and M Conaghan, Legal and Democratic Services Manager; A MacArthur, Acting Head of Corporate Finance; A McMahon, Chief Auditor; E Coventry, Democratic Services Officer; E Currie, Committee Services Officer; and K Druce, Assistant Committee Services Officer (all Renfrewshire Council) and J Thompson, Senior Procurement Officer (Angus Council).

DECLARATIONS OF INTEREST

The Convener intimated that this was a standard item on the agenda and asked members to indicate if there were any declarations of interest in relation to the items of business to be considered at the meeting. No declarations of interest were expressed.

1. MINUTE OF JOINT COMMITTEE

There was submitted the Minute of the meeting of the Joint Committee held on 5 December, 2014.

DECIDED: That the Minute be approved.

2. MINUTES OF EXECUTIVE SUB COMMITTEE

There were submitted the Minutes of the meetings of the Executive Sub Committee held on 5 December, 2014 and 30 January, 6 March, 27 March and 15 May 2015. It was noted that Councillor Howatson, Aberdeenshire had been omitted from the list of those attending by video link and that the Minute of 27 March required to be corrected to reflect this.

DECIDED: That the Minutes be approved.

3. MINUTE OF THE CHIEF OFFICERS MANAGEMENT GROUP

There were submitted the Minute of the meeting of the Chief Officers Management Group held on 23 March, 2015.

DECIDED: That the Minute be noted.

4. THREE YEAR STRATEGIC PLAN AND OPERATING PLAN

There was submitted a report by the Director of Scotland Excel relative to the new three year corporate strategy, which formed Appendix I, to underpin the next phase of growth for the organisation, and ensure its long term sustainability as a successful local government shared service. The report provided a summary of the proposed strategic direction for the organisation, and included an overview of the key operational activities that would be undertaken to deliver the strategy.

Stakeholder input had formed a key component in setting the new strategic direction for Scotland Excel. A significant stakeholder engagement programme had been initiated and led by the new director and provided the basis of the three year strategy proposed, which was designed to support customers in achieving their goals.

The new Scotland Excel vision sought to provide an ambitious future for the organisation that was underpinned by clarity in the core mission with strong values focussed on people and customers. The strategy was based around 12 objectives aligned to four business goals: supporting the delivery of better and more effective public services; being sustainable in everything they do; placing customers at the heart of the business and becoming the partner of choice for delivering shared services. The three year strategy had been redesigned, and departed from the previous traditional "business plan" style. This change was designed to be more applicable to the wider stakeholder base, provide a more contemporary view and improve clarity of the key messages contained within it.

A rolling annual operating plan, which formed Appendix II to the report, had been developed to record the high level activities and commitments that required to be delivered to achieve each of the four goals. This plan would be used to set detailed annual performance objectives and targets for the organisation and employees. The operating plan would be reviewed and updated each year to ensure that activities remained closely aligned with the goals of the three year strategy, and to respond to changes in the external environment.

DECIDED:

- (a) That the three year strategic plan be approved;
- (b) That the strategic and operating plan be issued to all Joint Committee members and communicated to wider stakeholder groups;
- (c) That clear annual performance metrics be provided and progress reported to governance bodies on a quarterly basis; and
- (d) That a completed operating plan, including KPIs, be submitted to the next Executive Sub-Committee.

5. BUDGET ALLOCATION

There was submitted a report by the Director of Scotland Excel relative to the transfer of budget allocations to reflect the funding of areas of work.

The report indicated that following a review of the budget allocations, it was considered appropriate to move budget allocations to accurately reflect how and where some areas of work were funded. It was therefore proposed that the budget allocation for consultants employed on a temporary basis to provide technical expertise to support areas of contract development, should be funded under the "other development costs" in Procurement Improvement Activity. In addition, staff who provided the learning, development and external consultancy roles should be funded from the budget allocation for core staffing costs.

These changes in budget allocation did not change the overall core and temporary costs as they reflected an increase in core staffing, a decrease in consultant budgets, an increase in development budget and a decrease in temporary staff budget, each of £100,000. The approved allocation of funds, together with the proposed budget reflecting the movement in funds was detailed in Appendix 1 to the report

DECIDED: That report be noted and the transfer of funds between budget allocations be approved.

6. UPDATE ON REBATE DEVELOPMENT ACTIVITY

There was submitted a report by the Director of Scotland Excel relative to the volume rebate clauses within Scotland Excel framework agreements which had been utilised to varying degrees to date.

In order to have a greater understanding of the impact of this, a project was initiated to review the effectiveness of the current rebates position, and to assess the opportunity to use this process as a method of funding some of the additional activity that Scotland Excel might undertake as part of the business development process.

The project identified a number of opportunities and it was proposed that Scotland Excel pursue these fully in order to increase the potential benefits of applying rebates through our contract portfolio. These included: reviewing the current rebate development process

to build in the required controls from early in the strategy development stage and maximise the potential benefits to contract users; ensuring that review of rebates was an integral part of contract governance within the organisation through the creation of additional requirements for both contract development and management; determining the best application of rebates and assess where source discounts were currently being applied and were likely to provide better benefits for Councils; and providing guidance to Councils to support them in maximising the cost savings opportunities offered by contracts on an ongoing basis.

DECIDED:

- (a) That the progress made to date be noted;
- (b) That options to retain, where appropriate, contract rebates to partly fund the work of the organisation be explored; and
- (c) That the plans to further develop the opportunity assessment for the volume rebate inclusion within a wider range of contracts be supported.

7. CHIEF EXECUTIVE OFFICERS MANAGEMENT GROUP

There was submitted a report by the Clerk relative to the membership of the Chief Officers Management Group. The report indicated that approval was sought for the reappointment of the existing membership of the Chief Executive Officers Management Group for a further period of 12 months.

DECIDED:

- (a) That the membership of the Chief Officers Management Group comprising the undernoted Council Chief Executives be approved:

Renfrewshire Council (ex-officio member)
City of Edinburgh Council
Highland Council
North Lanarkshire Council
Scottish Borders Council
West Lothian Council

and;

- (b) That the membership of the Management Group be reviewed at the meeting of the Joint Committee to be held in June 2016.

8. MEMBERSHIP OF THE EXECUTIVE SUB-COMMITTEE

There was submitted a report by the Clerk relative to the membership of the Executive Sub Committee seeking approval for the appointment of members to the Executive Sub Committee for the period to June 2016.

The report indicated that the Procedural Standing Orders provided that the Executive Sub Committee shall comprise a maximum of 12 members including the Convener and Vice Convener of the Joint Committee. Where possible the membership of the Executive Committee should reflect the geographic diversity of the constituent authorities.

DECIDED:

- (a) That the membership of the Executive Sub Committee, comprising elected members from the undernoted Councils be approved; and

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| Renfrewshire Council (Convener) | Fife Council |
| Angus Council (Vice Convener) | Glasgow City Council |
| Aberdeenshire Council | Highland Council |
| City of Edinburgh Council | North Ayrshire Council |
| Comhairle nan Eilean Siar | Shetland Island Council |
| Dumfries and Galloway Council | South Lanarkshire Council |

- (b) That the membership of the Executive Sub Committee be reviewed by the sub committee during the coming year and a recommendation for future membership be made to the meeting of the Joint Committee to be held in June 2016.

9. UNAUDITED ANNUAL ACCOUNTS 2014/15

There was submitted a report by the Treasurer relative to the draft Annual Accounts 2014/15 for Scotland Excel, a copy of which was appended to the report, and which had been forwarded to Audit Scotland for audit. It was noted that the accounts showed a deficit of £401,539 against a budgeted deficit of £453,383. The report indicated that once the audit had been completed, the accounts would be submitted to the Executive Sub-Committee for consideration.

DECIDED:

- (a) That the draft Annual Accounts 2014/15 be noted; and
- (b) That it be noted that once the audit of the 2014/15 accounts had been completed they would be submitted to the Executive Sub-Committee for consideration.

10. LOCAL AUTHORITY ACCOUNTS (SCOTLAND) REGULATIONS 2014

There was submitted a joint report by the Treasurer and Clerk relative to the Local Authority Accounts (Scotland) Regulations 2014 and seeking approval for changes to be made to the Scheme of Delegation and Financial Regulations of Scotland Excel which would enable Scotland Excel to comply with the requirements of the Regulations.

Under the Standing Orders the Joint Committee of Scotland Excel meets twice each year, normally in June and December. Under existing arrangements, the unaudited annual accounts of Scotland Excel are considered at the June meeting and the audited annual accounts are considered and approved at the December meeting.

The Local Authority Accounts (Scotland) Regulations 2014 were laid before the Scottish Parliament on 7 July 2014 and came into force on 10 October 2014. The Regulations apply to the statutory Annual Accounts commencing with the financial year 2014/15. Under the Regulations a local authority (under the regulations the definition of a local authority includes joint committees) or committee of that authority whose remit includes audit or governance functions must meet to consider the unaudited Annual Accounts no later than 31 August each year, and must aim to approve the audited Annual Accounts for signature no later than 30 September each year.

The existing arrangements would prevent Scotland Excel meeting the requirement to approve the audited accounts for signature no later than 30 September each year.

The report proposed that an adjustment be made to paragraph 4.3 of the Scotland Excel Scheme of Delegation to delegate the consideration and approval of the audited Annual Accounts to the Executive Sub-Committee.

Similarly, it was proposed that paragraph 3.19 of the Scotland Excel Financial Regulations be adjusted to expand the responsibilities of the Executive Sub-Committee to include the consideration of reports by the external auditors in relation to the audited Annual Accounts.

DECIDED: That the amendments to the Scheme of Delegation and Financial Regulations as detailed in the report be approved.

11. **ANNUAL AUDIT PLAN 2014/15**

There was submitted a report by the Treasurer relative to the Annual Audit Plan 2014/15 for the Joint Committee which outlined Audit Scotland's planned activities in the 2014/15 financial year.

DECIDED: That the annual audit plan 2014/15 be noted.

12. **INTERNAL AUDIT ANNUAL REPORT 2014/15**

There was submitted a report by the Chief Auditor (Renfrewshire Council) relative to the Internal Audit Annual Report for Scotland Excel. The report intimated that the Code of Practice for Internal Audit in Local Government in the UK recommended that the Chief Internal Auditor should prepare an Annual Report on the activities of Internal Audit to demonstrate performance and that the report should contain a statement of the soundness of the internal control system of the audited body.

The Annual Report for Scotland Excel outlined the role of Internal Audit and the performance of the Internal Audit Team, the main findings from internal audit work undertaken during 2014/15 and contained an audit assurance statement. The report included, as Appendices I and II, an agreed management action plan for Scotland Excel to progress recommendations made by Internal Audit.

DECIDED: That the report be noted.

13. ORGANISATION INFORMATION REPORT

There was submitted a report by the Director of Scotland Excel relative to staff absence rates, special leave given to staff, and hospitality granted by the organisation.

DECIDED: That the report be noted.

14. UPDATE ON THE CONTRACT DELIVERY PLAN

There was submitted a report by the Director of Scotland Excel providing an update on the 2015/16 Contract Delivery Plan which comprised framework renewals, new developments, framework extensions and frameworks with ongoing contract management only.

DECIDED: That the progress to date be noted.

15. SPEND ACTIVITY AND ESTIMATED FORECAST SAVINGS REPORT

There was submitted a report by the Director of Scotland Excel providing an overview of the spend activity and estimated savings achieved through the Scotland Excel collaborative contacts. The report included additional spend data provided by suppliers since the last meeting and covered four quarters from 1 January 2014 (Q4 2013/14) to 31 December 2014 (Q3 2014/15).

DECIDED: That the participation levels and associated benefits estimated be noted.

16. ASSESSING PROCUREMENT CAPABILITY – PROGRESS SO FAR AND PLANS FOR THE FUTURE

There was submitted a report by the Director of Scotland Excel providing an update on the progress that had been made over the last six years of assessment and outlining the changes to the national assessment approach to ensure it met future requirements.

DECIDED: That the report be noted.

17. DATE OF NEXT MEETING

That it be noted that the next meeting of the Joint Committee was scheduled to be held at 10.45 am on 27 November, 2015.