

## Notice of Meeting and Agenda Scotland Excel Joint Committee

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

KENNETH GRAHAM  
Clerk

### Members

Councillor Alan Donnelly and Councillor John Reynolds (Aberdeen City Council); Councillor Bill Howatson and Councillor Alastair Bews (Aberdeenshire Council); Councillor Angus Macmillan Douglas (Angus Council); Councillor Rory Colville (Argyll and Bute Council); Councillor Alasdair Rankin and Councillor Graham Hutchison (City of Edinburgh Council); Councillor Les Sharp (Clackmannanshire Council); Provost Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Stephen Thompson (Dumfries and Galloway Council); Bailie Willie Sawers (Dundee City Council); Councillor Gordon Jenkins (East Ayrshire Council); Councillor John Jamieson (East Dunbartonshire Council); Councillor John McMillan (East Lothian Council); Councillor Tony Buchanan (East Renfrewshire Council); Councillor Gary Bouse (Falkirk Council); Councillor Altany Craik and Councillor Ross Vettraine (Fife Council); Bailie Norman MacLeod and Councillor Jane Morgan (Glasgow City Council); Councillor Alister Mackinnon and Councillor Andrew Baxter (Highland Council); Councillor Jim Clocherty (Inverclyde Council); Councillor Derek Milligan (Midlothian Council); Councillor 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); Councillor Amanda Westlake (Shetland Islands Council); Councillor Peter Henderson (South Ayrshire Council); Councillor Eileen Logan and Councillor Collette Stevenson (South Lanarkshire Council); Councillor Alison Laurie (Stirling Council); Councillor Marc Macrae (The Moray Council); Councillor Ian Dickson (West Dunbartonshire Council); Councillor John McGinty (West Lothian Council).

Councillor John Shaw (Convener): Councillor Paul Di Mascio (Vice Convener)

## **Further Information**

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

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

For further information, please either email [democratic-services@renfrewshire.gov.uk](mailto: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 at the City Chambers where they will be directed to the meeting.

## Items of business

### Apologies

Apologies from members.

### Declarations of Interest

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

- |           |   |                  |
|-----------|---|------------------|
| <b>1a</b> | <b>Minute of Joint Committee</b>  | <b>5 - 12</b>    |
|           | Submit Minute of meeting of Joint Committee held on 30 June, 2017.  |                  |
| <b>1b</b> | <b>Minutes of Executive Sub Committee</b>   | <b>13 - 42</b>   |
|           | Submit Minutes of the Executive Sub Committee meetings on 30 June, 25 August, 15 September, 13 October and 17 November, 2017. |                  |
| <b>2</b>  | <b>Audited Annual Accounts 2016.2017</b>  | <b>43 - 106</b>  |
|           | Report by the Treasurer and Director of Scotland Excel.   |                  |
| <b>3</b>  | <b>Revenue Estimates 2018/2019</b>  | <b>107 - 114</b> |
|           | Report by the Treasurer and Director of Scotland Excel.   |                  |
| <b>4</b>  | <b>Scotland Excel Legal Entity Option Appraisal</b>   |                  |
|           | Report by Director of Scotland Excel.   |                  |
| <b>5</b>  | <b>Lease</b>  | <b>115 - 116</b> |
|           | Report by the Director of Scotland Excel.   |                  |
| <b>6</b>  | <b>Associate Membership Proposal</b>  | <b>117 - 120</b> |
|           | Report by the Director of Scotland Excel.   |                  |
| <b>7</b>  | <b>North Glasgow Housing Association Ltd (Trading as NG Homes)</b>  | <b>121 - 122</b> |
|           | Report by the Director of Scotland Excel.   |                  |
| <b>8</b>  | <b>Update on the Contract Delivery Plan</b>   | <b>123 - 128</b> |
|           | Report by the Director of Scotland Excel.   |                  |
| <b>9</b>  | <b>Operating Plan 2017/2018</b>   | <b>129 - 142</b> |
|           | Report by the Director of Scotland Excel  |                  |
| <b>10</b> | <b>Community Benefits/Living Wage</b>   | <b>143 - 146</b> |
|           | Report by the Director of Scotland Excel.   |                  |

<b>11</b>	<b>Procurement Commercial Improvement Programme (PCIP) Results</b>	<b>147 - 150</b>
	Report by the Director of Scotland Excel.	
<b>12</b>	<b>Risk Register</b>	<b>151 - 170</b>
	Report by the Director of Scotland Excel	
<b>13</b>	<b>Fife Proposal</b>	<b>171 - 174</b>
	Report by the Director of Scotland Excel	
<b>14a</b>	<b>Scottish Government Project - Housing</b>	<b>175 - 178</b>
	Report by the Director of Scotland Excel	
<b>14b</b>	<b>Scottish Government Project - Care at Home and Adult Supported Living</b>	<b>179 - 184</b>
	Report by the Director of Scotland Excel	
<b>15</b>	<b>Meetings of Scotland Excel Joint Committee 2018</b>	<b>185 - 186</b>
	Report by Clerk	

## Minute of Meeting Scotland Excel Joint Committee

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

### Present

Councillors Gillian Owen (substitute) (Aberdeenshire Council); Rory Colville (Argyll and Bute Council); Stephen Thompson (Dumfries & Galloway Council); Gordon Jenkins (East Ayrshire Council); Gary Bouse (Falkirk Council); Bailie MacLeod and Councillors Jane Morgan (both Glasgow City Council); Alister Mackinnon (Highland Council); Todd Ferguson (North Ayrshire Council); Paul Di Mascio (North Lanarkshire Council); Callum Purves (Perth & Kinross Council); John Shaw (Renfrewshire Council); Gordon Edgar (substitute for Simon Mountford) (Scottish Borders Council); Peter Henderson (South Ayrshire Council); Eileen Logan and Colette Stevenson (both South Lanarkshire Council); and Ian Dickson (West Dunbartonshire Council).

### Apologies

Councillors Alan Donnelly and John Reynolds (both Aberdeen City Council); Angus Macmillan Douglas and Bob Myles (both Angus Council); Graham Hutshison (City of Edinburgh Council); Provost Macdonald (Comhairle Nan Eilean Siar Council); Baillie Willie Sawers (Dundee City Council); John McMillan (East Lothian Council); Tony Buchanan (East Renfrewshire Council); Andrew Baxter (Highland Council); Jim Clocherty (Inverclyde Council); Derek Milligan (Midlothian Council); Megan Gallacher (substitute) (North Lanarkshire Council); Ian Campbell (Perth & Kinross Council); Simon Mountford (Scottish Borders Council); Amanda Westlake (Shetland Islands Council); Alison Laurie (Stirling Council); and John McGinty (West Lothian Council).

### In Attendance

J Welsh, Director, S Brannagan, Head of Customer & Business Services, H Carr, Head of Strategic Procurement (all Scotland Excel); M Conaghan, Legal & Democratic Services Manager, A McMahon, Chief Auditor, V Howie, Finance & Resource Manager, E Currie, Senior Committee Services Officer and K Brown, Committee Services Officer (all Renfrewshire Council); K Scott, Procurement and Commissioning Manager (Dumfries and Galloway Council); and M Ferris, Senior Audit Manager (Audit Scotland).

## **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 Legal & Democratic Services Manager, on behalf of the Clerk, welcomed members to the first meeting of the Joint Committee following the Local Government Elections in May 2017.

### **1 Appointment of Convener**

The Legal & Democratic Services Manager asked for nominations for the post of Convener.

Bailie MacLeod, seconded by Councillor Stevenson, moved that Councillor Shaw be appointed as Convener of the Joint Committee.

There being no further nominations it was agreed that Councillor Shaw be appointed as Convener of the Joint Committee.

**DECIDED:** That Councillor Shaw be appointed as Convener of the Joint Committee.

### **Chair**

Councillor Shaw thereafter took the chair.

### **2 Appointment of Vice Convener**

The Convener asked for nominations for the post of Vice Convener.

Bailie MacLeod, seconded by Councillor Stevenson, moved that Councillor Di Mascio be appointed as Vice Convener of the Joint Committee.

There being no further nominations it was agreed that Councillor Di Mascio be appointed as Vice Convener of the Joint Committee.

**DECIDED:** That Councillor Di Mascio be appointed as Vice Convener of the Joint Committee.

### **3 Term of Office of Convener and Vice Convener**

There was submitted a report by the Clerk relative to the term of office for the Convener and Vice Convener of the Joint Committee.

**DECIDED:** That the term of office of the Convener and Vice Convener of the Joint Committee be until the next local government elections in May 2022.

### **4 Membership of Joint Committee**

There was submitted a report by the Clerk relative to the appointments by member authorities to the Scotland Excel Joint Committee. An updated appendix detailing appointments was tabled.

**DECIDED:** That the appointments be noted.

## **5 Membership of Executive Sub-committee**

There was submitted a report by the Clerk seeking approval for the continued appointment of the existing membership of the Scotland Excel Executive Sub-committee for a further period to June 2018.

The report intimated that 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 had been amended to reflect 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 Sub-committee should reflect the geographic diversity of the constituent authorities.

Bailie MacLeod, seconded by Councillor Bouse, moved, in terms of Standing Order 36, that Standing Order 35 be suspended to allow consideration of the membership of the Executive Sub-committee as detailed in Standing Order 40a. This was agreed unanimously.

After discussion Bailie MacLeod, seconded by Councillor Bouse, proposed that:

(a) Standing Order 40a be amended to read that “the Executive Sub-committee shall comprise a maximum of 13 members including the Convener and Vice Convener with the other members appointed by the Joint Committee. The Convener and Vice Convener of the Joint Committee shall be the Convener and Vice Convener of the Executive Sub-committee.”; and

(b) That it be agreed that the Executive Sub-committee comprise elected members from Aberdeenshire Council, Angus Council, City Of Edinburgh Council, Comhairle nan Eilean Sar, Dumfries & Galloway Council, Fife Council, Glasgow City Council, Highland Council, North Ayrshire Council, North Lanarkshire Council (Vice Convener), Renfrewshire Council (Convener), South Lanarkshire Council and Shetland Islands Council; and

(c) That the membership of the Executive Sub-committee be next reviewed at the meeting of the Joint Committee in June 2018. This was agreed

### **DECIDED:**

(a) That Standing Order 40a be amended to read that “the Executive Sub-committee shall comprise a maximum of 13 members including the Convener and Vice Convener with the other members appointed by the Joint Committee. The Convener and Vice Convener of the Joint Committee shall be the Convener and Vice Convener of the Executive Sub-committee.”; and

(b) That it be agreed that the Executive Sub-committee comprise elected members from Aberdeenshire Council, Angus Council, City Of Edinburgh Council, Comhairle nan Eilean Sar, Dumfries & Galloway Council, Fife Council, Glasgow City Council, Highland Council, North Ayrshire Council, North Lanarkshire Council (Vice Convener), Renfrewshire Council (Convener), South Lanarkshire Council and Shetland Islands Council; and

(c) That the membership of the Executive Sub-committee be next reviewed at the meeting of the Joint Committee in June 2018.

## **6 Minute of Joint Committee**

There was submitted the Minute of the meeting of the Joint Committee held on 9 December 2016.

**DECIDED:** That the Minute be approved.

## **7 Minutes of Executive Sub-committee**

There were submitted the Minutes of the meetings of the Executive Sub-committee held on 9 December 2016, 10 February and 31 March 2017.

With reference to the Minute of the Executive Sub-committee held on 31 March 2017, the Head of Strategic Procurement tabled an update highlighting administrative errors in the reports relative to item 2 - Supply and Delivery of Education and Office Furniture and item 5 – Supply and Delivery of Personal Protective Equipment of the Minute.

**DECIDED:**

(a) That the Minutes be approved; and

(b) That the administrative errors in the reports in relation to items 2 and 5 of the Minute of the Executive Sub-committee held on 31 March 2017 as appended to this Minute be noted.

## **8 Overview of Three Year Strategy**

The Director of Scotland Excel gave a presentation to members providing an introduction to Scotland Excel; Scotland Excel governance; Scotland Excel's portfolio and portfolio growth; the Scotland Excel Academy; the Procurement and Commercial Improvement Programme (PCIP); details of what Scotland Excel had achieved through collaboration; the next steps for the organisation and what the organisation needed from the Joint Committee.

**DECIDED:** That the presentation be noted.

## **9 Elected Member Engagement Plan**

There was submitted a report by the Director of Scotland Excel relative to the development of an engagement programme to ensure that Joint Committee members stayed informed about the work of Scotland Excel and key matters relating to public procurement throughout the year.

The report intimated that the engagement plan had been informed by the responses of previous Joint Committee members to the recent customer satisfaction survey. The report provided members with a high-level overview of the programme.

**DECIDED:** That the progress and plans to support member engagement be noted.

## 10 Operating Plan Update 2016/17

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 corporate 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 key priorities identified each year using a 'traffic light' symbol which provided a quick guide to the status of each action. Appendix 1 to the report provided an update on progress made during the full financial year to 31 March 2017 and updates on ten key performance indicators (KPIs) included within the plan.

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

**DECIDED:** That the progress made by Scotland Excel in delivering its corporate strategy during 2016/17 be noted.

## 11 Operating Plan 2017/18

There was submitted a report by the Director of Scotland Excel relative to the proposed operating plan 2017/18.

The report intimated that in June 2015 the Joint Committee approved a new three-year strategy and rolling annual operating plan. The plan was reviewed and updated each year to ensure that it remained closely aligned with strategy and responded to any changes in the external environment. A copy of the updated operating plan proposed for 2017/18, which would guide the projects and activities undertaken by the organisation in 2017/18, was appended to the report.

**DECIDED:** That the updated operating plan for 2017/18 be approved.

## 12 Unaudited Annual Accounts 2016/17

There was submitted a report by the Treasurer relative to the unaudited annual accounts for the Joint Committee for 2016/17 which were attached to the report.

The report intimated that the accounts for the year ended 31 March 2017 had been completed and forwarded to Audit Scotland for audit. The accounts showed a deficit for the year of £97,552 against a budgeted deficit of £199,510.

In accordance with the Local Authority Accounts (Scotland) Regulations 2014 the unaudited accounts had only been signed by the Treasurer as proper officer. The audited accounts would be signed by the Convener, the Director of Scotland Excel and the Treasurer in accordance with the new guidelines.

**DECIDED:** That the unaudited annual accounts for the year ended 31 March 2017 be noted and that the accounts be further presented to the Executive Sub-committee on completion of the audit.

### **13 Budget Drawdown Reserves Usage 2017/18**

The Director of Scotland Excel submitted a report relative to a drawdown of reserves in 2017/18.

The report intimated that a surplus of £101,958 was reported within the financial statements for 2016/17 and that this was primarily due to the postponement of IT projects including the migration of the IT infrastructure. Further progress had been made on these projects and funding was now required to support the IT projects and office upgrade as detailed in the report.

**DECIDED:** That the drawdown of £100k from reserves to fund the projects detailed in the report be approved.

### **14 Contract Delivery Plan**

There was submitted a report by the Director of Scotland Excel relative to the progress against the 2017/18 contract delivery plan.

Appendix 1 to the report detailed the contracts to be renewed; Appendix 2 to the report detailed new contracts to be developed and delivered in 2017/18 and Appendix 3 to the report detailed contracts with extension options and contract management activity ongoing in 2017/18.

**DECIDED:** That the progress made to date be noted.

### **15 Community Benefits Update**

There was submitted a report by the Director of Scotland Excel providing an update on the community benefits facilitated and delivered from the Scotland Excel portfolio of framework agreements.

The report intimated that the requirement to include community benefits in the delivery of goods and services was an integral element within Scotland Excel frameworks. Community benefits were reviewed with suppliers at contract management review meetings and reported to local authority procurement managers at quarterly business review meetings.

Table 1 to the report detailed a summary of the social value added across the portfolio since the revised community benefit collection process had been implemented from 2013/14 to 2016/17. The appendix to the report detailed the community benefits by council.

The next community benefits data collection, analysis and review cycle would be completed in line with management information processes to cover the period to the end of September 2017. The results would be reviewed with the supply base and where appropriate would be incorporated into supplier performance objectives.

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

## **16 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 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 and progress made to date be noted.

## **17 Internal Audit Annual Report 2016/17**

There was submitted a report by the Chief Auditor, Renfrewshire Council, relative to the Internal Audit annual report 2016/17. The report intimated that the public sector internal audit standards required that the Chief Auditor prepare an annual report on the activities of internal audit to demonstrate performance. The report must also provide an audit opinion on the overall adequacy and effectiveness of the internal control system of the audited body.

The annual report for Scotland Excel was attached as an appendix to the report and outlined the role of internal audit, the performance of the internal audit team and the main findings from the internal audit work undertaken in 2016/17 and contained an audit assurance statement.

**DECIDED:** That the Internal Audit annual report for 2016/17 be noted.

## **18 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 in 2016/17.

**DECIDED:** That the report be noted.

## **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 8 December 2017 within the City Chambers, Glasgow City Council.

## Appendix

Minute of Scotland Excel Sub-Committee on 31 March 2017

Statement by the Head of Strategic Procurement.

I want to draw to the attention of the Joint Committee for the purposes of a fully accurate record the following administrative errors which came to light in the course of implementing the Executive Sub-Committee's decisions of 31 March 2017. I would advise that the nature and significance of these errors and the fact that they did not affect the recommendations in any way was carefully considered and thereafter the contract award process was taken through to completion.

Agenda Item 2 – Supply and Delivery of Education and Office Furniture

References in the Appendices to –

- 1 Findel Education Supplies Limited should have been to Findel Educational Supplies Limited
- 2 YPO Procurement Holdings Limited should have been to YPO Joint Committee of Local Authorities

Agenda Item 5 – Supply and Delivery of Personal Protective Equipment

References in the Appendices to –

- 1 Lion Safety Ltd should have been to Lion Safety. (It should be noted that the bidder has a company, but its company was not used to bid for the work.)
- 2 Mona Laird Ltd (T/a McKinley Workwear Supplies) located in Inverness should have been to Morna Laird Ltd (T/a McKinlay Workwear Supplies) located in Hamilton.

The scoring of the tenders listed in Appendix 3 has been corrected as follows –

MWUK Ltd trading as Alexandra - score has been corrected for an arithmetical error and changed from 77.45 to 82.45, moving it up from position 13 to position 9 in the table; and

Rexel UK Ltd trading as Rexel MRO – score has been corrected for an arithmetical error and changed from 74.31 to 71.31, moving it down from position 19 to position 20 in table.

The bidders listed from positions 9 through 20 have moved position to accommodate the above changes but no change whatsoever was made in the overall result and the recommended suppliers agreed by the Executive Sub-Committee at the meeting.

I would ask the Joint Committee in approving the decisions on 31 March 2017 to formally note these errors in the reports to the Executive Sub-Committee as part of its decision to approve the Minute.

## Minute of Meeting Scotland Excel Executive Sub-Committee

Date	Time	Venue
Friday, 30 June 2017	12:00	City Chambers, Glasgow City Council, 80 George Square, Glasgow, G2 1DU

### Present

Councillors Gillian Owen (substitute) (Aberdeenshire Council); Stephen Thompson (Dumfries & Galloway Council); Bailie Norman MacLeod (Glasgow City Council); Councillors Todd Ferguson (North Ayrshire Council); Paul Di Mascio (North Lanarkshire Council); John Shaw (Renfrewshire Council); and Colette Stevenson (South Lanarkshire Council).

### Chair

Councillor John Shaw, Convener, presided.

### Apologies

Councillors Alan Donnelly and John Reynolds (Aberdeenshire Council); Angus Macmillan Douglas and Bob Myles (Angus Council); Alasdair Rankin and Graham Hutchison (City of Edinburgh Council); Provost Macdonald (Comhairle Nan Eilean Siar)  
Councillors Alister Mackinnon and Andrew Baxter (Highland Council) and Westlake (Shetland Islands Council).

### In Attendance

J Welsh, Director, H Carr, Head of Strategic Procurement, S Brannagan, Head of Customer and Business Services, L Richard, Strategic Project Manager, L Gordon and E Martin, both Senior Procurement Specialists (all Scotland Excel); and M Conaghan, Legal & Democratic Services Manager, E Currie, Senior Committee Services Officer and K Brown, Committee Services Officer (all Renfrewshire Council).

### Declarations of Interest

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

## Order of Business

In terms of Standing Order 12, the Convener intimated that he proposed to alter the order of business to facilitate the conduct of the meeting by considering item 2 of the agenda prior to item 1 of the agenda.

### 1 **Contract for Approval: Supply and Delivery of Education Materials**

There was submitted a report by the Director of Scotland Excel relative to the award of a second generation framework agreement for education materials which would be effective from 1 August 2017 until 31 July 2019, with an option to extend for two one year periods until 31 July 2021.

The report intimated that the framework would provide councils with a mechanism to procure a range of educational materials.

The framework had been divided into nine lots as detailed in table 1 in the report. Appendix 1 to the report detailed the participation, spend and savings summary of the 32 councils participating in the framework.

The forecast annual spend for participating councils was circa £15m per annum, however, to allow for additional expenditure from grant or attainment funding and increased spend with specialist suppliers not currently captured by the framework, the framework had been advertised at £17.5m per annum. Tender responses had been received from 36 suppliers and a summary of offers received was detailed in Appendix 2 to the report. Based on the criteria and scoring methodology set out in the tender document, a full evaluation of the compliant offers had been completed and Appendix 3 to the report detailed the scoring achieved by each bidder.

Based on the evaluation undertaken and in line with the criteria and weightings detailed in the report it was recommended that a multi-supplier framework agreement be awarded to 30 suppliers across the nine 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.

### 2 **Contract for Approval: Treatment of Organic Waste**

There was submitted a report by the Director of Scotland Excel relative to the award of a second generation framework agreement for treatment of organic waste which would be effective from 1 August 2017 until 31 March 2020, with an option to extend for a further 12 month period until 31 March 2021.

The report intimated that the framework would assist councils in delivering their statutory obligation to provide an essential waste management service in line with the Waste (Scotland) Regulations 2012, Zero Waste Scotland's Zero Waste Plan 2010 and Circular Economy Strategy for Scotland 2016.

The framework had been divided into three lots as detailed in table 1 in the report. Appendix 1 to the report detailed the participation, spend and savings summary of the 21 councils participating in the framework.

The forecast annual spend for participating councils was £10m per annum equating to an estimated £40m over the term of the framework. Tender responses had been received from 11 suppliers and a summary of offers received was detailed in Appendix 2 to the report. Based on the criteria and scoring methodology set out in the tender document, a full evaluation of all compliant offers had been completed and Appendix 3 to the report detailed the scoring achieved by each bidder.

Based on the evaluation undertaken and in line with the criteria and weightings detailed in the report it was recommended that a multi-service provider framework arrangement be established with 11 service providers across the three 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: Supply Only and Supply and Distribution of Frozen Foods**

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework agreement for frozen foods which would be effective from 1 July 2017 until 30 June 2019, with an option to extend to 30 June 2021.

The report intimated that the framework would provide councils with a mechanism to procure a range of frozen foods.

The framework had been divided into three lots as detailed in table 1 in 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.

It was noted that the percentage estimated forecast savings and estimated annual savings in pounds detailed for both Renfrewshire Council and Tayside Contracts was incorrect and that an amended Appendix 1 would be issued to members.

The forecast annual spend for participating councils was circa £17.5m per annum, however, the framework had been advertised with a potential value of £25m per annum to allow growth and increased council participation. Tender responses had been received from 12 suppliers and a summary of offers received was detailed in Appendix 2 to the report.

It was noted that reference to 'Hatley's Farm Foods Limited' in Appendix 2 to the report should be to 'Hartley's Farm Foods Limited'.

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

Based on the evaluation undertaken and in line with the criteria and weightings detailed in the report it was recommended that a multi-service provider framework agreement be awarded to 11 suppliers across the three lots as detailed in Appendix 3 to the report.

**DECIDED:**

(a) That it be noted that the percentage estimated forecast savings and estimated annual savings in pounds detailed for both Renfrewshire Council and Tayside Contracts was incorrect and that an amended Appendix 1 would be issued to members;

(b) That it be noted that reference to 'Hatley's Farm Foods Limited' in Appendix 2 to the report should be to 'Hartley's Farm Foods Limited'; and

(c) That the award of the framework agreement, as detailed in Appendix 3 to the report, be approved.

#### **4(a) Request for Associate Membership of Scotland Excel: Abbeyfield Scotland Limited**

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

It was proposed that a report relative to Scotland Excel's associate member landscape be submitted to the next meeting of the Executive Sub-committee. This was agreed.

##### **DECIDED:**

(a) That the application by Abbeyfield Scotland Limited 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; and

(b) That a report relative to Scotland Excel's associate member landscape be submitted to the next meeting of the Executive Sub-committee.

#### **4(b) Request for Associate Membership of Scotland Excel: Cadder Housing Association**

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

**DECIDED:** That the application by Cadder Housing Association to become an associate member of Scotland Excel, at an annual membership fee of £961, subject to completion and signing of the agreement document, be approved.

#### **4(c) Request for Associate Membership of Scotland Excel: Clydebank Housing Association**

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

**DECIDED:** That the application by Clydebank Housing Association to become an associate member of Scotland Excel, at an annual membership fee of £1,612, subject to completion and signing of the agreement document, be approved.

#### **4(d) Request for Associate Membership of Scotland Excel: Ferguslie Park Housing Association**

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

**DECIDED:** That the application by Ferguslie Park Housing Association to become an associate member of Scotland Excel, at an annual membership fee of £1,204, subject to completion and signing of the agreement document, be approved.

#### **4(e) Request for Associate Membership: South East of Scotland Transport Partnership**

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

**DECIDED:** That the application by South East of 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.

#### **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 15 September 2017 in Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley.



## Minute of Meeting Scotland Excel Executive Sub-Committee

Date	Time	Venue
Friday, 25 August 2017	10:00	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

### Present

Councillor Paul Di Mascio (North Lanarkshire Council); Councillor John Shaw (Renfrewshire Council); Councillor Colette Stevenson (South Lanarkshire Council) and Councillor Amanda Westlake (Shetland Islands Council).

### By Videolink

Councillor Stephen Thompson (Dumfries & Galloway Council) and Councillor Alister Mackinnon (Highland Council).

### Chair

Councillor John Shaw, Convener, presided.

### In Attendance

J Welsh, Director, H Carr, Head of Strategic Procurement, and S Brannagan, Head of Customer and Business Services, (all Scotland Excel); E Currie, Senior Committee Services Officer and K O'Neill, Assistant Democratic Services Officer (both Renfrewshire Council).

### Apologies

Provost Bill Howatson (Aberdeenshire Council); Councillor Angus Douglas (Angus Council); Councillor Graham Hutchison (City of Edinburgh Council); Provost Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Altany Craik (Fife Council); Bailie Norman MacLeod (Glasgow City Council) and Councillor Todd Ferguson (North Ayrshire Council).

## Declarations of Interest

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

## Sederunt

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

### 1(a) Request for Associate Membership of Scotland Excel: Dumfries and Galloway Housing Partnership

There was submitted a report by the Director of Scotland Excel indicating that Dumfries and Galloway Housing Partnership had submitted an application to become an associate member of Scotland Excel.

**DECIDED:** That the application by Dumfries and Galloway Housing Partnership to become an associate member of Scotland Excel, at an annual membership fee of £15,518, be approved subject to completion and signing of the agreement document.

### 1(b) Request for Associate Membership of Scotland Excel: North Glasgow Housing Association Limited (Trading as ng Homes)

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

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

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

#### **DECIDED:**

(a) That the Director's decision to approve the application by ng homes to become an associate member of Scotland Excel, at an annual membership fee of £8,160, be noted; and

(b) That it be noted that in terms of the Scheme of Delegations the Director would submit a report on this matter to the next meeting of the Joint Committee to be held on 8 December 2017.

### **1(c) Request for Associate Membership of Scotland Excel: Westlo Housing Management Limited**

There was submitted a report by the Director of Scotland Excel indicating that Westlo Housing Management Limited had submitted an application to become an associate member of Scotland Excel.

**DECIDED:** That the application by Westlo Housing Management Limited to become an associate member of Scotland Excel, at an annual membership fee of £3,660, be approved subject to completion and signing of the agreement document.

### **2 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 15 September 2017 in Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley.



## Minute of Meeting Scotland Excel Executive Sub-Committee

Date	Time	Venue
Friday, 15 September 2017	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

### Present

Provost Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Altany Craik (Fife Council); Bailie Norman MacLeod (Glasgow City Council); Councillor Todd Ferguson (North Ayrshire Council); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor John Shaw (Renfrewshire Council) and Councillor Amanda Westlake (Shetland Islands Council).

### By Videolink

Provost Bill Howatson (Aberdeenshire Council) and Councillor Alister Mackinnon (Highland Council).

### Chair

Councillor John Shaw, Convener, presided.

### Apologies

Councillor Graham Hutchison (City of Edinburgh Council); Councillor Collette Stevenson (South Lanarkshire Council) and Councillor Stephen Thompson (Dumfries & Galloway Council).

### In Attendance

J Welsh, Director; H Carr, Head of Strategic Procurement; S Brannagan, Head of Customer and Business Services and K Copland, Assistant Procurement Specialist (all Scotland Excel); and A MacArthur, Head of Finance; M Ball, Senior Accountant; R Devine, Senior Committee Services Officer and K O'Neill, Assistant Democratic Services Officer (all Renfrewshire Council); and M Ferris, Senior Audit Manager and S Afzal, Auditor (both Audit Scotland).

## **Declarations of Interest**

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

## **Order of Business**

In terms of Standing Order 12, the Convener intimated that he proposed to alter the order of business to facilitate the conduct of the meeting by considering item 2(a) of the agenda after item 2(b) of the agenda.

### **1 Revenue Budget Monitoring**

There was submitted a joint revenue budget monitoring report by the Treasurer and the Director of Scotland Excel for the period 1 April to 18 August 2017.

The report intimated that gross expenditure was £43,000 under budget and income was currently £6,000 over recovered which resulted in a net underspend of £49,000.

**DECIDED:** That the report be noted.

### **2(a) Annual Audit Report 2016/17**

Under reference to item 12 of the Minute of the meeting of the Joint Committee held on

30 June 2017 there was submitted a report by Audit Scotland relative to the 2016/17 annual audit outlining the findings of the audit team with regards to the annual accounts and the performance of Scotland Excel generally.

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

Clarification was sought on the net expenditure of successfully defending the legal action in relation to the decision to exclude a tender from the further evaluation stage of the Demolition contract awarded at the meeting of this Sub-committee held on 20 October 2015. It was proposed that a report relative to this matter be submitted to the next meeting of the Executive Sub-committee to be held on 13 October 2017. This was agreed.

**DECIDED:**

(i) That the annual audit report 2016/17 be noted; and

(ii) That a report detailing the net cost of defending the legal action in relation to the decision to exclude a tender from the further evaluation stage of the Demolition contract awarded by the Executive Sub-committee at a meeting held on 20 October 2015 be submitted to the next meeting of the Executive Sub-committee to be held on 13 October 2017.

## **2(b) Audited Annual Accounts 2016/17**

Under reference to item 12 of the Minute of the meeting of the Joint Committee held on 30 June 2017 there was submitted a joint report by the Treasurer and the Director of Scotland Excel relative to the annual accounts for the Joint Committee for 2016/17.

The report intimated that the Joint Committee at its meeting held on 12 June 2015 delegated authority to the Executive Sub-committee to approve the audited accounts by 30 September in order to meet local authority accounting regulations. The audited accounts would be provided to the Joint Committee in December for information.

Following approval arrangements would be made for the audited accounts to be signed by the Director, Convener and Treasurer.

**DECIDED:** That the audited annual accounts 2016/17 be approved for signature.

## **3 Contract for Approval: Tyres for Vehicles and Plant**

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework agreement for tyres for vehicles and plant which would be effective from 1 November 2017 until 31 October 2021.

The report intimated that the framework would provide councils with a mechanism to procure a full range of tyre types and sizes as well as associated tyre management services in order for councils to deliver the various fleet services they provided to end users.

The framework had been divided into six lots as detailed in table 1 of 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 forecast annual spend for participating Councils was circa £6.5m per annum equating to an estimated value of £26m over the term of the contract. Tender responses had been received from 12 suppliers and a summary of offers received was provided in Appendix 2 to the report. Based on the criteria and scoring methodology set out within the tender document, a full evaluation of the compliant offers had been completed and Appendix 3 to the report detailed the scoring achieved by each bidder.

Based on the evaluation undertaken and in line with the criteria and weightings detailed within the report it was recommended that a multi-supplier framework agreement be awarded to 12 suppliers across the six 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.

#### **4 Associate Member Strategy Update**

There was submitted a report by the Director of Scotland Excel relative to Scotland Excel's Associate Member Strategy which had been approved at the meeting of the Joint Committee held on 9 December 2016. A copy of the strategy formed the appendix to the report.

The report provided information in relation to the organisations associate member profile and fees. It was noted that Scotland Excel would continue implementing the approved associate member strategy. The primary focus for the short-term would remain housing associations and initial exploratory work was being undertaken with regard to growth potential in the third-sector.

**DECIDED:** That the progress made with regard to the Associate Member Strategy be noted.

#### **5 Affordable Housing Project Update**

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

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

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

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

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

**DECIDED:** That the progress made on the affordable housing project be noted.

#### **6 Request for Associate Membership of Scotland Excel: Bield Housing and Care**

There was submitted a report by the Director of Scotland Excel advising that Bield Housing and Care had submitted an application to become an associate member of Scotland Excel.

**DECIDED:** That the application by Bield Housing and Care to become an associate member of Scotland Excel, at an annual membership fee of £7,020, be approved subject to completion and signing of the agreement document.

## **7 Update on the Contract Delivery Plan**

There was submitted an update report by the Director of Scotland Excel relative to the progress of the 2017/18 contract delivery plan.

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

The report highlighted that contract delivery remained active with 51 current frameworks in the Scotland Excel portfolio, 11 of which would be retendered in 2017/18; a further 11 new frameworks would be added to the contract portfolio by the end of the financial year; and a further 9 frameworks on the current portfolio had extension options. The estimated forecast value of the framework portfolio would be just over £1 billion by 31 March 2018.

Scotland Excel was exploring the benefits of further collaborative procurement across high spend, critical service areas of adult social care and was progressing with two stakeholder sub-groups to look at focused work streams for both care at home and adult supported living. This development activity would continue over the remainder of 2017 with a decision being made with stakeholders regarding the appropriate procurement strategy. Scotland Excel had also begun development work on exploring the gas maintenance services market.

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

**DECIDED:** That the progress made to date be noted.

## **8 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 August 2017, the previous six and 12 months and provided information relating to the absence statistics and reasons.

**DECIDED:** That the report be noted.

## **9 Supporting Fife Council Transformation Project**

The Head of Customer and Business Services, Scotland Excel provided a verbal update on the Supporting Fife Council Transformation Project. It was noted that the proposal had been submitted to Fife Council for consideration.

**DECIDED:** That the update be noted.

## **10 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 13 October 2017 in Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley.

## Minute of Meeting Scotland Excel Executive Sub-Committee

Date	Time	Venue
Friday, 13 October 2017	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

### Present

Councillor Angus Macmillan Douglas (Angus Council); Councillor Stephen Thompson (Dumfries and Galloway Council); Bailie Norman MacLeod (Glasgow City Council); Councillor Todd Ferguson (North Ayrshire Council); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor John Shaw (Renfrewshire Council) and Councillor Collette Stevenson (South Lanarkshire Council).

### By Videolink

Councillor Graham Hutchison (City of Edinburgh Council).

### Chair

Councillor John Shaw, Convener, presided.

### Apologies

Provost Bill Howatson (Aberdeenshire Council); Provost Norman A Macdonald (Comhairle Nan Eilean Siar); Councillor Altany Craik (Fife Council); Councillor Alister Mackinnon (Highland Council) and Councillor Amanda Westlake (Shetland Islands Council).

### In Attendance

J Welsh, Director, H Carr, Head of Strategic Procurement, S Brannagan, Head of Customer and Business Services, G Mooney, Category Analyst, L Cairns, Procurement Co-ordinator, Z Brawn, Procurement Co-ordinator and D Benstead, Principal Procurement Specialist (all Scotland Excel); and A MacArthur, Head of Finance, E Currie, Senior Committee Services Officer and K O'Neill, Assistant Democratic Services Officer (all Renfrewshire 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 Bailie MacLeod referred to the amended reports issued in relation to items 3(a) and 3(c) of the agenda and requested that consideration be given as to the best way to deal with disseminating this information to members. He also raised the issue of Minutes of the Executive Sub-committee being submitted to the next meeting of the Executive Sub-committee for approval prior to submission to the Joint Committee.

### **DECIDED:**

(a) That any amended reports issued to members detail the amendments made; and

(b) That Minutes of the Executive Sub-committee be submitted to the next meeting of the Executive Sub-committee for approval prior to submission to the Joint Committee.

## **1 Update on the cost incurred to defend the legal challenge on the framework agreed for Demolition Services**

Under reference to item 2(a) of the Minute of the meeting of the Executive Sub-committee held on 15 September 2017 there was submitted a report by the Director of Scotland Excel providing an update on the final cost incurred defending the legal challenge against the award of the framework for demolition services.

The report intimated that this legal challenge had been successfully defended at the Court of Session in September 2016. The pursuer challenged the award of costs to Scotland Excel and when this failed both parties were unable to reach agreement in the value of costs to be recovered. This resulted in proceeding to a taxation hearing following which a net payment of £29,900 was received by Scotland Excel. Scotland Excel's insurance company agreed to underwrite the claim but the policy excess was £50,000 and as such the net cost incurred was £20,100.

In terms of clause 10.3 of Scotland Excel's terms and conditions of membership, additional costs incurred would be recovered from all member councils on a pro-rata basis. However, on the basis that there was less of a draw on reserves during 2016/17, primarily due to efficiencies made, the report proposed that the net cost be covered by current reserves.

**DECIDED:** That the concluded position of the successfully defended challenge be noted.

## **2 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 15 September 2017.

The report intimated that gross expenditure was £52,000 under budget and income was currently £6,000 over-recovered which resulted in a net underspend of £58,000.

**DECIDED:** That the report be noted.

## **Sederunt**

Councillor Graham Hutchison joined the meeting by video conference prior to consideration of the following item of business.

### **3(a) Contract for Approval: Supply and Delivery of Recycle and Refuse Containers**

There was submitted an amended report by the Director of Scotland Excel relative to the award of a renewal framework agreement for recycle and refuse containers which would be effective from 3 November 2017 until 2 November 2020, with an option to extend until 2 November 2021.

The report intimated that the framework facilitated the purchase, supply and delivery of various container types to support councils in the delivery of waste and environmental services.

The framework had been divided into seven lots as detailed in table 1 of the report. Appendix 1 to the report detailed the participation, spend and savings summary of the 32 councils participating in the framework.

The forecast annual spend for participating councils was circa £9 million per annum equating to an estimated value of £50 million over the term of the contract. Tender responses had been received from 22 suppliers and a summary of offers received was provided in Appendix 2 to the report. It was noted that the last column of Appendix 2 should refer to 'Lots Tendered'. Based on the criteria and scoring methodology set out within the tender document, a full evaluation of the compliant offers had been completed and Appendix 3 to the report detailed the scoring achieved by each bidder.

Based on the evaluation undertaken and in line with the criteria and weightings detailed within the report it was recommended that a multi-supplier framework agreement be awarded to 22 suppliers across the seven lots as detailed in Appendix 3 to the report.

#### **DECIDED:**

(i) That it be noted that the last column of Appendix 2 should refer to 'Lots Tendered'; and

(ii) That the award of the framework agreement, as detailed in Appendix 3 to the report, be approved.

### **3(b) Contract for Approval: Vehicle and Plant Hire**

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework agreement for vehicle and plant hire which would be effective from 1 November 2017 until 31 October 2021.

The report intimated that the framework covered the hire of vehicles and plant equipment on a daily, weekly, monthly, six-monthly or annual basis to support the requirement of councils' fleet and roads departments.

The framework had been divided into 12 lots as detailed in table 1 of the report. Appendix 1 to the report detailed the participation, spend and savings summary of the 30 councils participating in the framework. It was noted that Tayside Contracts would also be participating in the framework.

The forecast annual spend for participating councils was circa £15 million per annum equating to an estimated value of £60 million over the term of the contract. Tender responses had been received from 79 suppliers and a summary of offers received was provided in Appendix 2 to the report. Based on the criteria and scoring methodology set out within the tender document, a full evaluation of the compliant offers had been completed and Appendix 3 to the report detailed the scoring achieved by each bidder.

Based on the evaluation undertaken and in line with the criteria and weightings detailed within the report it was recommended that a multi-supplier framework agreement be awarded to 69 suppliers across the 12 lots as detailed in Appendix 3 to the report.

It was noted that the Director of Scotland Excel would provide an update on progress related to the Living Wage as part of the community benefits report being submitted to the next meeting of the Joint Committee to be held on 8 December 2017.

**DECIDED:**

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

(ii) That it be noted that the Director of Scotland Excel would provide an update on progress related to the Living Wage as part of the community benefits report being submitted to the next meeting of the Joint Committee to be held on 8 December 2017.

**3(c) Contract for Approval: Supply and Delivery of Bottled Gas**

There was submitted an amended report by the Director of Scotland Excel relative to the award of a new framework agreement for the supply and delivery of bottled gas which would be effective from 6 November 2017 until 5 November 2019, with the option to extend for up to two one-year periods until 5 November 2021.

The report intimated that the framework would provide councils with a mechanism to purchase bottled gas and bulk gas requirements and the products covered within the framework would include industrial, food and beverage, medical and balloon gas.

The framework, advertised at £8 million over the four-year period, had been divided into six lots as detailed in table 1 of the report. Tender responses had been received from five suppliers, two of which were not evaluated as the offers were non-compliant. A summary of offers received and their SME status was provided in Appendix 1 to the report. Based on the criteria and scoring methodology set out

within the tender document, a full evaluation of the compliant offers had been completed and Appendix 2 to the report detailed the scoring achieved by each bidder.

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

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

### **3(d) Contract for Approval: Supply, Installation and Maintenance of Commercial Laundry Equipment**

There was submitted a report by the Director of Scotland Excel relative to the award of a new framework agreement for the supply, installation and maintenance of commercial laundry equipment which would be effective from 6 November 2017 until 5 November 2019, with the option to extend for up to two one-year periods until 5 November 2021.

The report intimated that the framework would provide councils with a mechanism to purchase laundry equipment, including installation and services such as preventative maintenance and ad-hoc repairs.

The framework, advertised at £4.4 million over the four-year period, had been divided into two lots as detailed in table 1 of the report. Tender responses had been received from three suppliers and a summary of offers received and their SME status was provided in Appendix 1 to the report. Based on the criteria and scoring methodology set out within the tender document, a full evaluation of the compliant offers had been completed and Appendix 2 to the report detailed the scoring achieved by each bidder.

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

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

## **4 Request for Associate Membership of Scotland Excel by Viewpoint Housing Association Ltd**

There was submitted a report by the Director of Scotland Excel advising that Viewpoint Housing Association Limited had submitted an application to become an associate member of Scotland Excel.

**DECIDED:** That the application by Viewpoint Housing Association Limited to become an associate member of Scotland Excel, at an annual membership fee of £2,170, be approved subject to completion and signing of the agreement document.

## 5 Operating Plan 2017/18 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 1 of the 2017/18 Operating Plan.

**DECIDED**: That the progress made be noted.

## 6 Adult Supported Living/Care at Home Update

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

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

Scotland Excel had now established two subgroups, one for Supported Living Services and one for Care at Home. These subgroups comprised both commissioner and provider representation. As well as co-producing requirements with providers via the subgroups, Scotland Excel planned to engage with providers via regional forums and drop-in sessions.

The report detailed the benefits that would be delivered as a result of this project.

**DECIDED**: That the progress made in the procurement of social care services project be noted.

## 7 Conference and Supplier Awards Project Update

There was submitted a report by the Director of Scotland Excel relative to Scotland Excel's Annual Conference and Supplier Awards which would be held as a single event on 20 and 21 February 2018 in the Radisson Blu, Glasgow.

The report intimated that the supplier awards would provide an opportunity to recognise suppliers supporting the delivery of effective public services in partnership with Scotland Excel and Scottish local authorities. The conference offered the opportunity to share and shape best practice in the community fostering further innovation and collaboration across stakeholder groups which would be reflected in the content over the two days.

The report detailed the project deliverables and the four key work streams, being communications; events management; supplier awards and conference; and working together to develop and deliver the conference. This ambitious project aimed to deliver an event that would meet the identified project deliverables, raise Scotland Excel's profile to new and existing suppliers and deliver a relevant, valuable experience to partners.

It was proposed that the Director of Scotland Excel submit a report to the next meeting of the Executive Sub-committee to be held on 17 November 2017 providing an update on the gross expenditure for this event and the funding received from sponsors. This was agreed.

**DECIDED:**

(a) That the report and the date of the Annual Conference and Supplier Awards be noted; and

(b) That the Director of Scotland Excel submit a report to the next meeting of the Executive Sub-committee to be held on 17 November 2017 providing an update on the gross expenditure for this event and the funding received from sponsors.

**8 Date of Next Meeting**

**DECIDED:**

(a) That it be noted that the next meeting of the Executive Sub-Committee would be held at 10.45 am on 17 November 2017 in Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley; and

(b) That it be noted that a training and information session for members would be held immediately following this meeting.



## Minute of Meeting

### Scotland Excel Executive Sub-Committee

Date	Time	Venue
Friday, 17 November 2017	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

#### **PRESENT**

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

#### **CHAIR**

Councillor John Shaw, Convener, presided.

#### **IN ATTENDANCE**

J Welsh, Director, H Carr, Head of Strategic Procurement, S Brannagan, Head of Customer and Business Services, D Benstead, Principal Procurement Specialist, S Irvine, Procurement Co-ordinator; and C Gibson Procurement Co-ordinator (Policy); (all Scotland Excel); and M Ball, Senior Accountant, D Low, Senior Committee Services Officer and K O'Neill, Assistant Democratic Services Officer (all Renfrewshire Council).

#### **APOLOGIES**

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

#### **DECLARATIONS OF INTEREST**

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

## **ORDER OF BUSINESS**

The Convener advised that Item number 3(b) of the Agenda, Contract for Approval – Pest Control Services and Associated Products, had been withdrawn and would be considered at a future meeting of the Executive Sub-committee.

### **1 MINUTES OF EXECUTIVE SUB COMMITTEE**

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

**DECIDED:** That the Minutes be approved.

### **2 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 13 October 2017.

The report intimated that gross expenditure was £21,000 under budget and income was currently £37,000 over-recovered which resulted in a net underspend of £58,000.

**DECIDED:** That the report be noted.

### **3a CONTRACT FOR APPROVAL - SUPPLY AND DELIVERY OF HEAVY AND MUNICIPAL VEHICLES**

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework agreement for supply and delivery of heavy and municipal vehicles which would be effective from 1 January 2018 until 31 December 2021.

The report intimated that the framework covered a range of heavy vehicle chassis and body types, including the full project management of building completed vehicles to support councils' delivery of various public services.

The framework had been divided into 13 lots as detailed in table 1 of the report. Appendix 1 to the report detailed the participation, spend and savings summary of the 32 councils participating in the framework.

The forecast annual spend for participating councils was circa £37 million per annum with the framework advertised at a value of £40 million per annum equating to an estimated value of £160 million over the term of the contract. Tender responses had been received from 22 suppliers and a summary of offers received was provided in Appendix 2 to the report. Based on the criteria and scoring methodology set out within the tender document, a full evaluation of the compliant offers had been completed and Appendix 3 to the report detailed the scoring achieved by each bidder.

Based on the evaluation undertaken and in line with the criteria and weightings detailed within the report it was recommended that a multi-supplier framework agreement be awarded to 22 suppliers across the 13 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.

### **3b CONTRACT FOR APPROVAL - PEST CONTROL SERVICES AND ASSOCIATED PRODUCTS**

This item was withdrawn.

3c **CONTRACT FOR APPROVAL - PROVISION OF STEEPLEJACKS AND ASSOCIATED SERVICES**

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

The report intimated that the framework would provide councils with a mechanism to purchase a range of steeplejack services including statutory inspection work and high level building inspections (including reports) plus reactive repairs and maintenance. The framework was advertised at £7 million over the four-year period. The commercial user intelligence group – steering group endorsed the inclusion of a single lot as summarised in table 1 of the report.

Tender responses had been received from three suppliers, and a summary of offers received and their SME status was provided in Appendix 1 to the report. Based on the criteria and scoring methodology set out within the tender document, a full evaluation of the compliant offers had been completed and Appendix 2 to the report detailed the scoring achieved by each bidder.

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

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

4a **REQUEST FOR ASSOCIATE MEMBERSHIP OF SCOTLAND EXCEL BY WEST OF SCOTLAND HOUSING ASSOCIATION LIMITED**

There was submitted a report by the Director of Scotland Excel advising that West of Scotland Housing Association Limited had submitted an application to become an associate member of Scotland Excel.

**DECIDED:** That the application by West of Scotland Housing Association Limited to become an associate member of Scotland Excel, at an annual membership fee of £5,120 be approved subject to completion and signing of the agreement document.

4b **REQUEST FOR ASSOCIATE MEMBERSHIP OF SCOTLAND EXCEL BY KINGDOM HOUSING ASSOCIATION**

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

**DECIDED:** That the application by Kingdom Housing Association to become an associate member of Scotland Excel, at an annual membership fee of £5,652 be approved subject to completion and signing of the agreement document.

4c **REQUEST FOR ASSOCIATE MEMBERSHIP OF SCOTLAND EXCEL BY OAK**

## **TREE HOUSING ASSOCIATION LIMITED**

There was submitted a report by the Director of Scotland Excel advising that Oak Tree Housing Association Limited had submitted an application to become an associate member of Scotland Excel.

**DECIDED:** That the application by Oak Tree Housing Association Limited to become an associate member of Scotland Excel, at an annual membership fee of £2,630 be approved subject to completion and signing of the agreement document.

## **5 RISK REGISTER UPDATE**

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

**DECIDED:**

(a) That members provide feedback on the risk register and actions identified to manage risks to the Director of Scotland Excel; and

(b) That the report be noted.

## **6 INITIAL OPTIONS ON THE FUTURE GOVERNANCE STRUCTURE OF SCOTLAND EXCEL**

There was submitted a report by Director of Scotland Excel relative to initial options on the future governance structure of Scotland Excel. In July 2017, the Senior Management Team of Scotland Excel began to consider initial options for the future governance structure of Scotland Excel, with a view to generating sustainable future revenue streams to support new service development, and allow member requisitions to be protected from inflationary increases.

The report identified four possible options for the future governance structure: maintaining the current model; widening the powers available under the current model; adding a trading company to the current or amended model; and converting the current model into an arm's length external organisation ("ALEO") of Scotland Excel's local authority members with a trading subsidiary. It was emphasised that these options were at the early stages of consideration, and as such no conclusions had been made.

The options presented in the report sought to address various limitations arising from the organisation's current structure and provide Scotland Excel with more freedom of action (within limits set by the 32 local authorities) to respond flexibly, dynamically and quickly to the consultancy services market and access grant funding.

**DECIDED:**

(a) That further investigation into the future governance structure by Senior Management Team of Scotland Excel be approved;

(b) That a further report be presented to a future Joint Committee meeting in either December 2017 or June 2018; and

(c) That the contents of the report be noted.

## **7 AUDIT ACTIONS PROGRESS REPORT**

There was submitted a report by Director of Scotland Excel relative to the Audit Actions Progress Report. Audit Scotland's 2016/17 Annual Audit Report identified that Scotland Excel's internal audit reports were not provided to members and

recommended that internal audit reports be taken to Joint Committee/Executive Sub-committee meetings.

In June 2017 Renfrewshire Council's internal audit team carried out a review of Scotland Excel's governance arrangements. A report thereon was attached as Appendix 1. The report identified one recommendation in relation to joint committee attendance. An audit tracker where Scotland Excel's audit actions were tracked and completed was attached as Appendix 2 to the report.

**DECIDED:**

- (a) That the area for improvement identified and the action taken be noted; and
- (b) That future internal audit reports and tracked recommendations be brought to members on a regular basis.

**8 MEETINGS OF SCOTLAND EXCEL EXECUTIVE SUB COMMITTEE IN 2018**

There was submitted a report by the Clerk relative to proposed dates and venues for meetings of the Executive Sub-committee in 2018.

**DECIDED:** That the dates and venues for meetings of the Executive Sub-committee in 2018 as detailed in the report, be approved.

**9 DATE OF NEXT MEETING**

**DECIDED:** That it be noted that the next meeting of the Executive Sub-committee would be held at 9.45 am on 8 December, 2017 in Glasgow City Chambers.



## **Scotland Excel**

**To: Joint Committee**

**On: 08 December 2017**

**Report  
by  
Joint Report by the Treasurer and the Director  
Audited Annual Accounts 2016-2017**

**1. Summary**

- 1.1 At the meeting of the Scotland Excel Joint Committee on 30 June 2017 a report on the unaudited annual accounts for the year ended 31 March was noted.
- 1.2 At the meeting of the Scotland Excel Executive Sub Committee on 15 September 2017 it was reported that Audit Scotland had issued an audit certificate providing an unqualified opinion that the annual accounts presented a true and fair view of the financial position of the Joint Committee as at 31 March 2017, in accordance with the accounting policies detailed in the accounts.
- 1.3 In accordance with the revised Scheme of Delegation and the Local Authority Accounts (Scotland) Regulations 2014, the Scotland Excel Executive Sub Committee considered and approved the Audited Annual Accounts 2016-17 for signature. Attached are copies of both the Audited Annual Accounts 2016-17 and Audit Scotland's report on the audit.

**2 Recommendations**

- 2.1 Members are asked to note the report.





# Scotland Excel

---

Annual Financial Statements 2016/17

## **CONTENTS**

Management Commentary	3
Statement of Responsibilities for the Annual Accounts	8
Governance Statement	9
Remuneration Report	12
Independent Auditor's Report	15
Movement in Reserves Statement for the year ended 31 March 2017	18
Comprehensive Income and Expenditure Statement for the year ended 31 March 2017	19
Expenditure Funding Analysis for the year ended 31 March 2017	20
Balance Sheet as at 31 March 2017	21
Cash flow Statement for the year ended 31 March 2017	22
Note 1 Summary of Significant Accounting Policies	23
Note 2 Accounting Standards Issued not Adopted	27
Note 3 Critical Judgements in Applying Accounting Policies	27
Note 4 Assumptions made about the future	27
Note 5 Events after the balance sheet date	27
Note 6 Details of Movement in Reserves	28
Note 7 Reconciliation of the Balance on the Comprehensive Income & Expenditure Statement to the Movement in Reserves Statement	29
Note 8 Financing & Investment Income	29
Note 9 Operating Leases	30
Note 10 Debtors	30
Note 11 Creditors	30
Note 12 Transfer to Creditors	31
Note 13 Related Parties	31
Note 14 External Audit Costs	32
Note 15 Retirement Benefits	33
Note 16 Contingent Liabilities and Assets	36

## **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.

**Scotland Excel  
Annual Accounts 2016/17**

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

**Financial Performance**

**Revenue**

The Comprehensive Income and Expenditure Account on page 19 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)
<b>Total Expenditure</b>	<b>3,713,710</b>	<b>3,910,695</b>	<b>(196,985)</b>
Requisition Income	(3,484,200)	(3,484,200)	-
Other Income	(30,000)	(328,943)	298,943
<b>Total Income</b>	<b>(3,514,200)</b>	<b>(3,813,143)</b>	<b>298,943</b>
<b>(Surplus)/Deficit for Year</b>	<b>199,510</b>	<b>97,552</b>	<b>101,958</b>

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.

**Scotland Excel  
Annual Accounts 2016/17**

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.

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 *	<u>£17,456</u>
<b>Balance at 31 March 2017</b>	<b><u>£385,384</u></b>

\* 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>

**Scotland Excel  
Annual Accounts 2016/17**

**Events after the Balance Sheet Date**

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

**Impact of Economic Climate**

It is recognised that over the medium term Local Government in Scotland is potentially facing a contraction in available resources relating predominantly to the provision of revenue grant from the Scottish Government and that this may have a consequential impact on the level of requisition funding available to Scotland Excel. It has been agreed that the 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.

**Councillor John Shaw**  
Convenor

**Alan Russell CPFA**  
Treasurer

**Julie Welsh**  
Director

## **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.

I confirm that these Annual Accounts were approved for signature by the Executive Sub Committee at its meeting on the 15 September 2017.

Signed on behalf of Scotland Excel:

**John Shaw**

Convenor

15 September 2017

### **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

15 September 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,

## **Scotland Excel Annual Accounts 2016/17**

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.

**Scotland Excel  
Annual Accounts 2016/17**

**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.

**Councillor John Shaw**  
Convenor

**Julie Welsh**  
Director

## 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 Salary, fees and allowances	Name	Post Held	Total Salary, fees and allowances (i)
£			£
96,589	Julie Welsh	Director	100,172
74,765	Hugh Carr	Head of Strategic Procurement	75,307
61,178	Stephen Brannagan	Head of Customer & Business Services (from 25/05/15)	73,242
<b>232,532</b>	<b>Total</b>		<b>248,721</b>

(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.

**Scotland Excel  
Annual Accounts 2016/17**

2015/16	Member contribution rates on earnings in the bands below	2016/17
	Up to £20,500	5.5%
	£20,501 to £25,000	7.25%
	£25,001 to £34,400	8.5%
	£34,401 to £45,800	9.5%
	Over £45,801	12%
		Up to £20,500
		£20,501 to £25,000
		£25,001 to £34,400
		£34,401 to £45,800
		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 Brannagan	Head of Customer & Business Services (from 25/05/15)	0.000	0.000	(*) +0.000	+0.000	14,136
<b>Total</b>		<b>0.023</b>	<b>0.002</b>	<b>+0.004</b>	<b>+0.000</b>	<b>48,003</b>

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

**Scotland Excel  
Annual Accounts 2016/17**

**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.

**Councillor John Shaw**  
Convenor

**Julie Welsh**  
Director

## **Independent Auditors Report**

### **Annual Accounts 2016-17**

#### **Independent auditor's report to the members of Scotland Excel Joint Committee and the Accounts Commission**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

#### **Report on the audit of the financial statements**

##### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of Scotland Excel Joint Committee for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Expenditure Funding Analysis, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

##### **In my opinion the accompanying financial statements:**

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the body as at 31 March 2017 and of its deficit on the provision of services for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

##### **Basis of opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Responsibilities of the Treasurer for the financial statements**

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the body and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **Other information in the annual accounts**

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

### **Report on other requirements**

#### **Opinions on other prescribed matters**

I am required by the Accounts Commission to express an opinion on the following matters.

In my opinion, the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

**Matters on which I am required to report by exception**

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

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

September 2017

**Scotland Excel  
Annual Accounts 2016/17**

**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**.

	Note	Usable reserves		Unusable reserves	
		Revenue Reserve	Pension Reserve	Employee Statutory Adjustment Account	Total Reserves
		£	£	£	£
<b>Balance at 31 March 2015 carried forward</b>		-	(3,460,000)	(63,220)	(3,523,220)
<i>Movement in reserves during 2015-16</i>					
<b>Total comprehensive income and expenditure</b>		(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
<b>Net increase or (decrease) before transfers to other statutory reserves</b>		<b>482,936</b>	<b>1,265,000</b>	<b>2,750</b>	<b>1,750,686</b>
Transfers to or (from) other statutory reserves		-	-	-	-
Transfer to creditors	12	(482,936)	-	-	(482,936)
<b>Increase or (decrease) in 2015-16</b>		<b>-</b>	<b>1,265,000</b>	<b>2,750</b>	<b>1,267,750</b>
<b>Balance at 31 March 2016 carried forward</b>		<b>-</b>	<b>(2,195,000)</b>	<b>(60,470)</b>	<b>(2,255,470)</b>
<i>Movement in reserves during 2016-17</i>					
<b>Total comprehensive income and expenditure</b>		<b>(309,990)</b>	<b>(2,280,000)</b>	<b>-</b>	<b>(2,589,990)</b>
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
<b>Net increase or (decrease) before transfers to other statutory reserves</b>		<b>385,384</b>	<b>(2,478,000)</b>	<b>(14,438)</b>	<b>(2,107,054)</b>
Transfers to or (from) other statutory reserves					-
Transfer to creditors	12	(385,384)			(385,384)
<b>Increase or (decrease) in 2016-17</b>		<b>-</b>	<b>(2,478,000)</b>	<b>(14,438)</b>	<b>(2,492,438)</b>
<b>Balance at 31 March 2017 carried forward</b>		<b>-</b>	<b>(4,673,000)</b>	<b>(74,908)</b>	<b>(4,747,908)</b>

## **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**.

<b>2015/16</b>		<b>Note</b>	<b>2016/17</b>
£			£
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
<b>3,847,893</b>	<b>Cost of Services</b>		<b>4,044,134</b>
(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)
<b>561,881</b>	<b>(Surplus) or deficit on the provision of services</b>		<b>309,990</b>
(1,579,000)	Actuarial (Gains) or losses on pension assets and liabilities	15a	2,280,000
(1,579,000)	<b>Other Comprehensive Income &amp; Expenditure</b>		<b>2,280,000</b>
<b>(1,017,119)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>		<b>2,589,990</b>

**Scotland Excel  
Annual Accounts 2016/17**

**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
<b>(Surplus) or deficit on the provision of service</b>				<b>309,990</b>

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
<b>(Surplus) or deficit on the provision of service</b>				<b>561,881</b>

**Scotland Excel  
Annual Accounts 2016/17**

**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.

<b>2015/16</b>		<b>Note</b>	<b>2016/17</b>
£			£
	<b><u>Current Assets</u></b>		
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
	<b><u>less Current Liabilities</u></b>		
(740,790)	Creditors And Accruals	11	(715,069)
(60,470)	<b>Net (Liabilities)/Asset Excluding Pension</b>		(74,908)
	<b><u>Long Term Liabilities</u></b>		
(2,195,000)	Pension (liability)/Asset	15c	(4,673,000)
(2,255,470)	<b>Net (Liabilities)/Asset Including Pension</b>		(4,747,908)
	<b><u>Represented by:</u></b>		
	<b>Usable Reserves - Revenue</b>		
482,936	Balance due to Scottish Government and related parties		385,384
(482,936)	Transfer to Creditors	12	(385,384)
	<b>Unusable Reserves</b>		
(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 audited accounts were issued on the 15 September 2017. Balance Sheet signed by:

**Alan Russell CPFA**  
Treasurer  
15 September 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 £
	<b>Operating Activities</b>	
	<b>Cash Inflows</b>	
(3,401,539)	Sale of goods and rendering of services	(3,793,803)
-	Grants	(52,750)
(5,837)	Interest received	(4,519)
<b>(3,407,376)</b>	<b>Cash inflows generated from operating activities</b>	<b>(3,851,072)</b>
	<b>Cash Outflows</b>	
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
<b>3,707,532</b>	<b>Cash outflows generated from operating activities</b>	<b>3,889,235</b>
<b>300,156</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>38,163</b>
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
<b>300,156</b>	<b>Net cash outflow in cash and cash equivalents in year</b>	<b>38,163</b>

## **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.

**Scotland Excel  
Annual Accounts 2016/17**

- 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.

## **Scotland Excel Annual Accounts 2016/17**

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.

**Scotland Excel  
Annual Accounts 2016/17**

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.
--------	---

## **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:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Results differ from Assumption</b>
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
<b><u>(482,936)</u></b>	<b>Balance as at 31 March</b>	<b><u>(385,384)</u></b>

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)
<b><u>(2,195,000)</u></b>	<b>Balance as at 31 March</b>	<b><u>(4,673,000)</u></b>

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
<b><u>60,470</u></b>	<b>Balance as at 31 March</b>	<b><u>74,908</u></b>

**Scotland Excel  
Annual Accounts 2016/17**

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
£		£
	<b>Amounts to be included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining Movement in Reserves Statement</b>	
(700,000)	Net charges made for retirement benefits in accordance with IAS19	(622,000)
<u>2,750</u>	Net charges for employment short-term accumulating absences	<u>(14,438)</u>
(697,250)		(636,438)
	<b>Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining Movement in Reserves Statement</b>	
<u>386,000</u>	Employers contributions payable to the Strathclyde Pension Fund	<u>424,000</u>
(311,250)	<b>Net additional amount required to be debited or credited to the Revenue Reserves balance for the year</b>	<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>	<b>Total Financing and Investment (Income)/Cost</b>	<u>74,481</u>

**Scotland Excel  
Annual Accounts 2016/17**

**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	-
<b>163,396</b>	<b>Total</b>	<b>76,076</b>

**Note 10 Debtors**

2015/16		2016/17
£		£
-	Other local authorities	1,454
21,887	Other Entities and Individuals	18,437
<b>21,887</b>	<b>Total short term debtors</b>	<b>19,891</b>

**Note 11 Creditors**

2015/16		2016/17
£		£
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
<b>740,790</b>	<b>Total short term creditors</b>	<b>715,069</b>

**Note 12 Transfer to Creditors**

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

**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).

**Scotland Excel  
Annual Accounts 2016/17**

2015/16			2016/17
£	Council	Percentage	£
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
<b>3,184,217</b>	<b>Total</b>	<b>100%</b>	<b>3,484,200</b>

**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 £
<b>Comprehensive Income &amp; Expenditure Statement</b>			
Cost of Services			
586,000	Current service cost	(i)	543,000
-	Past service cost/(gain)	(ii)	-
-	Settlements & curtailments	(iii)	-
586,000			543,000
<b>Financing &amp; Investment Income &amp; Expenditure</b>			
114,000	Net Interest	(iv)	79,000
<b>700,000</b>	<b>Total post employment benefit charged to the Surplus or Deficit on the Provision of Services</b>		<b>622,000</b>
<b>Other post employment benefit charged to the Comprehensive Income and Expenditure Statement</b>			
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		4,451,000
<b>(1,579,000)</b>	<b>Total Actuarial (gains) and losses</b>		<b>2,280,000</b>
<b>(879,000)</b>	<b>Total post employment benefit charged to the Comprehensive Income and Expenditure Statement</b>		<b>2,902,000</b>
	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
<b>386,000</b>	<b>Employers Contributions paid to Strathclyde Pension Fund</b>		<b>424,000</b>

#### Notes

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

**Scotland Excel  
Annual Accounts 2016/17**

- 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)
<b>12,980</b>	<b>Balance as at 31 March</b>	<b>18,493</b>

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)
<b>10,785</b>	<b>Closing fair value of scheme assets</b>	<b>13,820</b>

**Scotland Excel  
Annual Accounts 2016/17**

**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
<b>Surplus/(deficit) in the Fund</b>	<b>(1,226)</b>	<b>(1,662)</b>	<b>(3,460)</b>	<b>(2,195)</b>	<b>(4,673)</b>

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:

2015/16	Financial Year:	2016/17
<b>Mortality assumptions</b>		
	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:

**Scotland Excel  
Annual Accounts 2016/17**

2015/16 £000		Percentage	2016/17 £000
	<b>Equity Securities</b>		
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
<b>3,932</b>	<b>Total Equity</b>	<b>36.7%</b>	<b>5,074</b>
	<b>Private Equity</b>		
1,049	All	8.2%	1,139
<b>1,049</b>	<b>Total Private Equity</b>	<b>8.2%</b>	<b>1,139</b>
	<b>Real Estate</b>		
1,159	UK Property	12.1%	1,667
-	Overseas Property	0.0%	-
<b>1,159</b>	<b>Total Real Estate</b>	<b>12.1%</b>	<b>1,667</b>
	<b>Investment Funds &amp; Unit Trusts</b>		
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
<b>4,270</b>	<b>Total Investment Funds &amp; Unit Trusts</b>	<b>39.2%</b>	<b>5,415</b>
	<b>Derivatives</b>		
-	Foreign Exchange	0.0%	2
3	Other	0.0%	1
<b>3</b>	<b>Total Derivatives</b>	<b>0.0%</b>	<b>3</b>
	<b>Cash &amp; Cash Equivalents</b>		
372	All	3.8%	521
<b>372</b>	<b>Total Cash &amp; Cash Equivalents</b>	<b>3.8%</b>	<b>521</b>
<b>10,785</b>	<b>Total</b>	<b>100%</b>	<b>13,820</b>

**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**

Scotland Excel was subject to a legal challenge in June 2016 following the award of a framework for Demolition Services. The action was successfully defended and costs were awarded by the court in favour of Scotland Excel. The payment of the costs has not yet been completed and will be subject to further unrecoverable costs associated with the completion of the case.

# Scotland Excel Joint Committee

2016/17 Annual Audit Report



 AUDIT SCOTLAND

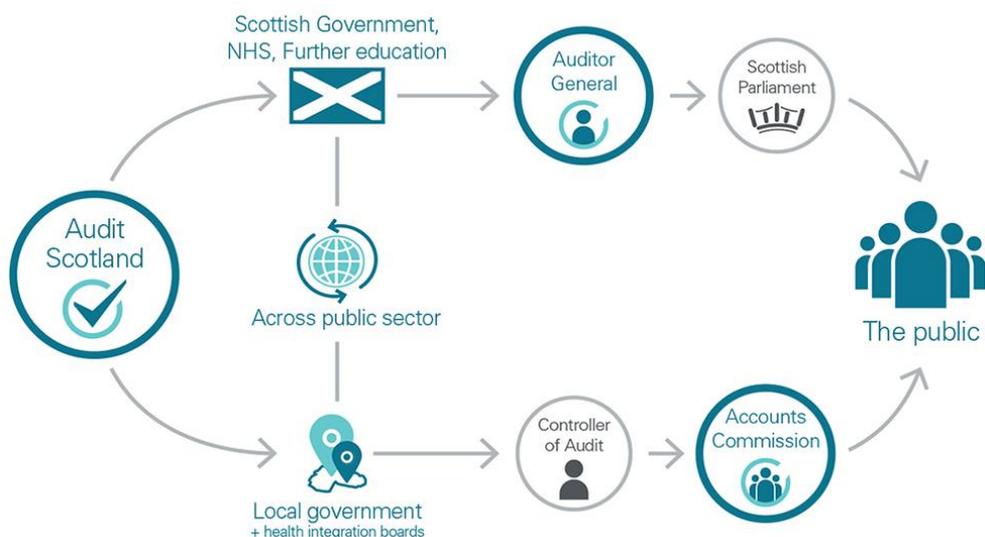
To Members of Scotland Excel Joint Committee and the Controller of Audit

15 September 2017

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

---

# Contents

---

Key messages	4
Introduction	5
<b>Part 1</b>	<b>7</b>
Audit of 2016/17 annual report and accounts	
<b>Part 2</b>	<b>10</b>
Financial management	
<b>Part 3</b>	<b>14</b>
Financial sustainability	
<b>Part 4</b>	<b>16</b>
Governance and transparency	
<b>Part 5</b>	<b>19</b>
Value for money	
<b>Appendix 1</b>	<b>21</b>
Action plan 2016/17	
<b>Appendix 2</b>	<b>22</b>
Significant audit risks identified during planning	
<b>Appendix 3</b>	<b>25</b>
Summary of national performance reports 2016/17	

---

# Key messages

---

## Audit of the 2016/17 annual accounts

- 1 Our audit opinions were all unqualified. These covered the financial statements, management commentary, remuneration report and the annual governance statement.

## Financial management

- 2 A deficit of £0.098 million was delivered during the year. This was less than forecast in the 2016/17 budget.
- 3 The cost of service delivery has been met through requisition income and continued use of reserves.

## Financial sustainability

- 4 The Joint Committee's financial position has been managed through planned use of reserves. Declining reserves and increasing costs will continue to place a strain on the Joint Committee's capacity to deliver the current level of service.
- 5 The level of useable reserves is forecast to fall to £0.215 million by the end of 2017/18.

## Governance and transparency

- 6 The Joint Committee has appropriate governance arrangements in place to support the scrutiny of decision making.
- 7 The Joint Committee is open and transparent in the way it conducts its business.
- 8 Internal audit reports are only reviewed by management and are not shared with members of the Joint Committee.

## Value for money

- 9 Performance against the Operational Plan is reported quarterly to the Joint Committee or Executive Sub-Committee.
- 10 Overall performance was positive but there were areas for improvement.

# Introduction

1. This report is a summary of the findings arising from the 2016/17 audit of Scotland Excel Joint Committee (Scotland Excel).

2. The scope of the audit was set out in our Annual Audit Plan presented to the February 2017 meeting of the Scotland Excel Executive Sub-Committee. This report comprises:

- an audit of the annual report and accounts
- consideration of the four dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 1 \(page 5\)](#).

## Exhibit 1

### Audit dimensions



Source: Code of Audit Practice 2016

3. The main elements of our audit work in 2016/17 have been:

- an interim audit of Renfrewshire Council's main financial systems and governance arrangements which are used by Scotland Excel
- an audit of Scotland Excel's 2016/17 annual report and accounts including the issue of an independent auditor's report setting out our opinions.

4. Scotland Excel is responsible for preparing the annual report and accounts that show a true and fair view in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It is also responsible for establishing effective governance arrangements and ensuring financial management is effective.

- 5.** Our responsibilities as independent auditor are established by the Local Government in Scotland Act 1973 and the [Code of Audit Practice 2016](#) guided by the auditing profession's ethical guidance.
- 6.** As public sector auditors we provide an independent auditor's report on the annual report and accounts. We also review and report on the arrangements within Scotland Excel to manage its performance and use of resources such as money, staff and assets. Additionally, we consider Scotland Excel's best value arrangements. In doing this, we aim to support improvement and accountability.
- 7.** Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#).
- 8.** This report raises matters from the audit of the annual report and accounts, risks or control weaknesses. Communicating these does not absolve management from its responsibility to address the issues we raise, and to maintain adequate systems of control.
- 9.** Our Annual Audit Report contains an action plan at [Appendix 1 \(page 21\)](#). It sets out specific recommendations, responsible officers and dates for implementation.
- 10.** As part of the requirement to provide fair and full disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2016/17 audit fee for the audit was set out in our Annual Audit Plan and as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
- 11.** This report is addressed to both the Joint Committee and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).
- 12.** We would like to thank all management and staff who have been involved in our work for their co-operational and assistance during the audit.

# Part 1

## Audit of 2016/17 annual report and accounts



### Main judgements

#### Unqualified audit opinions on Scotland Excel's annual report and accounts.

#### Unqualified audit opinions

**13.** The annual report and accounts for the year ended 31 March 2017 were approved by the Scotland Excel Executive Sub-Committee on 15 September 2017. We reported, within our independent auditor's report:

- an unqualified opinion on the financial statements
- unqualified opinions on the management commentary, remuneration report and annual governance statement.

**14.** Additionally, we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

#### Submission of Scotland Excel's annual report and accounts for audit

**15.** We received the unaudited annual report and accounts on 30 June, in line with the audit timetable set out in our 2016/17 Annual Audit Plan.

**16.** The working papers provided with the unaudited report and accounts were of a good standard and finance staff provided good support to the audit team during the audit. This helped ensure that the final accounts process ran smoothly.

#### Risk of material misstatement

**17.** [Appendix 2 \(page 22\)](#) provides a description of those assessed risks of material misstatement that were identified during the planning process which had the greatest effect on the overall audit strategy, the allocation of resources to the audit and directing the efforts of the audit team. Also, included within the appendix are wider audit dimension risks, how we addressed these and our conclusions.

#### Materiality

**18.** Materiality defines the maximum error that we are prepared to accept and still conclude that our audit objective has been achieved (i.e. true and fair view). The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement.

**19.** Our initial assessment of materiality for the annual report and accounts was undertaken during the planning phase of the audit and is summarised in [Exhibit 2](#)

---

The Joint Committee's annual report and accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of its resources.

---

(page 8). Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

20. On receipt of the annual report and accounts and following completion of audit testing we reviewed our original materiality calculations and concluded that they remained appropriate.

## Exhibit 2

### Materiality values

Materiality level	Amount
<b>Overall materiality</b> – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It was set at 1 per cent of gross expenditure for the year ended 31 March 2017.	£41,100
<b>Performance materiality</b> – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 75 per cent of overall materiality.	£30,800
<b>Reporting threshold (i.e. clearly trivial)</b> – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount.	£1,000

Source: Audit Scotland

### How we evaluate misstatements

21. It is our responsibility to request that all errors are corrected although the final decision on this lies with those charged with governance taking into account advice from senior officers and materiality. No errors were identified during the course of the audit.

### Significant findings

22. International Standard on Auditing 260 (UK & Ireland) requires us to communicate to you significant findings from the audit. We have no matters to report in respect of this requirement.

### Going concern

23. The financial statements of Scotland Excel have been prepared on the going concern basis. No issues were identified with the assessment on going concern.

### Other findings

24. Our audit identified a number of presentational and disclosure issues which were discussed with management. These were adjusted and reflected in the audited annual report and accounts.

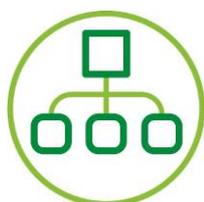
### Objections

25. The Local Authority Accounts (Scotland) Regulations 2014 require a local government bodies to publish a public notice on its website that includes details of

the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. Scotland Excel complied with the regulations.

# Part 2

## Financial management



### Main judgements

**A deficit of £0.098 million was delivered during the year. This was less than forecast in the 2016/17 budget.**

**The cost of service delivery has been met through requisition income and continued use of reserves.**

### Financial performance in 2016/17

**26.** In November 2015 the Joint Committee approved its budget for 2016/17. Total budget expenditure was £3.880 million and total budget income was £3.680 million. This resulted in a forecast deficit of £0.200 million which management planned to meet through the use of reserves.

**27.** Actual outturn for the year was total expenditure of £3.911 million and total income of £3.813 million. This resulted in a deficit of £0.098 million for the year which was £0.102 million lower than the budgeted figure.

**28.** The largest source of income was requisitions from members of the Joint Committees. This was £3.484 million in 2016/17, an increase of £0.300 million from 2015/16 (£3.184 million). The increase in requisition income was to allow delivery of services which had previously been funded through reserves. The budget was aligned to Scotland Excel's statutory objectives to ensure services were delivered.

**29.** Details of significant variances are summarised in [Exhibit 3 \(page 11\)](#). Scotland Excel has incurred a deficit in each of the last 4 financial years. The deficits have been managed through the drawdown of reserves from a grant provided by the Scottish Government. This reserve was fully utilised in 2015/16 and general reserves have been used to manage the deficit. While deficits have been delivered over the last 4 years, actual outturn against budget has been favourable each year ([Exhibit 4 \(page 12\)](#)).

**30.** The deficit of £0.098 million reported in the Management Commentary is different to the deficit of £0.310 million reported in the Comprehensive Income and Expenditure Statement (CIES). This is due to accounting adjustments required for pension costs and the employee leave accrual. As the budget is prepared and monitored in this way, it is appropriate for it to be detailed in the Management Commentary in this way.

**Exhibit 3**

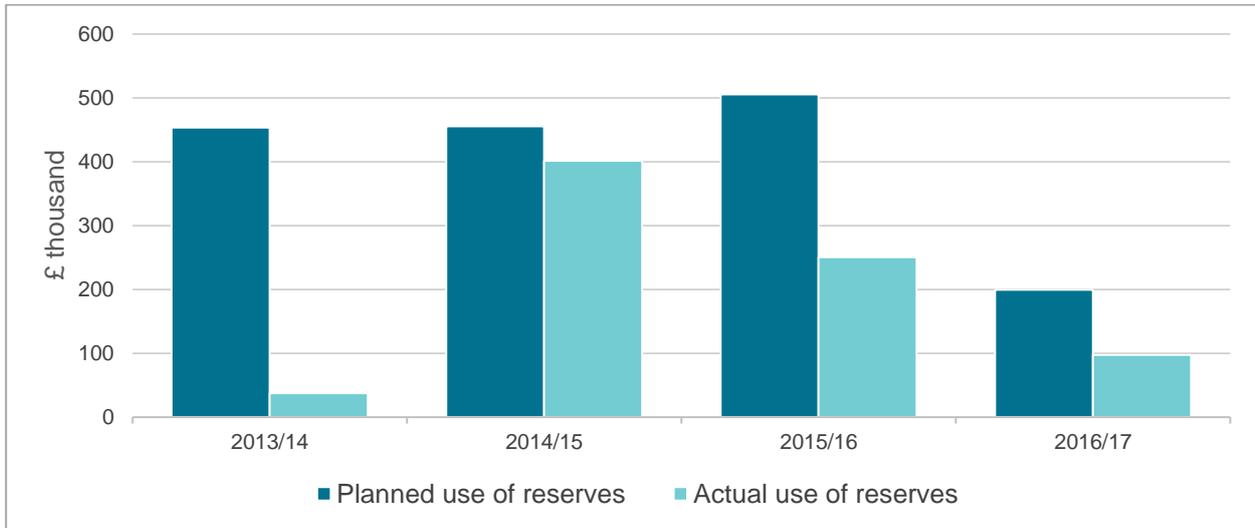
## Summary of significant over and under spends/recovery against budget

Area	Under/over spend/recovery (£)	Reason(s) for variance
<b>Underspends/over recovery</b>		
Supplies and Services	£91,105	Due to IT budget revision. The planned migration plan was revised during the year and the costs associated with migration will likely be incurred in 2017/18.
Other Income	£298,943	Due to training costs which are recovered by Scotland Excel, additional full year Associate Member Fees and income received in relation to the National Care Home Contract.
<b>Overspends/under recovery</b>		
Employee Costs	£126,556	Due to costs associated with the delivery of the National Care Home Contract. However, these costs are fully offset by additional income outlined above.
Contractors and Others	£67,835	Due to overspend in consultancy costs in relation to the National Care Home Contract. However, these costs are fully offset by additional income outlined above.
Administrative Costs	£47,941	Due to legal costs associated with a challenge to a framework award. The majority of these costs are expected to be recovered through a settlement.
Payments to Other Bodies	£45,159	Due to costs associated with delivering training. However, these costs are recharged to delegates and included as other income.

Source: Scotland Excel annual report and accounts 2016/17

## Exhibit 4

### Analysis of planned use of reserves against actual use of reserves



Source: Scotland Excel annual report and accounts 2013/14 – 2016/17

## Budgetary monitoring and control

**31.** The [Local Government in Scotland: Financial overview 2015/16](#) (November 2016) highlighted that the need for budgets and forecasts to reflect actual spending becomes increasingly important for local government bodies with decreasing (or low levels) of usable reserves to rely on. An analysis of reserves can be seen in Part 3 of the report.

**32.** We noted that Scotland Excel's budget is aligned to its statutory objectives. Budgets are approved by the Joint Committee and budget monitoring updates are provided quarterly to the Scotland Excel Executive Sub-Committee. The budget monitoring updates provide details on variances against the budget and forecast year-end positions. This allows members and officers to take actions to address variances and address forecast over and under spends.

## Internal controls

**33.** As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant for the production of the financial statements. Our objective is to gain assurance that Scotland Excel has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

**34.** The systems in place at Scotland Excel are hosted by Renfrewshire Council and were assessed as part of the Renfrewshire Council audit. As part of the Renfrewshire Council audit we concluded that the key controls were operating effectively, although there were areas where improvements could be made. Overall, no significant control weaknesses were identified which could affect the council's, and by extension Scotland Excel's, ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.

## Prevention and detection of fraud

**35.** We have responsibility for reviewing the arrangements put in place by management for the prevention and detection of fraud. We reviewed Scotland

Excel's arrangements including policies and codes of conduct for staff and elected members, whistleblowing, and fraud prevention.

**36.** Based on the evidence reviewed by us, we concluded that the Scotland Excel has adequate arrangements in place for the prevention and detection of fraud.

### **National Fraud Initiative**

**37.** The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise co-ordinated by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or error.

**38.** Scotland Excel does not participate in the NFI exercise. This was reported within the Action Plan in the 2015/16 Annual Audit Report. Due to the nature of operations the majority of expenditure incurred relates to staff costs and the majority of income received is from requisitions. These are low risk areas as requisition income is agreed by the members of the Joint Committee and the payroll system is hosted and operated by Renfrewshire Council. This separates and minimises control and opportunities for fraud.

**39.** Renfrewshire Council participates in the NFI exercise and if any frauds are identified the improvements to systems would also impact on Scotland Excel due to the use of Renfrewshire Council's financial systems.

**40.** While we recognise the reasons why Scotland Excel does not currently participate in the NFI exercise, we would recommend Scotland Excel and Renfrewshire Council discuss the possibility to participate in the NFI exercise in future.

# Part 3

## Financial sustainability



### Main judgements

**The Joint Committee's financial position has been managed through planned use of reserves. However, declining reserves and increasing costs will continue to place a strain on the Joint Committee's capacity to deliver the current level of service.**

**The level of useable reserves is forecast to fall to £0.215 million by the end of 2017/18. Management monitor the reserves position and it is recommended this continues to be reviewed to ensure there are sufficient funds to address ongoing demand on services.**

### Financial planning

- 41.** It is important that long-term financial strategies (typically covering five to ten years) are in place which link spending to Scotland Excel's strategies. Although members only approve the budget for a single year, this should be supported by indicative future spending plans (covering three years at least) that forecast the impact of relevant pressures on Scotland Excel.
- 42.** Scotland Excel's budgets are prepared on an annual basis and do not include longer term strategies. The Accounts Commission recommended that when future Scottish Government funding is not known, bodies should plan for a range of scenarios so they are prepared for different levels of funding and income.
- 43.** This was recommended in the 2015/16 Annual Audit Report. Management indicated there was too much uncertainty in future funding to prepare medium term budgets. As a result, budgets continue to be prepared on a yearly basis.
- 44.** Management has advised that medium term financial planning is carried out and assesses expected levels of income and expenditure in the medium term and forecasts the reserves position based on this assessment.
- 45.** The medium term planning is reviewed by management and the Treasurer but is not shared with members. It is recommended that the medium term planning is shared with members and scenario planning is incorporated into the budget setting process to allow members and management to understand the impact of possible developments.

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Appendix 1, Action Plan, point 1

### Funding position

- 46.** The Joint Committee approved its 2017/18 budget in December 2016 with proposed total expenditure of £3.941 million and total income of £3.875 million. The resulting budget gap of £0.066 million will be met through the use of reserves. Requisition income has remained at the same level as 2016/17 at £3.484 million.

## Savings plans

**47.** A review of Scotland Excel's budget information and financial projections for 2017/18 to 2019/20 highlight that the funding settlement for 2018/19 and beyond is uncertain. It is recognised that over the medium term the funding position of local government across Scotland is likely to involve a further period of contraction. The Joint Committee recognises these pressures and will continue to seek operational savings where possible. The Joint Committee will also look to develop alternative services which generate income in order to try and diversify its funding base.

## Reserves

**48.** Like all joint Committees, Scotland Excel has no specific powers to retain reserves to meet future requirements. These balances are used to support medium-term financial planning and address any unforeseen costs.

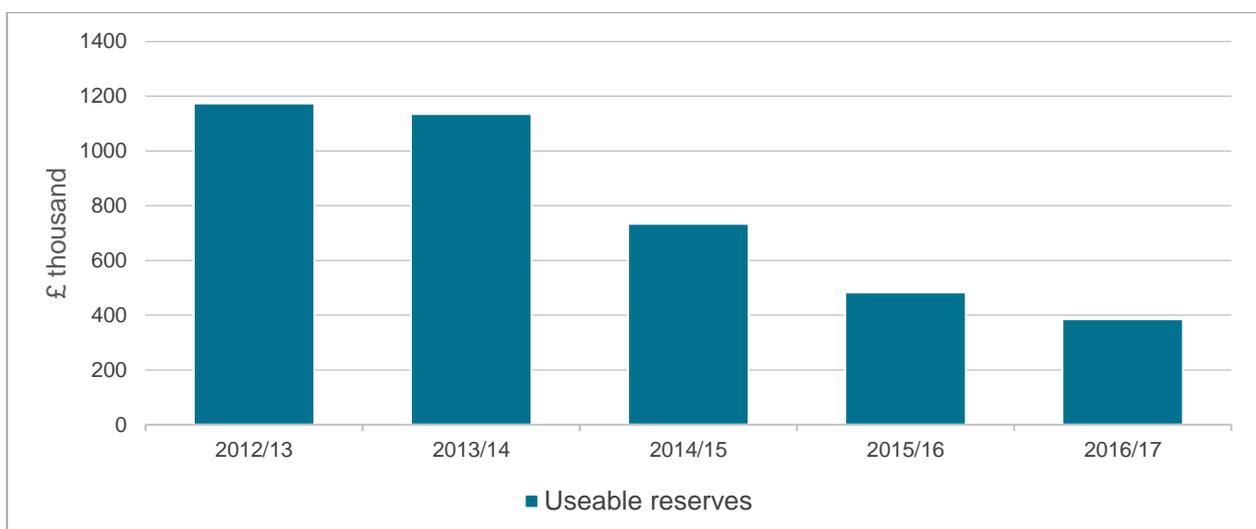
**49.** In 2016/17 the overall level of useable reserves held by Scotland Excel decreased by £0.098 million (20 per cent). The closing balance of £0.385 million is 10 per cent of 2016/17 budgeted expenditure. Officers have assessed this as being a prudent level to protect against unforeseen costs.

**50.** [Exhibit 5 \(page 15\)](#) provides an analysis of useable reserves over the last five years. The usable reserves / balances due to member authorities' have reduced significantly since 2012/13. The Scottish Government provided a grant of £4.5 million to fund start up costs. As highlighted in paragraph 29, this reserve has been used to deliver services, resulting in the annual reduction in the level of reserves. The reserve was fully drawn down during 2015/16 and general reserves have been used to deliver services.

**51.** Budget monitoring reports up to July 2017 forecast the level of usable reserves at the end of the 2017/18 financial year will be £0.215 million. This equates to 5 per cent of budgeted total expenditure in 2017/18 and is a significant decrease from 2016/17. The level of reserves is reviewed as part of the budget monitoring reported to the Executive Sub-Committee. It is recommended that the balance held in reserves continues to be reviewed to ensure there are sufficient funds to address ongoing demand on services.

## Exhibit 5

### Analysis of useable reserves over last five years



Source: Scotland Excel annual report and accounts 2012/13 – 2016/17

# Part 4

## Governance and transparency



### Main Judgements

**The Joint Committee has appropriate governance arrangements in place to support the scrutiny of decision making.**

**The Joint Committee is open and transparent in the way it conducts its business; the public can attend meetings and access agendas and meeting papers.**

**Internal audit reports are only reviewed by management and are not shared with members of the Joint Committee. There is a risk that members are not fully aware of weaknesses identified in systems and processes.**

### Governance arrangements

**52.** Members and management of Scotland Excel are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements. We concluded that Scotland Excel has effective governance arrangements which provide an appropriate framework for organisational decision-making.

**53.** Citizens should be able to hold Scotland Excel to account about the services it provides. Transparency means that citizens have access to understandable, relevant and timely information about how Scotland Excel is taking decisions and how it is using its resources. Overall we concluded that Scotland Excel is open and transparent.

### Management commentary, annual governance statement and remuneration report

**54.** The Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 requires Joint Committees to prepare and publish, along with their financial statements, a management commentary, an annual governance statement and a remuneration report that are consistent with the disclosures made in the financial statements. The management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body.

**55.** Based on our knowledge and work performed, we concluded that the management commentary, annual governance statement and remuneration report are consistent with the financial statements.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

## Internal audit

**56.** Internal audit provides senior management and elected members with independent assurance on Scotland Excel's overall risk management, internal control and corporate governance processes.

**57.** The internal audit function is carried out by Renfrewshire Council's internal audit team. We carried out a review of the adequacy of Renfrewshire Council's internal audit function and concluded that it operates in accordance with the Public Sector Internal Audit Standards (PSIAS). However, there were areas where we identified recommendations for improvement.

**58.** To avoid duplication, we place reliance on the work of internal audit wherever possible. In 2016/17 we did not place any formal reliance on internal audit reviews for the purpose of obtaining direct assurance for our financial statements work. However, we did review audit reports that were relevant to our work to help with our understanding of the systems and processes in place.

**59.** From a review of committee minutes it was identified that internal audit reports are not provided to members of the Joint Committee. During the year internal audit carried out work on the governance arrangements and the findings were only shared with management. The only information members receive on the work of internal audit is in the Internal Audit Annual Report. As a result members were considering the opinions given in the Internal Audit Annual Report without being aware of the work that was used to form the conclusions.

### Appendix 1, Action Plan, point 2

## ICT risks

**60.** Since moving in to Renfrewshire House, Scotland Excel's business continuity arrangements have been encompassed within Renfrewshire Council's arrangements. During the year management assessed the position and felt the involvement and role of Scotland Excel was insufficient and should be reviewed. As a result, work is being done to develop Scotland Excel's business continuity arrangements. Scotland Excel has been working with Renfrewshire Council's civil contingencies team and it has been agreed that Scotland Excel will develop its own business continuity plan and this will be included within the larger Renfrewshire Council business continuity plan.

## Transparency

**61.** Transparency means that the public, in particular local residents have access to understandable, relevant and timely information about how Scotland Excel is taking decisions and how it is using resources such as money, people and assets.

**62.** There is evidence from a number of sources which demonstrate Scotland Excel's commitment to transparency. Members of the public can attend Joint Committee meetings and minutes of the meetings and supporting papers are readily available through Scotland Excel's website.

**63.** The Joint Committee's website allows the public to access a wide range of information on corporate policies, targets and performance.

**64.** The Joint Committee makes its annual accounts available on its website. These include a management commentary which provides details of performance against budget, information on the use of reserves and risks and uncertainties facing the Joint Committee.

**65.** Overall, we concluded that the Joint Committee conducts its business in an open and transparent manner.

## Equalities

**66.** The Equality Act 2010 introduced a public sector general duty that encourages public bodies to mainstream equality, that is, ensure it is part of their core work. The Act requires that by no later than 30 April 2015 and every two years thereafter, public bodies must publish a report on the progress made to achieve the quality of outcomes it has set.

**67.** Under the terms of the Act and supporting legislation, Scotland Excel does not have a requirement to fulfil this duty. However, Renfrewshire Council, as lead authority for Scotland Excel, is required to fulfil this duty. Therefore, the work done and reports published by Renfrewshire Council will include Scotland Excel as Scotland Excel is covered by Renfrewshire Council's policies.

# Part 5

## Value for money



### Main judgements

**Performance against the Operational Plan is reported quarterly to the Joint Committee or Executive Sub-Committee.**

**Overall performance was positive but there were areas for improvement.**

### Best Value

**68.** Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. Scotland Excel should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

### Following the public pound

**69.** Local government bodies have a statutory responsibility to comply with the Accounts Commission / COSLA Code of Guidance on funding external bodies and following the public pound.

**70.** The Joint Committee's financial regulations state that it will continuously strive to secure best value for money and economy, efficiency and effectiveness in their use of resources.

### Performance management

**71.** In June 2015 the Joint Committee approved its 3 year strategy and rolling Operational Plan. The Operational Plan is reviewed and updated each year to ensure that it remains closely aligned with the strategy and to respond to any external developments which have occurred.

**72.** Quarterly progress reports on performance against the Operational Plan are reported to the Joint Committee or Executive Sub-Committee throughout the year. A traffic light system has been used to provide a high level overview of how Scotland Excel is performing against objectives and activities. More detailed information is also provided to support the traffic light system.

**73.** The 2016/17 Operational Plan year end progress report was presented to the Joint Committee in June 2017. There are 22 activities in the Operational Plan and in the year end progress report outlined:

- 18 were green which indicates these were completed or progressing in line with plan,
- 3 were amber which indicates progress was slower than expected or results were weaker than planned, and

Value for money is concerned with using resources effectively and continually improving services.

- 1 was red which indicates activity has stalled or is significantly behind plan.

**74.** The activity classified as red related to developing and implementing a stakeholder engagement strategy. This strategy was expected to be completed during 2016/17 but has been postponed to 2017/18 due to resource constraints. This has had an impact on other aspects of this activity as the implementation of a cross functional customer care forum was also delayed due to the late implementation of the strategy.

### **National performance audit reports**

**75.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2016/17, a number of reports were issued which may be of interest to the Joint Committee. These are outlined in [Appendix 3 \(page 25\)](#).

**76.** Scotland Excel has quarterly horizon scanning review meetings for the senior management team. These include external factors that impact on Scotland Excel and its members. Audit Scotland national performance reports will be considered as part of the meetings if they are relevant to customers and their environment.

# Appendix 1

## Action plan 2016/17

### 2016/17 recommendations for improvement

Page no.	Issue/risk	Recommendation	Agreed management action/responsible officer/timing
14 – para 45	<p><b>1. Medium term financial planning</b></p> <p>Budgets are prepared on an annual basis and do not include any scenario planning. Medium term financial planning is carried out by management but this is not shared with members. As a result there is a risk members have insufficient information to make informed decisions.</p>	<p>It is recommended medium term financial planning is shared with members and scenario planning is incorporated into the budget setting process.</p>	<p>Scenario planning will be built into the estimates process.</p> <p>Head of Finance 31 March 2018</p>
17 – para 59	<p><b>2. Internal Audit reporting</b></p> <p>A review of committee papers and minutes identified that internal audit reports are not provided to members of the Joint Committee.</p> <p>As a result there is a risk that members are not aware of any weaknesses that have been identified and may not be able to make informed decisions.</p>	<p>It is recommended that management take internal audit reports to Joint Committee or Executive Sub-Committee meetings to allow members to understand the findings of the work carried out.</p>	<p>Internal audit reports will be taken to Joint Committee/Executive Sub-Committee meetings.</p> <p>Director of Scotland Excel 31 March 2018</p>

# Appendix 2

## Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

Audit risk	Assurance procedure	Results and conclusions
<b>Risks of material misstatement in the financial statements</b>		
<p><b>1 Management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Detailed testing of journal entries.</p> <p>Review of significant management estimates and evaluation of the impact of any variability in key assumptions.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p> <p>Substantive testing of transactions after the year end to confirm expenditure and income has been accounted for in the correct financial year.</p>	<p>Our audit procedures did not uncover evidence of management override of controls.</p>
<p><b>2 Risk of fraud over income/expenditure</b></p> <p>ISA 240 presumes a risk of fraud over income, which is expanded to include fraud over expenditure in the public sector by the Code of Audit Practice.</p> <p>The majority of Scotland Excel's income is in the form of annual funding from member authorities. Due to the predictable nature of this, the risk of fraud over income has been rebutted.</p> <p>The presumed risk of fraud over expenditure remains relevant and therefore requires an audit response.</p>	<p>Analytical procedures over areas of expenditure.</p> <p>Detailed testing of expenditure transactions focusing on the areas of greatest risk.</p>	<p>Our audit procedures did not uncover any evidence of fraud over expenditure.</p>
<p><b>3 Revised format of financial statements</b></p> <p>The 2016/17 Code of Practice on Local Authority Accounting (the</p>	<p>Review of structure of CIES and MIRS.</p> <p>Detailed analysis of account code mapping for CIES.</p>	<p>Our audit procedures did not identify any errors in the structure of the CIES or MIRS and all account codes had</p>

Audit risk	Assurance procedure	Results and conclusions
<p>Code) makes changes to the structure of the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MIRS). This will require the restatement of prior year comparatives and presents a risk of misstatement in the financial statements.</p>	<p>Review of prior year comparatives and restatements.</p>	<p>been mapped across correctly.</p>
<p><b>4 New expenditure and funding analysis</b></p> <p>The Code sets out a new requirement for an expenditure and funding analysis. This will provide a reconciliation of the statutory adjustments between Scotland Excel's financial performance on a funding basis and the surplus or deficit on the provision of services in the CIES. This presents an increased risk of misstatement as the analysis may not be in line with the requirements of the Code. There is also an increased risk of inconsistencies between the analysis and the financial statements.</p>	<p>Detailed testing of expenditure and funding analysis.</p> <p>Review of prior year comparatives and restatements.</p> <p>Review of consistency between expenditure and funding analysis and information contained elsewhere within the annual accounts.</p>	<p>Our audit procedures did not identify any errors within the Expenditure Funding Analysis statement and all information was consistent with information contained elsewhere within the annual accounts.</p>
<p><b>5 Changes to governance disclosures</b></p> <p>The Code makes changes to the requirements of the governance statement. This will require additional information to be disclosed to ensure all requirements of the Code are met. This presents a risk that the governance disclosures may not be complete.</p>	<p>Review of governance statement content.</p> <p>Testing of governance disclosures.</p>	<p>Our audit procedures did not identify any errors with the governance statement and all disclosures required had been included.</p>
<p><b>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</b></p>		
<p><b>6 Financial sustainability</b></p> <p>In prior financial years Scotland Excel has used reserves to fund improvement projects. Due to the low level of reserves this practice is no longer sustainable. This puts additional pressure on Scotland Excel to meet budget targets. There is a risk that the governance and funding structure may impact on the long term financial sustainability of Scotland Excel.</p>	<p>Review of budget monitoring reports during the year and comment on the financial position within the Annual Audit Report.</p>	<p>A review of budget monitoring reports and the financial statements highlight that reserve usage was less than planned in 2016/17. Reserves as at 31 March 2017 were £0.385 million but £0.166 million is expected to be used in 2017/18. The Treasurer has assessed the level of reserves and is satisfied levels are sufficient. Scotland Excel recognises there may be a need to achieve cost savings</p>

Audit risk	Assurance procedure	Results and conclusions
		or develop alternative services which generate income in future to be financially sustainable.

---

# Appendix 3

## Summary of national performance reports 2016/17



Apr			
May		Common Agricultural Policy Futures programme: an update	
Jun		South Ayrshire Council: Best Value audit report	 The National Fraud Initiative in Scotland
Jul		Audit of higher education in Scottish universities	 Supporting Scotland's economic growth
Aug		Maintaining Scotland's roads: a follow-up report	 Superfast broadband for Scotland: a progress update
			 Scotland's colleges 2016
Sept		Social work in Scotland	 Scotland's new financial powers
Oct		Angus Council: Best Value audit report	 NHS in Scotland 2016
Nov		How councils work – Roles and working relationships in councils	 Local government in Scotland: Financial overview 2015/16
Dec		Falkirk Council: Best Value audit report	 East Dunbartonshire Council: Best Value audit report
Jan			
Feb		Scotland's NHS workforce	
Mar		Local government in Scotland: Performance and challenges 2017	 i6: a review
			 Managing new financial powers: an update

### Local government relevant reports

[The National Fraud Initiative in Scotland - June 2016](#)

[How councils work - Roles and working relationships in councils - November 2016](#)

[Local government in Scotland: Financial overview 2015/16 - November 2017](#)

[Local government in Scotland: Performance and challenges 2017 - March 2017](#)

# Scotland Excel Joint Committee

## 2016/17 Annual Audit Report

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

## Scotland Excel

To: Scotland Excel Joint Committee

On: 08 December 2017

### Report by The Treasurer and Director Scotland Excel

#### Revenue Estimates 2018-19

#### 1. Summary

The following report has been prepared by the Treasurer, in consultation with the Director, to present the Revenue Estimates of Scotland Excel including the requisition of the constituent authorities for the financial year 2018-19 and indicative planning figures for 2019-20 and 2020-2021.

#### 2. Recommendations

2.1 It is recommended that members:

- **agree** the Revenue Estimates of Scotland Excel for the financial year 2018-19 as shown in Appendix 1
- **agree** the requisitions from constituent authorities as detailed in Appendix 2
- **note** the indicative estimates for 2019-20 and 2020-21
- **consider** the options for addressing the indicative funding gap indicated over the medium term as discussed in section 5; and agree Scotland Excel will further explore these and report to the next meeting of the Joint Committee.

#### 3. Background

3.1 The Annual Revenue Estimates process each year outlines the summary revenue budget position for the organisation. The budget estimates provided in the attached Appendix 1 outline the projected position and proposed requisition for 2018/19, and also outline an indicative projected position for 2019/20 and 2020/21 for member's information and as an aid to constituent authorities financial planning. The assumptions used in developing these projections are outlined in section 4 below.

3.2 The financial environment in which Scotland Excel and member authorities operate continues to be characterised by significant demand and cost pressures, compounded by reducing levels of grant support. It is anticipated that the Scottish Budget and local government settlement to be announced on 14 December will again reflect a revenue grant cut for local authorities. It is

also possible that the settlement announced will again be for a single financial year only, adding significant uncertainty to financial forecasts.

- 3.3 It is also recognised that over the medium term, local government in Scotland is likely to face further contraction in available resources, relating predominantly to the provision of revenue grant from the Scottish Government. In this context, Scotland Excel will continue to seek operational savings, to manage its financial position flexibly in order to maintain its aim of minimising the level of requisition required, and also to develop value propositions for member authorities to ensure that best value is achieved. Scotland Excel also continues to develop alternative services which generate income outwith core requisition income in order to try and diversify its funding base. This is further explored in section 5 below.

#### **4. Budget Assumptions**

- 4.1 The budget is based on the following assumptions:

- A budget provision of 2% in relation to the 2018/19 pay award has been included in the budget forecast, recognising the removal of the 1% cap on public sector pay awards (2% has also been assumed in the indicative 19/20 and 20/21 forecasts). It is recognised that national pay negotiations remain ongoing and should the agreed position be in excess of this budget provision an appropriate adjustment will require to be made to the 2018-19 budget funded from reserve balances;
- in line with previous years practice, no inflation adjustment has been made to any non-pay expenditure lines;
- adjustments have been made to specific budget lines to reflect operational experience in relation to:
  - employee costs – a budgeted staffing turnover assumption of 5% has been applied;
  - supplies and services – ICT costs have increased due to the migration to a cloud environment and requirement to purchase individual Microsoft licenses per user;
  - administration costs – reduction due to the review of the cost of support arrangements with Renfrewshire Council;
  - payments to other bodies – reduced as CIPS accreditation is secured on a 3 year basis;
  - Member requisitions – have been held at 2016-17 levels.
  - Other income – has been increased to reflect additional anticipated income from Crown Commercial Services.

- 4.2 The projected outturn position for 2017/18 is a £70,000 underspend on core activities as detailed in Appendix 1. It is proposed to manage this underspend flexibly across years to support the 2018/19 budget. Scotland Excel are acutely aware that the use of non-recurring revenue sources to fund recurrent core activities is inconsistent with a sustainable funding position and section 5 below outlines measures to address this position.

## 5. Financial Overview

- 5.1 As outlined above, the financial outlook in the medium term is characterised by uncertainty. At this point both major areas of financial risk for the Joint Committee – the level of pay award and the level of requisition income (broadly linked to the movement in the level of grant available to local government) – are unknown. However, both appear to be increasing risks ie the level of pay award is expected to be higher in future years than in the recent years, and similarly the level of funding available to local government through the grant settlement process is expected to reduce.
- 5.2 While the exact impact of these issues for Scotland Excel cannot be forecast with certainty there is a general consensus that prospects for economic growth have deteriorated, placing further ongoing pressure on public spending. Estimates of potential cuts to the 2018/19 local government settlement range across Scotland; however they are broadly in the 3-5% range. Scotland Excel continue to be mindful of the financial pressures member authorities face and will work with them to address these challenges through the support provided to local procurement teams and through the collaborative contracts put in place.
- 5.3 As in previous years, the 2018-19 revenue estimates have been developed to ensure core operations are funded fully by requisition income. The remaining reserves balance will be used to protect against any unforeseen costs or financial risks which may arise in the future. To provide some context for member authorities, each 1% movement in requisition for Scotland Excel amounts to circa £35,000, while a movement of 1% in the pay award would cost circa £30,000.
- 5.4 The information provided in Appendix 1 outlines the indicative medium term financial position, and includes an estimate that Scotland Excel will in 2019/20 (assuming no change in the level of requisition and no reliance on reserves) require to secure additional income or reduce costs by £168,000; rising to £254,000 in 2020/21. Scotland Excel recognises the financial environment is constrained and future requisition increases are undesirable at a time when councils are facing grant cuts, therefore options have been explored to address this funding gap. The Joint Committee is invited to discuss these options with a view to further work being undertaken to fully explore their potential, and develop timescales within which they could be implemented.

### Additional income generating activity

- 5.5 Throughout 2017/18, Scotland Excel has been reviewing opportunities to identify additional income for the organisation. A number of successes have been made with regard to externally funded projects including; housing, adult supported living and the SeeMIS project. Each of the projects have delivered additional benefits to members at no cost, and each has been operated on a “cost recovery” model. This means that although additional benefits have been achieved, they are not used to financially support core activities. Scotland Excel is keen to pursue other income generating projects and to also

identify projects that can provide a surplus which in turn can support financial sustainability.

- 5.6 External projects that generate a surplus could provide a method of subsidising core activities. As already demonstrated, these projects can also provide additional member benefits based on the selection of appropriate projects. The scale of the potential marketplace is unknown and will clearly take time to implement. Initial project resourcing will also provide challenges due to the lack of a specific team dedicated to this task, resulting in a position where income would have to be generated on an organic growth basis.

#### Rebates and supplier levies

- 5.7 The use of rebates has already been agreed by the Joint Committee with regards the proposal to implement a small value team into the organisation. This project has utilised rebate income to fund a team that is on track to deliver 11 new contracts by the end of the year. Effective collaborative solutions have been delivered to date, with the first 3 contracts generating a positive return on investment. Additional opportunities to support financial sustainability are also under consideration, including the implementation of supplier levies where appropriate. This is not uncommon, and involves the addition of a fee to purchases made under the framework by participating bodies. This has been considered in the past, but Scotland Excel have elected to postpone pursuing this, and rely on member requisitions and extended use of the Scottish Government set-up fund.
- 5.8 It is likely that the solution to the funding gap outlined will consist of a blend of the options outlined above, along with continued focus on cost efficiencies and sourcing new associate member income in order to avoid increased requisitions. However, the possibility of a requirement for increased requisition income over the medium term cannot be ruled out. It is suggested that Scotland Excel further explore the options outlined above and bring a report back to the June 2018 Joint Committee meeting to provide an indication of how and in what timescale the above options could be implemented.
- 5.9 Members will note that detailed in Appendix 1 is a memorandum section relating to various projects that Scotland Excel operate. The funding relating to these projects is not covered by requisition income and the income and expenditure shown are for information purposes only. Project expenditure and income will vary each financial year and are generally short term in nature, therefore only the 2018-19 figures are provided. As outlined above, each project is self-funding.

## **6. 2018/19 Member Authority Requisitions**

- 6.1 The Member Authority Requisitions for 2018/19 have been updated to reflect changes in population (as reflected in the 2016 mid-year population estimates published by NRS), however the overall total requisition has not varied from those agreed in 2016/17 and are detailed in Appendix 2 of this report.

- 6.2 Any future events which may materially affect these finances will require to be the subject of a report to the Joint Committee.
- 6.3 The date of drawdown for the requisitions will be as outlined in the Terms and Conditions of Scotland Excel, Section 7 Budget and Payment. The funding drawdown will be annually during October in accordance with arrangements made by the Treasurer.

**Appendix 1**

	2017/18 Approved	2017/18 Forecast Outturn	2018/19 Proposed	2019/20 Indicative	2020/21 Indicative
<b><u>Core Operational Expenditure</u></b>					
Employee Costs	2,944,400	2,899,811	3,040,160	3,122,878	3,209,288
Property Costs	176,500	176,500	176,500	176,500	176,500
Supplies and Services	87,900	87,900	141,140	141,140	141,140
Contractors	-	6,500	-	-	-
Administration Costs	296,800	300,089	266,400	281,400	266,205
Payments to other Bodies	38,600	38,600	20,000	20,000	35,000
Required Saving	-	-	-	(167,718)	(253,933)
<b>Total Core Operating Expenditure</b>	<b>3,544,200</b>	<b>3,509,400</b>	<b>3,644,200</b>	<b>3,574,200</b>	<b>3,574,200</b>
<b><u>Core Operational Income</u></b>					
Council Requisitions	3,484,200	3,484,200	3,484,200	3,484,200	3,484,200
17/18 Underspend	-	-	70,000	-	-
Other Income	60,000	95,200	90,000	90,000	90,000
<b>Total Core Operating Income</b>	<b>3,544,200</b>	<b>3,579,400</b>	<b>3,644,200</b>	<b>3,574,200</b>	<b>3,574,200</b>
<b>Core Operating Deficit/(Surplus)</b>	<b>0</b>	<b>(70,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Funded from Reserves</u></b>					
ICT Development Costs	101,000	101,000	-	-	-
Office Fit Out Costs	50,000	50,000	-	-	-
Other Development Costs	15,000	15,000	-	-	-
<b>Total Temporary Costs</b>	<b>166,000</b>	<b>166,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b><u>Reserve Funding</u></b>					
<b>Total Reserves</b>	<b>367,928</b>	<b>367,928</b>	<b>271,928</b>	<b>201,928</b>	<b>201,928</b>
Budgeted Drawdown	(166,000)	(166,000)	(70,000)	-	-
Projected Underspend	-	70,000	-	-	-
<b>Budgeted Balance</b>	<b>201,928</b>	<b>271,928</b>	<b>201,928</b>	<b>201,928</b>	<b>201,928</b>
<b>Estimated Balance</b>	<b>201,928</b>	<b>271,928</b>	<b>201,928</b>	<b>201,928</b>	<b>201,928</b>

**Memorandum**

<b><u>Scotland Excel Projects</u></b>					
Additional Costs	-	-	960,000	-	-
Additional Income	-	-	960,000	-	-
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Appendix 2

### Member Requisitions

<b>Requisition by Authority</b>	<b><u>2017-18</u></b>	<b><u>2018-19</u></b>
Aberdeen City	140,607	140,311
Aberdeenshire	156,621	156,995
Angus	82,591	81,869
Argyll and Bute	67,842	66,712
Clackmannanshire	48,605	48,259
Dumfries and Galloway	100,395	98,888
Dundee City	99,296	98,243
East Ayrshire	85,835	84,798
East Dunbartonshire	77,160	77,238
East Lothian	74,806	75,458
East Renfrewshire	69,647	70,157
City of Edinburgh	276,829	283,339
Eilean Siar	36,111	35,649
Falkirk	103,989	103,973
Fife	213,737	212,766
Glasgow City	333,882	338,987
Highland	143,652	142,854
Inverclyde	63,793	62,600
Midlothian	66,090	67,475
Moray	71,138	71,322
North Ayrshire	93,410	91,859
North Lanarkshire	198,471	196,810
Orkney Islands	33,061	33,045
Perth and Kinross	99,076	99,486
Renfrewshire	112,758	112,508
Scottish Borders	81,351	80,843
Shetland Islands	33,914	33,741
Stirling	69,522	70,126
South Ayrshire	80,817	79,780
South Lanarkshire	186,501	185,314
West Dunbartonshire	68,763	68,120
West Lothian	113,930	114,675
<b>Total</b>	<b>3,484,200</b>	<b>3,484,200</b>



## Scotland Excel

**To: Joint Committee**

**On: 08 December 2017**

**Report  
by  
Director of Scotland Excel.**

### **Lease**

#### **1. Introduction**

Scotland Excel operates from premises in Renfrewshire House, Paisley, Renfrewshire Council's Head Office.

The current property lease expires in February 2018. In view of this, Scotland Excel has been reviewing its position and investigating alternative property options. The purpose of this report is to update the Joint Committee on that work and seek approval from the Joint Committee to extend the lease with Renfrewshire Council to February 2019.

#### **2. Background**

Scotland Excel approved the lease arrangements for Renfrewshire House at its Joint Committee meeting on 15<sup>th</sup> June 2012. This lease expires in February 2018.

Since 2012, Scotland Excel has diversified its funding model to bring in funding from both the Scottish Government and a contract rebate, leading to an increase in staff numbers. Currently Scotland Excel floor space within Renfrewshire House is at capacity, however a number of initiatives are underway to increase available floor space by:

- Replacing furniture with a smaller, more modern solution
- Rollout of laptops and other digital solutions to allow staff to be more agile in terms of where they work

Despite this, it is likely that Scotland Excel will need a larger floorspace in future, particularly if a number of new projects come to fruition, for example the Fife Proposal. As a result of this, it is proposed that Scotland Excel extends its current lease with Renfrewshire Council to February 2019.

During this extension period, officers will firm up requirements for more space based on the outcome of any new proposal, and will carry out a review of options for future accommodation, which will be provided to the Joint Committee in December 2018.

Scotland Excel's current lease with Renfrewshire Council is comprised of

- Rent £87,320 (including fit-out cost £17,000)
- Service Charge £88,180

The lease charge from February 2018 – February 2019 will be £175,500

### 3. **Recommendation**

Members are asked to

- i. Approve a one year extension to the lease for to February 2019
- ii. Note that a property options appraisal and a recommendation for a new lease will be provided to the Joint Committee in December 2019
- iii. Delegate authority to the Director of Scotland Excel to extend the current lease with Renfrewshire Council

## Scotland Excel

To: Joint Committee

On: 08 December 2017

### Report by Director of Scotland Excel.

#### Associate Member Proposal

#### 1. Introduction

The purpose of this paper is to provide an update on Associate membership and to propose a new fee structure for Housing Association associate members.

#### 2. Background

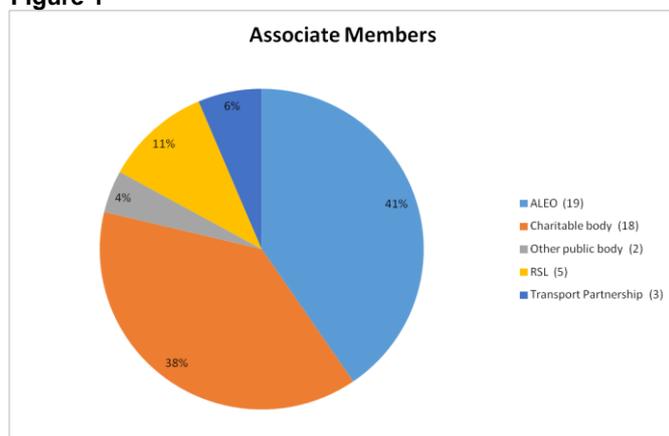
Scotland Excel proposed an *Associate Member Strategy* to committee members at the Joint Committee meeting on the 9<sup>th</sup> December 2016. This strategy was subsequently approved by members and is the current operating model for the organisation.

Housing associations (Registered Social Landlords – RSL) were identified as a potential market for membership and have therefore been the primary focus for new membership in 2017. The strategy recommended a review of fee structures and resulted in a pilot fee structure being tested.

#### 3. Associate Membership Analysis

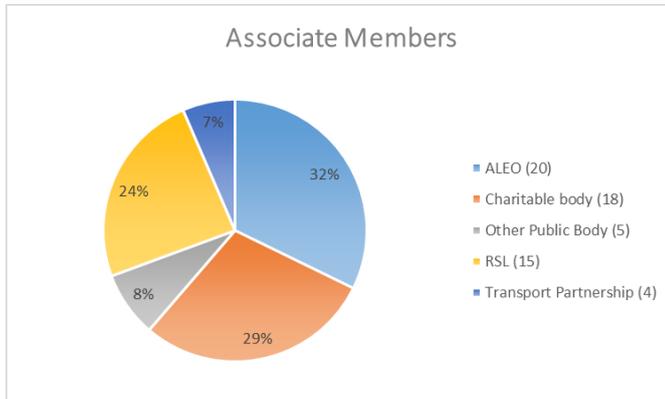
In November 2016 Scotland Excel had thirty two local authority members and forty seven associate members. At this point associates were spilt as shown in Figure 1.

Figure 1



As of the 1<sup>st</sup> December 2017 Scotland Excel has thirty two local authority members and sixty two associate members. Figure 2 shows the split of these members.

**Figure 2**



### Spend Analysis

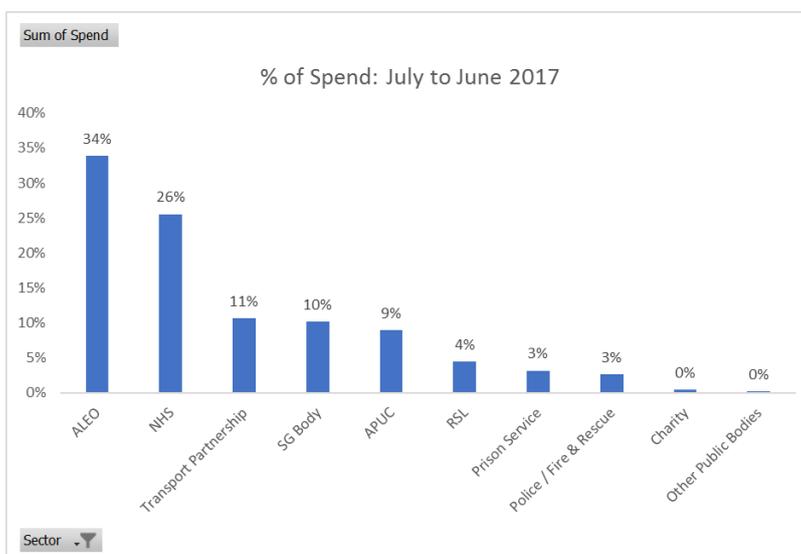
An associate spend analysis was conducted covering the period July 2016 to June 2017.

97.4% of the total spend on all Scotland Excel contracts was made by its 32 member councils. The remaining 2.6% was by non-council members which includes associates and other public bodies.

The total spend by non-council organisations was £11.9m.

Figure 3 shows the split by non-council members.

**Figure 3**



Twenty of the current sixty two associate members do not pay a fee.

The £11.9m total spend by non-council members (associates and others) is distributed as shown on figure 4.

**Figure 4**

Sector	Spend
ALEO	£4,034,941
NHS	£3,038,477
Transport Partnership	£1,266,595
SG Body	£1,209,111
APUC	£1,062,440
Housing Association	£530,500
Prison Service	£377,708
Police / Fire & Rescue	£305,777
Charity	£51,943
Other Public Bodies	£22,507

The fifteen Housing Associations are all associate members, pay fees and spent £530k on Scotland Excel frameworks within the period reported.

It should also be noted that associates typically utilise a smaller number of frameworks than council members. This is due to the fact that frameworks are identified and constructed to primarily meet the needs of members rather than associates. Within the period reported less than thirty percent of frameworks were used by associates.

Housing Associates used fifteen Scotland Excel frameworks in total within the period. Framework usage within this sector typically depends on a number of factors including if maintenance is undertaken by an in-house team or if the association provides care services.

#### **4. Housing Association Fees**

Scotland Excel undertook an investigation into member organisations within the housing sector and reviewed existing fee models. It became apparent that the simplest model whereby fees are calculated based on housing stock levels was fairest and appeared to be best received by the sector.

No direct comparison to Scotland Excel was available in the sector to allow a competitive comparison. An analysis of other non-procurement member organisations gave an indication of fees and, by utilising national housing stock levels, various fee levels were modelled.

A comparison of council member influencable spend and member requisition was made with housing association influencable spend. This provided an approximation of between £1.25 and £1.50 per housing unit. This was used

as a starting point for modelling. A selection of fee levels per housing unit were tested through the model based on this starting point.

The pilot fee structure felt to offer the best opportunity for membership growth was as follows:

- A minimum fee of £500 irrespective of housing stock levels.
- £1.50 per unit where number is greater than the minimum level.
- A maximum fee of £30,000

This fee level was discussed with a small number of contacts in the sector and received positive feedback.

As the affordable housing programme developed from April 2017, associations were presented with the pilot fee structure for associate membership using the above model.

The pilot was reviewed after the first twenty association assessment visits, numerous calls and after a number of general meetings. In this period Scotland Excel has added ten new housing associations as associate members. It is estimated that a conversion rate of approximately 25-30% was achieved. This number may rise as further engagement with these organisations is undertaken. Organisations who did not apply for membership generally gave budgetary reasons.

The maximum fee level ensured that no association paid more than council members and therefore would not seek membership rights and powers.

No allowance for inflationary increases currently exists within associate membership. It is proposed that general, non-housing association, fees should also be reviewed and any annual increases considered across all fees.

## 5. **Recommendation**

Members are asked to note the progress made on associate members and to approve the proposed fee structure piloted by Scotland Excel.



Agenda Item 7

## Scotland Excel

To: Joint Committee

On: 08 December 2017

### Report by Director Scotland Excel

#### Request for Associate Membership of Scotland Excel by North Glasgow Housing Association Ltd. (trading as ng homes) (“ng homes”)

#### 1 Introduction

In addition to the 32 local authorities who are full members of Scotland Excel, applications can be made for Associate Membership by organisations such as council arms-length organisations, community groups, charities, housing associations and voluntary organisations which are a public body or a body that engages in activities of a public nature.

Organisations apply to Scotland Excel for Associate Membership to allow them to access the frameworks for goods and services which we have in place for our full members. Associates do not have the opportunity to influence the future contract delivery schedule which is reserved for the full local authority members.

#### 2 Application

ng homes is a trading name of North Glasgow Housing Association, which is a social landlord that operates in the North of Glasgow. ng homes priorities are to provide communities with:

- decent safe and secure housing
- good transport links, leisure and recreational activities
- shopping facilities in order to make them strong and sustainable
- 

ng homes was formed for the benefit of the community in 1976 by a group of residents who wanted to save their homes from demolition and start building a new future.

ng homes are registered:

- As a social landlord with The Scottish Housing Regulator
- As a charity with the Office of the Scottish Charities Regulator

ng homes has 5440 self-contained units, 1 non self-contained unit and 8 bed spaces.

ng homes made a request on an emergency basis for associate membership in order to instruct works as a result of issues arising from the Grenfell Tower fire. The Scotland Excel Scheme of delegations (para h) authorises the director "To act in an emergency situation with the approval of the Clerk and where possible after consulting the Convener, or in his absence the Vice-Convener of the Joint Committee and the Chair of the Management Group, and thereafter report on the action taken to the first available meeting of the Joint Committee."

In this instance both the convener and the Legal and Democratic Services Manager at Renfrewshire Council, acting in the clerk's absence, were consulted and agreed on the director's course of action to approve immediate associate membership.

This membership approval was taken to the August 2017 Executive Sub Committee and was agreed by members. Subsequent recommendations indicate that this decision should also be approved by the Joint Committee.

### **3 Recommendation**

It is therefore recommended to committee note the Director's decision under delegated authority to approve the application by ng homes to join Scotland Excel as an associate member, at an annual fee of £8,160.

## Scotland Excel

To: Joint Committee

On: 08 December 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 52 current frameworks in the Scotland Excel contract portfolio, with 5 of these current frameworks to be renewed before 31 March 2018 (Appendix 1).

As detailed in Appendix 1, the recycle and refuse containers and vehicle and plant hire frameworks renewals went live in October and were fully operational from November. The heavy vehicles framework was delivered ahead of schedule in November. The library books and textbooks framework has been delayed until February next year with digital publications and services being tendered separately to commence on the same date. The remaining renewal frameworks in 2017/ 2018 are currently on track with the forecast schedule.

Scotland Excel plans to add a further 9 new frameworks to its contract portfolio by the end of the financial year (Appendix 2).

Of the 9 new frameworks currently planned for delivery in 2017/ 2018, 8 are being coordinated through the newly created operational supplies and services team.

A further 4 of the frameworks on the current portfolio have extension options that have still to be exercised in 2017/2018 (Appendix 3).

The estimated forecast value of the Scotland Excel framework portfolio by 31<sup>st</sup> March 2018 will be just over £1Billion.

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 is now progressing with two stakeholder sub groups to look at focused work streams for both care at home and adult supported living. This development activity will continue over the remainder of the year and a decision will be made with stakeholders regarding the appropriate procurement strategy. As part of its contract management activity

for care home services for older people, Scotland Excel is again part of the team negotiating the 2018/ 2019 National Care Home Contract rate with providers.

In the construction portfolio, Scotland Excel released a prior information notice for a potential domestic gas boiler maintenance framework. The proposed framework would cover boiler maintenance as well as servicing and repair of gas boilers for domestic properties owned by Scottish local authorities and Scotland Excel associate members including registered social landlords. The procurement strategy is currently being finalised, with any new framework to be in place in 2018/ 2019.

Scotland Excel, working in partnership with the Digital Office, has released a prior information notice (PIN) for market engagement across a range of projects to drive digital transformation across Scotland. The aim of this PIN is to launch an engagement programme that will be mutually beneficial and structured to both SME's and multinational organisations within the digital marketplace. Foundation projects will include:

- Better use of data
- Cloud
- Common platforms
- Cyber security
- GDPR readiness
- Mobile and flexible working
- Network review
- Supply chain and procurement

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

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
Frozen Foods	25,000,000	Renew	Jun-17		Jun-17		2% - 4%	3.5%	Framework is live
Organic Waste	12,000,000	Renew	Jun-17		Jun-17		2% - 4%	-1.4%	Framework is live
Education Materials	16,000,000	Renew	Mar-17	Jun-17	Jun-17		2% - 4%	6.9%	Framework is live
Vehicle & Plant Hire	20,000,000	Renew	Nov-17		Oct-17		2% - 4%	2.6%	Framework is live
Recycle & Refuse Containers	10,000,000	Renew	Nov-17		Oct-17		2% - 4%	1.2%	Framework is live
Tyres	6,000,000	Renew	Nov-17				2% - 4%	3.8%	Framework is live
Library Books & Textbooks	14,000,000	Renew	Nov-17	Jan-18		Feb-18	2% - 4%		Tender Released
Heavy Vehicles	35,000,000	Renew	Jan-18			Nov-17	2% - 4%	0%	Recommendations presented to Executive Sub Committee on 17 November 2017
Milk	9,000,000	Renew	Jan-18				2% - 4%		Recommendations to be presented to Executive Sub Committee on 8 December 2017
Trade Materials	10,000,000	Renew	Feb-18				2% - 4%		Recommendations to be presented to Executive Sub Committee on 8 December 2017
Childrens Residential	105,000,000	Renew	Mar-18				n/a		Recommendations to be presented to Executive Sub Committee on 23 February 2018

**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
Bottled Gas	2,000,000	New Contract	Oct-17		Oct-17		5.5%	5%	Framework is now live
Laundry Equipment	1,100,000	New Contract	Oct-17		Oct-17		5.5%	13%	Framework is now live
Steeplejack Services	1,200,000	New Contract	Oct-17		Nov-17		5.5%	7%	Recommendations presented to Executive Sub Committee on 17 November 2017
Pest & Vermin Control	2,000,000	New Contract	Dec-17				5.5%		Recommendations to be presented to Executive Sub Committee on 8 December 2017
Catering Machine Repairs	2,000,000	New Contract	Jan-18				5.5%		Recommendations to be presented to Executive Sub Committee on 8 December 2017
Water Coolers & Bottled Water	1,400,000	New Contract	Dec-17				5.5%		Recommendations to be presented to Executive Sub Committee on 8 December 2017
Swimming Pool Chemicals	1,200,000	New Contract	Dec-17			Jan-18	5.5%		Recommendations to be presented to Executive Sub Committee on 26 January 2018
Digital Publications and Services	1,000,000	New Contract	Feb-18				5.5%		Tender Released
Funeral Services	1,500,000	New Contract	Feb-18			Apr-18	5.5%		Strategy in development
Fire Fighting & Rescue Services	2,700,000	New Contract	Mar-18			Apr-18	5.5%		Strategy in development
IT Training Providers	1,000,000	New Contract	Mar-18			Apr-18	5.5%		Strategy in development
Vocational Training Service Providers	1,800,000	New Contract	Mar-18			Apr-18	5.5%		Strategy in development

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

Contract Description	Est Annual Value
Asbestos	£ 8,000,000
Building And Timber Materials	£ 15,200,000
Community Meals	£ 4,000,000
Electrical Materials	£ 14,000,000
Ground Maintenance	£ 12,500,000
Heavy Plant	£ 12,500,000
Janitorial Products	£ 9,000,000
Presentation & Audio Visual Equipment	£ 6,000,000
Security Services & Equipment	£ 18,000,000
Signage	£ 2,000,000
Washroom Solutions	£ 3,500,000
Secure Care	£ 20,000,000

*Contracts highlighted in yellow have been approved for extension*

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

**Contracts with no renewal or extension activity in 2017/18**

<b>Contract Description</b>	<b>Est Annual Value</b>
Agency Workers - Social Care	£ 20,000,000
Bitumen Products	£ 12,000,000
Buildings Related Engineering Consultancy	£ 10,000,000
Care Homes for Adults (LD)	£ 31,000,000
Catering Sundries	£ 6,000,000
Customer Service Platform	£ 3,750,000
Demolition	£ 16,000,000
Domestic Furniture and Furnishings	£ 20,000,000
Education And 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
Meats - Fresh, Prepared & Cooked (inc. Fresh Fish)	£ 7,000,000
Online School Payments	£ 2,500,000
Outdoor Play Equipment and Artificial Surfaces	£ 17,500,000
Personal Protective Equipment	£ 10,000,000
Plumbing and Heating Materials	£ 20,621,122
Recyclable & Residual Waste	£ 25,000,000
Road Maintenance Materials	£ 2,500,000
Roadstone	£ 35,000,000
Salt	£ 15,375,000
Street Lighting Bulk Renewal of Luminaires	£ 5,000,000
Street Lighting Materials	£ 35,000,000
Telecare and Telehealth Technologies	£ 3,400,000
Vehicle Parts	£ 12,000,000
Waste Disposal Equipment	£ 1,250,000

## Scotland Excel

**To: Joint Committee**

**On: 08 December 2017**

**Report  
by  
Director Scotland Excel**

### Operating Plan Update 2017-18

**1. Purpose of the report**

In June 2015, Scotland Excel's Joint Committee approved a new three-year corporate strategy supported by a rolling annual operating plan. This report presents an update on our performance against the 2017-18 operating plan.

**2. Reporting methodology**

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

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

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

**3. Progress to date**

The following report provides an update on activities undertaken during the first half of the 2017-18 operating plan period. At this stage in the year, the majority of activities are progressing in line with plans and are indicated by a green symbol. A small number of project-based activities are running behind schedule and are indicated as amber. The report also tracks performance against ten key performance indicators (KPIs).

**4. Recommendation**

The members of the Joint Committee are invited to note the progress made by Scotland Excel in the delivery of the 2017-18 operating plan.





# Operating Plan

2017 – 2018

Half Year Progress Report

# Goa1 1: Supporting the delivery of better and more effective public services

Strategic objectives	
1.1	Deliver a range of collaborative procurement and supplier development services which support customers at a strategic and operational level
1.2	Deliver a range of shared services which support customers in the development of their professional, organisational and commercial capability
1.3	Deliver a range of new shared services which support the effectiveness and efficiency of customer operations

Activity	Year 3 Priorities	RAG status	Progress summary
(a) Develop and implement a contract plan aligned to the strategic priorities of member authorities	<ul style="list-style-type: none"> <li>Resource and implement contract delivery plans including 11 'small value' contracts</li> <li>Develop and implement a procurement strategy for older people's care services</li> <li>Deliver an opportunity analysis for adult supported living and care at home commissioning</li> <li>Provide ICT procurement services for the local government Digital Office</li> <li>Support SEEMIS with the procurement of a national education IM system</li> <li>Monitor CCS partnership and develop proposals for future procurement partnerships</li> <li>Review and update procurement strategies for all key category areas</li> </ul>		<ul style="list-style-type: none"> <li>The development of 'small value' contracts is progressing well. The first two contracts for bottled gas and laundry equipment will be submitted for approval in October.</li> <li>Responses to a consultation on a draft strategy for older people's care services are being analysed, and the findings will be published in Q3.</li> <li>User Intelligence Groups (UIGs) of local authority care professionals have been created to inform the adult supported living and care at home commissioning projects. A planning and scoping meeting was held in Stirling in July.</li> <li>A senior procurement specialist has joined Scotland Excel to provide procurement support for the local government Digital Office. Initial engagement with stakeholders has identified a potential opportunity for a social work management information system.</li> <li>Scotland Excel's procurement project for SEEMIS is nearing completion. Two bidders presented at the end of September. The contract award will be made in Q3 once the successful bidder is selected.</li> <li>Scotland Excel is continuing to liaise with Crown Commercial Services (CCS) and local authorities to monitor performance of the light vehicles framework which went live on 01 June 2017.</li> <li>Category procurement strategies are being reviewed and updates are expected to be published at the end of Q3.</li> </ul>

<p>(b) Develop and implement a strategy and plan for the delivery of contract and supplier management</p>	<ul style="list-style-type: none"> <li>• Complete the roll out of the new CSM programme across the contract portfolio</li> </ul>		<ul style="list-style-type: none"> <li>• The new Contract &amp; Supplier Management (CSM) programme has been launched to customers and suppliers. CSM surveys for the first tranche of 12 contracts were issued in September.</li> </ul>
<p>(c) Develop and implement a strategy and plan for improving supplier performance</p>	<ul style="list-style-type: none"> <li>• Deliver the 2018 Supplier Excellence Awards</li> <li>• Incorporate supplier development into the 2018 Scotland Excel Conference</li> <li>• Pilot a KSM programme and extend to other key suppliers based on results</li> </ul>		<ul style="list-style-type: none"> <li>• The Supplier Excellence Awards were launched on 18 September. A microsite, direct marketing and social media campaign is being implemented to promote the awards, and initial feedback from suppliers has been very positive.</li> <li>• Plans for a Key Supplier Management (KSM) Programme will be developed in Q3. Benchmarks for selected suppliers will be recorded in Q4 based on CSM results, and the pilot will be rolled out from April 2018.</li> </ul>
<p>(d) Manage the rollout of a new national procurement capability assessment to the local government sector</p>	<ul style="list-style-type: none"> <li>• Complete the first cycle of PCIP assessments with participating councils</li> <li>• Consult on plans for a second cycle of PCIP assessments</li> </ul>		<ul style="list-style-type: none"> <li>• The results of the second phase of 15 Procurement &amp; Commercial Improvement Programme (PCIP) assessments completed in Q1 are now being analysed. To date, 31 Scottish local authorities have participated in the programme, and the remaining council is expected to complete an assessment by the end of 2017.</li> <li>• Scotland Excel is continuing to hold proactive discussions with central government, the PCIP project board and stakeholders on future PCIP plans.</li> </ul>
<p>(e) Develop and implement a programme to lead and support the development of procurement and commercial capability</p>	<ul style="list-style-type: none"> <li>• Develop and deliver a rolling programme of procurement capability and change services for local authorities</li> <li>• Deliver an Annual Conference to support development in Feb 2018</li> <li>• Deliver Scottish Government funded procurement improvement programme for housing associations</li> </ul>		<ul style="list-style-type: none"> <li>• A programme of capability and change services has been developed. Three change projects, two workshops and one masterclass were delivered during Q2. A proposal has been submitted to Fife Council to manage their procurement and commercial transformation programme.</li> <li>• Plans for the Scotland Excel Annual Conference are progressing well. The conference will co-locate with the Supplier Excellence Awards on 20-21 February 2018.</li> <li>• A total of 53 housing associations had expressed an interest in participating in the programme by the end of Q2. An assessment schedule has been developed to support the completion of 20 pre-assessment meetings and 5 assessments by the end of December.</li> </ul>

<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"> <li>• Roll out L &amp; D programmes in line with the strategy</li> <li>• Develop plans for delivering a L &amp; D programme for social care commissioning</li> <li>• Develop a proposal to support the Scottish Government's PPOT initiative</li> </ul>		<ul style="list-style-type: none"> <li>• A programme of learning and development (L &amp; D) workshops and masterclasses was launched in July. Two workshops and one masterclass took place in Q2. A leadership &amp; management programme accredited by the Chartered Management Institute (CMI) will be rolled out from Q3, and a procurement programme in partnership with Chartered Institute of Procurement &amp; Supply (CIPS) is expected to be available in January.</li> <li>• Scotland Excel is continuing to scope social care development needs and has facilitated discussions between Social Work Scotland and City of Glasgow College to deliver a SQA accredited Professional Development Award (PDA) in Commissioning &amp; Procurement.</li> <li>• Scotland Excel continues to co-chair the Scottish Government's Professional Practice Strategic Forum which encompasses the Procurement People of Tomorrow (PPOt) initiative.</li> </ul>
<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"> <li>• Develop a shared services strategy to inform future service development proposals</li> </ul>		<ul style="list-style-type: none"> <li>• Scotland Excel continues to explore new shared service opportunities. Procurement opportunities for an electric vehicle infrastructure and district heating services were investigated during Q2.</li> </ul>

## Goa1 2: Being sustainable in everything we do

Strategic objectives	
2.1	Work with stakeholders to develop procurement strategies which support the delivery of national and local policy priorities
2.2	Deliver positive and measurable social, economic and environmental impact to local communities
2.3	Lead and support customers in the development and implementation of best practice in sustainable procurement

Activity	Year 3 Priorities	RAG status	Progress summary
(a) Develop and implement strategies for responding to procurement and/or public sector legislation	<ul style="list-style-type: none"> <li>Develop and implement plans to comply with GDPR regulations</li> <li>Monitor risks/opportunities arising from the Community Empowerment Act</li> <li>Engage with IJB Chief Officers to identify HSCI procurement opportunities</li> <li>Develop proposals to support councils with early learning and childcare procurement</li> <li>Update waste category strategy to align with legislative landscape</li> </ul>		<ul style="list-style-type: none"> <li>Requirements for complying with the new General Data Protection Regulation (GDPR) have been established following a meeting with the Information Commissioner's Office (ICO). Training sessions will be delivered for Scotland Excel staff and customers during Q3.</li> <li>Participation requests from community groups under the Community Empowerment Act have been limited to date, and therefore there are currently no major risks or opportunities arising for the sector.</li> <li>A second meeting of the Social Care Procurement Network has been scheduled for October, and will include a guest speaker from the Scottish Government to discuss Integration Joint Board (IJB) strategic commissioning plans.</li> <li>Scotland Excel is continuing to engage with SOLACE and the Improvement Service on procurement support for early learning and childcare services.</li> <li>The waste category strategy will be updated in December 2017.</li> </ul>
(b) Ensure Scotland Excel's collaborative frameworks support local and national government policy priorities	<ul style="list-style-type: none"> <li>Continue to support national policy outcomes in social care frameworks</li> <li>Continue to support the roll out of CRDG recommendations</li> </ul>		<ul style="list-style-type: none"> <li>Stakeholder consultation for the new residential children's care framework has included engagement with young people with experience of this type of care. Their feedback was used to inform the tender which has now been released.</li> <li>Scotland Excel continues to participate in the Construction Review Delivery Group (CRDG) and attended a meeting in August. An informal proposal for the development of a national housebuilding contract has been submitted to the Scottish Government for comment.</li> </ul>

<p>(c) Ensure Scotland Excel's collaborative frameworks support positive local economic outcomes</p>	<ul style="list-style-type: none"> <li>• Support SDP public procurement training for Scottish SMEs</li> <li>• Review options for including community benefits measures as part of the new CSM programme</li> <li>• Develop a strategy for supported businesses, including delivery of a business development event</li> </ul>		<ul style="list-style-type: none"> <li>• Scotland Excel sponsored and exhibited at the Supplier Development Programme (SDP) national 'Meet the Buyer' event in September.</li> <li>• Options for including community benefit measures as part of the new CSM programme will be considered in Q3.</li> <li>• Plans for a supported business event in February 2018 are progressing well. The event will bring together supported businesses, councillors, procurement and economic development officers to explore opportunities for working together to support local communities.</li> </ul>
<p>(d) Ensure Scotland Excel's collaborative frameworks support local government environmental duties and policies</p>	<ul style="list-style-type: none"> <li>• Continue work with partners to align the waste category strategy with national programmes</li> <li>• Include measure for environmental impact within the new CSM programme</li> </ul>		<ul style="list-style-type: none"> <li>• Scotland Excel is continuing to liaise with Zero Waste Scotland (ZWS) and the Scottish Government to explore how waste frameworks can be aligned to circular economy aims.</li> <li>• Options for including environmental measures as part of the new CSM programme will be considered in Q3.</li> </ul>
<p>(e) Champion the development and dissemination of best practice in sustainable procurement</p>	<ul style="list-style-type: none"> <li>• Monitor the impact of Scotland Excel's sustainable procurement strategy</li> <li>• Work with national partners to develop enhancements to the national sustainable toolkit</li> <li>• Continue to evolve Scotland Excel's horizon scanning programme</li> </ul>		<ul style="list-style-type: none"> <li>• Scotland Excel is continuing to monitor the impact of its sustainable procurement strategy. Specific sustainability considerations and benefits are detailed within each contract award report.</li> <li>• Proposals for ways in which contracting authorities can bespoke the mandatory tender question on fair work practices to meet their specific procurement requirements has been developed for the Scottish Government Best Practice Forum.</li> <li>• Horizon scanning meetings are continuing to take place quarterly to review the external environment and identify any new risks and opportunities.</li> </ul>

## Goal 3: Placing customers at the heart of our business

Strategic objectives	
3.1	Work with customers to develop and implement bespoke plans for maximising the value of our services
3.2	Develop robust communications strategies which support customer engagement and position Scotland Excel and its customers as leaders in public procurement / shared services
3.3	Represent the views and needs of customers in the wider stakeholder environment

Activity	Year 3 Priorities	RAG status	Progress summary
(a) Develop and implement a portfolio of account management services that meet the collective and individual needs of local authority customers	<ul style="list-style-type: none"> <li>Continue to develop and implement improvements to account management services</li> </ul>		<ul style="list-style-type: none"> <li>Account managers are continuing to deliver Quarterly Business Reviews, and act as a key liaison between the organisation and customers. Further opportunities to improve account management services will be identified through these meetings.</li> </ul>
(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"> <li>Complete the stakeholder engagement strategy</li> <li>Develop and implement a senior stakeholder engagement plan</li> <li>Initiate a customer care forum to support ongoing improvements to customer service</li> <li>Publish a report on the results of the 2017 customer satisfaction survey</li> <li>Develop a 'future digital' strategy to support online delivery of customer information and services</li> </ul>		<ul style="list-style-type: none"> <li>The stakeholder engagement strategy will be completed in Q3, and will close off this project. Tools developed as part of this project will be used to develop new senior stakeholder engagement plans.</li> <li>Engagement plans will be developed for senior stakeholder groups in Q3. A training session for Executive Sub-committee members will take place in November.</li> <li>The customer care forum will be established in Q3 to oversee the implementation of the stakeholder engagement strategy, and respond to the findings of the customer satisfaction survey.</li> <li>Reports on the findings of the customer satisfaction survey were produced for senior stakeholders and staff during Q1, and a report was produced for procurement leads in Q2. A general report on findings will be published on the website in Q3.</li> <li>ICT business requirements have been gathered from across the organisation and are being used to inform a new ICT/Digital strategy</li> </ul>

<p>(c) Develop and implement a corporate communications strategy that enhances and protects Scotland Excel's corporate reputation</p>	<ul style="list-style-type: none"> <li>• Complete the marketing and communication strategy</li> <li>• Develop and implement a plan to enhance Scotland Excel's profile and reputation</li> <li>• Continue to deliver marketing/communications initiatives to promote Scotland Excel services</li> </ul>		<ul style="list-style-type: none"> <li>• The marketing and communications strategy is in development, and will be completed slightly later than anticipated in Q3. This explains the strategic approach taken by Scotland Excel to develop, plan and implement activities which promote our services and increase the profile of the organisation.</li> <li>• A communications plan has been completed which brings together requirements for corporate communications, public affairs and stakeholder engagement activity identified through workshops with senior managers. The plan will be accompanied by a rolling calendar of promotional opportunities agreed with the Senior Management Team.</li> <li>• The marketing and communications team delivered a range of activities in Q2 including press releases and social media, the launch of the Supplier Development Awards, promoting the new L &amp; D programme and organising Scotland Excel's presence at the SOLACE conference.</li> </ul>
<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"> <li>• Continue to recruit housing associations in line with the associate member strategy</li> <li>• Develop an associate member offering for third sector organisations</li> </ul>		<ul style="list-style-type: none"> <li>• Four housing associations were recruited as associate members in Q2.</li> <li>• Development a third sector associate membership offering has been delayed until Q4.</li> </ul>
<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"> <li>• Continue to host and/or attend forums to gather sector views and share information</li> <li>• Continue to represent the sector on matters relating to public procurement</li> <li>• Continue to engage with relevant stakeholders in the wider public sector environment</li> </ul>		<ul style="list-style-type: none"> <li>• Scotland Excel continues to hold and/or attend forums for sector stakeholders. These include steering groups for contract development, procurement capability and social care, as well as attendance at the Scottish Local Government Procurement Forum.</li> <li>• Scotland Excel continues to represent sector interests at meetings. These include government forums for collaborative procurement, construction, best practice and professional development.</li> <li>• Scotland Excel continues to engage with a wide range of stakeholders and partners. This activity will be formalised as part of the stakeholder engagement strategy.</li> </ul>

## Goa1 4: Becoming the partner of choice for delivering shared services

Strategic objectives	
4.1	Implement organisational development policies which support a highly skilled, motivated and engaged workforce
4.2	Implement best practice processes and technology which support the efficient and effective delivery of services to customers
4.3	Implement robust strategies, governance, risk management and funding models which demonstrate a measurable return on investment and secure Scotland Excel's future

Activity	Year 3 Priorities	RAG status	Progress summary
(a) Develop and implement a strategy to support staff recruitment, retention, development, performance and engagement	<ul style="list-style-type: none"> <li>Complete the development and implementation of an organisational development strategy</li> </ul>		<ul style="list-style-type: none"> <li>The project to develop and implement an Organisational Development strategy has continued during Q2 but is progressing more slowly than anticipated. The project structure has been streamlined to reduce resource requirements and increase the pace of delivery.</li> </ul>
(b) Develop and implement programmes to support the continuous improvement of business performance, systems and processes	<ul style="list-style-type: none"> <li>Agree and deliver 2017-18 internal transformation projects</li> <li>Implement a spend data management and reporting solution</li> <li>Continue to plan and implement the migration of the ICT infrastructure to a cloud environment</li> <li>Undertake assessment to renew CIPS accreditation</li> </ul>		<ul style="list-style-type: none"> <li>Scotland Excel's business change team is continuing to manage seven internal projects to support strategic goals and continuous improvement.</li> <li>Spikes Cavell have been commissioned to develop a specification for a system to manage spend data. Meetings are being arranged with councils, suppliers and staff to understand data usage and challenges.</li> <li>Following migration to Office 365, the ICT team is continuing to embed use of this software and plan the migration of other office systems to a cloud environment.</li> <li>A working group has been established to gather evidence for the CIPS accreditation and plans are progressing well.</li> </ul>
(c) Ensure that Scotland Excel delivers its plans through effective governance, risk management and policies	<ul style="list-style-type: none"> <li>Explore options for governance models which support the future growth of Scotland Excel</li> </ul>		<ul style="list-style-type: none"> <li>An options appraisal for governance models to support future growth is in development and will be presented to the Chief Executive Officers Management Group (CEOMG) and Joint Committee in Q3.</li> </ul>

<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"> <li>Expand the use of BI tools across the organisation to support internal/external delivery of data and reports</li> </ul>		<ul style="list-style-type: none"> <li>New business intelligence (BI) and reporting tools piloted in 2016-17 will be rolled out across the organisation slightly later than anticipated in Q4.</li> </ul>
<p>(e) Develop and implement a clear, transparent and sustainable funding and delivery model for Scotland Excel</p>	<ul style="list-style-type: none"> <li>Hold 4 regional consultation workshops for new strategy development</li> <li>Develop a new corporate strategy for 2018-22</li> <li>Explore options for funding models to support the new strategy</li> </ul>		<ul style="list-style-type: none"> <li>Regional workshops to consult on the new strategy will take place in Q3 as part of senior stakeholder engagement plans.</li> <li>A Senior Management Team workshop has been arranged for early October to identify and agree priorities for the new strategy. This will be facilitated by a strategy expert from Stirling University.</li> <li>Scotland Excel is continuing to explore different funding models as part of its governance review, particularly ways in which the organisation could expand chargeable services and/or apply for funding grants.</li> </ul>

## Report Key

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

## Key Performance Indicators

KPI	Link to outcomes	Q1 Status
No. & value of contracts delivered v plan	<ul style="list-style-type: none"> <li>Our services support the effective and efficient delivery of public services</li> </ul>	<ul style="list-style-type: none"> <li>7 contracts delivered, renewed or extended from 31 targeted</li> <li>£969m portfolio value against £1bn target by year end</li> </ul>
Percentage & value of savings v target (excluding social care)	<ul style="list-style-type: none"> <li>Our customers are satisfied with our services and achieve a measurable return on their investment</li> </ul>	<ul style="list-style-type: none"> <li>Average savings of 3.4% against a rolling 5% target (2015-18)</li> <li>£3m estimated saving in the last recorded quarter (Apr-Jun 2017)</li> </ul>
No. of PCIP assessments completed v schedule	<ul style="list-style-type: none"> <li>Our expertise supports continuous improvement in procurement performance</li> </ul>	<ul style="list-style-type: none"> <li>15 assessments completed against 15 targeted</li> </ul>
No. of Scottish suppliers & percentage SMEs	<ul style="list-style-type: none"> <li>Our services help to deliver positive and sustainable outcomes for communities and service users</li> </ul>	<ul style="list-style-type: none"> <li>443 Scottish suppliers of which 78.6% are SMEs</li> </ul>
No. of community benefits realised to date	<ul style="list-style-type: none"> <li>Our services support the implementation of national and local policy priorities</li> </ul>	<ul style="list-style-type: none"> <li>203 jobs</li> <li>168 apprenticeships</li> <li>28 work placements</li> <li>58,105 hours work experience</li> <li>3,321 hours volunteering/mentoring</li> <li>£153k value of other initiatives</li> </ul>
Customer satisfaction statistics & trends <sup>1</sup>	<ul style="list-style-type: none"> <li>Our customers are satisfied with our services and achieve a measurable return on their investment</li> </ul>	<ul style="list-style-type: none"> <li>82.4% of procurement stakeholders</li> <li>80.8% of senior stakeholders</li> </ul>
Website usage statistics & trends	<ul style="list-style-type: none"> <li>Our customers receive relevant communication and support</li> </ul>	<ul style="list-style-type: none"> <li>7,898 visitors in Q2</li> <li>17,616 user sessions in Q2</li> </ul>
Media coverage v target	<ul style="list-style-type: none"> <li>Our reputation demonstrates the value of collaboration</li> </ul>	<ul style="list-style-type: none"> <li>28 media items placed to date against an annual target of 50</li> </ul>
Income from associate members v target	<ul style="list-style-type: none"> <li>Our reputation demonstrates the value of collaboration</li> </ul>	<ul style="list-style-type: none"> <li>£55.8k income against a £60k target</li> </ul>
Staff turnover v headcount	<ul style="list-style-type: none"> <li>Our people, policies, processes and technology optimise our value</li> </ul>	<ul style="list-style-type: none"> <li>3.2% staff turnover rate in Q2</li> <li>70 permanent staff</li> </ul>

<sup>1</sup> 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: 08 December 2017**

**Report  
by  
Director Scotland Excel**

### **Community Benefits and Fair Work Practices Update**

#### **1 Introduction**

The purpose of this report is to provide an update on the Community Benefits facilitated and delivered from the Scotland Excel portfolio of frameworks agreements, together with an update regarding Fair Work Practices.

The requirement to include Community Benefits in the delivery of goods and services is an integral element within Scotland Excel frameworks. Community Benefits are reviewed with suppliers at contract management review meetings and reported to local authority procurement managers at their 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 30 Sept 2017 and provides a status update regarding Fair Work Practices.

#### **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 Community Benefits shared across different public sector contracts is derived from Scotland Excel Frameworks.

Table 1 shows a summary of the social value added across the portfolio since 2013. The figures are complete to the end of 30th Sept 2017 Quarter 2.

	2013/14	2014/15	2015/16	2016/17	Apr-Sep 17	Total
No of Apprentices	9	92	49	18	32	200
No of New Jobs	78	43	29	53	71	274
No of Work Placements	0	5	6	17	15	44
Hours of Volunteering & Mentoring	95	377	1279	1570	1329	4650
Hours of Works Experience	5305	28214	16734	7852	1672	59777
Value of Other Community Benefits	£2,474	£16,550	£46,140	£87,814	£132,264	£285,242

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

The overall position regarding the social benefits being returned is extremely positive. For the latest period through to end of September Community Benefits were recorded from 104 suppliers and 25 of these suppliers recorded new jobs.

With regard to Fair Work Practices (including the Living Wage) Scotland Excel commenced formal consideration within Tenders in early 2015. Since this time the respective position on bidders' work practices has been outlined within Executive Sub Committee Contracts for Approval Reports. From a review of the data available since 2015 the overall the position across Scotland Excel's portfolio is: Of the 494 suppliers appointed since formal consideration

- 406 (82%) notified that that they pay the Living Wage
  - Living Wage Accredited – 60 (12.4%)
  - Progress towards accreditation – 18 (3.7%)
  - Committed to gaining accreditation over the first 2 years of the framework – 77 (15.8%)
  - Not accredited but paying the Living Wage – 248 (49.9%)
- Not accredited or paying the Living Wage but committed to doing so within 2 years – 18 (3.3%)
- Neither accredited not paying Living Wage – 75 (14.8%)

One framework that should be noted is Security Services. In this framework suppliers offer the local authorities the option to contract on the basis of staff paid at Minimum wage staff and/or Living wage.

In several frameworks 100% of the suppliers committed to paying the Living Wage. These are: Telecare and Telehealth, Ground Maintenance, Asbestos, Street Lighting Bulk Renewal of Luminaires, Demolition, Fostering, Secure Care and Energy Efficiency Contractors, and Heavy Plant.

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.

### **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 31<sup>st</sup> March 2018. The results will be reviewed with the supply base and where appropriate will be incorporated into supplier performance objectives.

### **4 Conclusion**

Committee members are requested to note the content of this report, and support the measures proposed to monitor delivery of community benefits for the 2017/18 financial year.

## Appendix 1 Community Benefits by Council (April – September 2017)

	Number of new apprentices	Number of new employees	Number of work placements	Hours of volunteering	Hours of work experience	Monetary value of Other Community Benefits
Aberdeen City		5.3			177.0	1058.0
Aberdeenshire	1.5	5.3	0.8		17.5	3836.0
Angus	1.0					2432.8
Argyll & Bute						1200.0
Clackmannanshire	0.0					150.0
Dumfries & Galloway	0.5			8.0		975.0
Dundee	0.5	1.1			8.0	4732.7
East Ayrshire				18.0		545.0
East Dunbartonshire						749.0
East Lothian	0.5	0.4				300.0
East Renfrewshire		2.0				
Edinburgh	5.3	5.5	4.3	24.0		6506.0
Falkirk	3.2	3.7		168.0		1070.0
Fife	1.0		1.0		299.5	3567.9
Glasgow	5.9	8.2		246.2		17294.5
Highland	1.0	3.0		38.0		1357.0
Inverclyde	1.0					150.0
Midlothian	0.5	0.2				430.0
Moray	0.0					550.0
North Ayrshire		6.0	5.0	203.5	171.0	4375.8
North Lanarkshire	0.6			141.4	109.5	20288.8
Perth & Kinross	2.5	0.4	2.0	32.0		1536.0
Renfrewshire	0.3			234.0	70.0	5307.3
Scottish Borders	0.0					
South Ayrshire		1.0		216.0	174.0	3280.3
South Lanarkshire	3.5	7.0			646.0	3465.0
Stirling	1.5		0.5			2080.0
Tayside Contracts						360.0
West Dunbartonshire	0.0					900.0
West Lothian		11.0				6971.6
Unassigned	2.0	11.0	2.0			36796.2

## Scotland Excel

To: Joint Committee

On: 08 December 2017

Report  
by  
Director Scotland Excel

### Procurement Commercial Improvement Programme (PCIP) Update

#### 1. Introduction

This report provides an update on the status of the procurement assessment programme within member councils and the work undertaken by Scotland Excel to support councils with the Procurement Commercial Improvement Programme (PCIP).

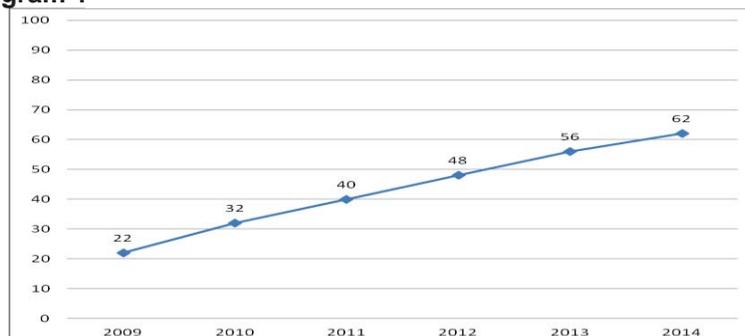
#### 2. Background

Recognising the new membership of the Joint Committee, a more detailed background on procurement assessment and the journey to PCIP has been provided.

Part of Scotland Excel's remit is to work with councils to support them in improving procurement capability and performance. Between 2009 and 2014 Scotland Excel carried out Procurement Capability Assessments (PCA) across local government to measure organizational procurement performance. The PCA was a nationally developed maturity model designed to assess Scottish public sector procurement performance in a common format. The results of the assessments provided a rich source of information to help individual, sectoral and national organisations develop plans to improve procurement performance.

By 2014 councils had made significant improvements in its procurement performance since the PCA was first introduced in 2009. Diagram 1 provides a representation of the scores achieved by councils and the good progress made.

Diagram 1



After completion of the 2014 assessments, the sector average was 62% compared to an average of 22% in 2009.

Recognising the need to further improve procurement capability, a national working group involving Scotland Excel, other centers of expertise and Scottish Government developed a replacement for the PCA. The PCIP builds on the good work done to date with a continued focus on driving improvement and encouraging the sharing of good practices.

A number of changes emerged from the new model of assessment:

- A new and reduced question set;
- Each organization to undertake two assessments by June 2019;
- A new assessment methodology including the provision of information in advance of the assessment day;
- Use of a lite, medium and full assessment;
- Introduction of a new level 4 representing High Performance within the Full assessment.

A significant change between the PCA and the PCIP is the scoring bands (shown in Table 1 and which are **not** comparable between the two assessment methods. This is an important differentiator and therefore comparison between the last PCA score in 2014 and the PCIP score cannot be made.

**Table 1**

Full Assessment Performance Bandings	
Current Performance Band	% Score
F1	>70%
F2	66<->69%
F3	61<->65%
F4	56<->60%
F5	51<->55%
F6	46<->50%
F7	41<->45%
F8	36<->40%
F9	31<->35%
F10	26<->30%
F11	20<->25%
F12/Non-Conformance	<19%

<https://www.procurementjourney.scot/step-5-pcip-finalisation-bandings>

### 3. Assessments

The first PCIP assessments were carried out in 2016 with 16 councils undertaking assessments. The remaining councils choose, for various reasons, to delay their assessments until 2017.

As of 10th November 2017, 31 councils have undertaken a PCIP assessment, with the remaining one assessment due to take place by the end of December.

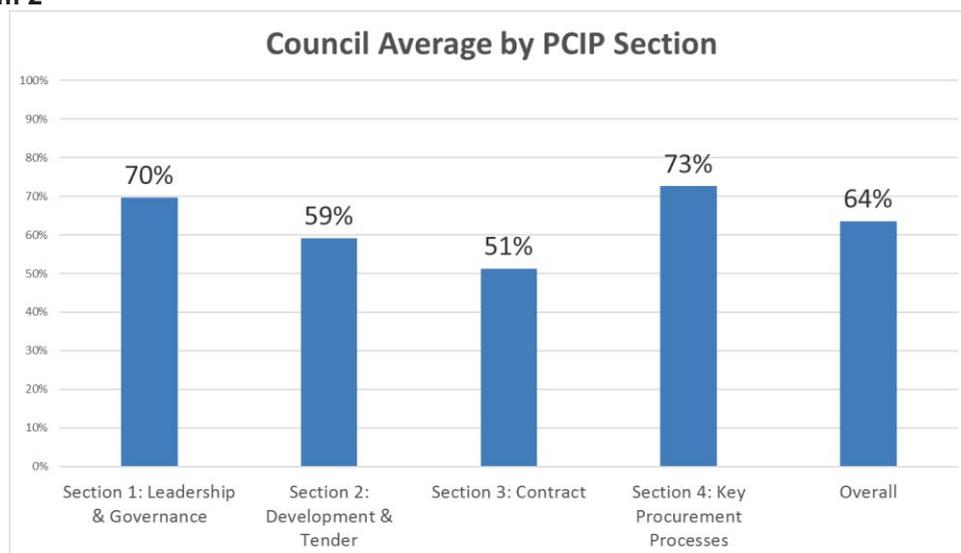
The average assessment score across the local government sector is 64% (Band F3). However, as of 10th November 2017, 35% of councils scored in the top performance band (F1) and no councils scored in the bottom five performance bands (F8-12). A summary of the results from the 31 assessments to completed date is shown below:

**Table 2**

Performance Band	Number of councils
<b>F1</b>	11
<b>F2</b>	2
<b>F3</b>	7
<b>F4</b>	5
<b>F5</b>	1
<b>F6</b>	4
<b>F7</b>	1

A breakdown of the average scores across the local government sector for each section of the PCIP assessment is shown in Diagram 2.

**Diagram 2**



As Diagram 2 shows, the key areas of development for the sector are the Development & Tender and Contract sections. The assessments have highlighted the following specific priority areas for development:

- Managing contracts and suppliers, including ensuring contractual obligations are met and additional benefits are both identified and delivered;
- Contract implementation plans and exit strategies;
- Delivering benefits from reviewing lessons learned from previous procurements;
- Securing benefits from demand management;
- Developing and using evaluation criteria to secure positive long term outcomes;

Over the last six months, alongside the completion of the assessments, officers have developed and delivered a programme of support focused on addressing the emerging areas of improvement identified through the PCIP. Building on the work undertaken previously by our Business Change Project Managers, this has included:

- Delivery of four practitioner workshops, with a further three to be delivered by the end of December 2017;
- Delivery of one expert master class, with a series of others planned in the coming months;
- Leading on the delivering of two cross-sector workshops focused on exploring and addressing key issues in contract and supplier management;
- Facilitating the sharing of good practice identified through the PCIP and supporting collaboration across the sector;

Work is currently underway to develop and deliver further support to the sector to enable councils to change and improve in response to the PCIP assessments.

#### **4. Recommendation**

Members are invited to note the progress of the 2017 PCIP programme.

## Scotland Excel

**To: Joint Committee**

**On: 08 December 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.

A number of additional suggestions were made at the November 2017 Executive Sub-Committee. Most of these changes have been applied to the version attached. Further changes, including those around tracking risk movement will be incorporated in due course.

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

November 2017

**CONTENT**

- 1. Risk management arrangements within the organisation ..... 3
- 2. Report on corporate risk management objectives ..... 3
- 3. Summary report on previous year’s risk position ..... Error! Bookmark not defined.
- 4. Current internal and external business context for the organisation ..... 3
- 5. The risk register going forward ..... 5

- Appendix 1: Risk Register..... 7

## **1. Risk management arrangements within Scotland Excel**

- 1.1 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 has put in place a range of measures and processes. These 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 ensures that 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. Current internal and external business context for the organisation**

- 3.1. The Scotland Excel Senior Management Team (SMT) 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 strategic risk register.
- 3.2. As a basis for establishing 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.

- 3.3. 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
    - Health and social care integration – joint bodies as new legal entities who may procure through other means and not access Scotland Excel contracts
    - The potential impact that all future local and national elections may have.
  - 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
    - 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:
    - Changes to EU and UK procurement legislation
    - 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
  - ENVIRONMENTAL CONTEXT
    - The increasing focus on public sector procurement as a driver of environmental benefits
- 3.4. 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:
- 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
  - 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. The risk register

4.1. The risk register is shown in detail in Appendix 1. The risks are categorised under the themes noted below 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.

4.2. The organisation's top five risks (in terms of Risk Evaluation) are:

Rank	Ref	Risk Description	Risk
1	R15	Political change impacts upon the governance of Scotland Excel and may change the emphasis of its future delivery.	25
2	R2	Scotland Excel fails to exploit potential new markets and opportunities to expand the contract portfolio securing savings and benefits for stakeholders.	20
3	R11	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	20
4	R12	Scotland Excel encounters problems in recruiting and retaining staff of suitable skill, quality and experience to meet the agreed contract delivery schedule.	20
5	R14	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	20

The top risks once control measures are applied are:

Rank	Ref	Risk Description	Risk
1	R15	Political change impacts upon the governance of Scotland Excel and may change the emphasis of its future delivery.	20
2	R4	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.	15
3	R5	The failure of a service provider could have significant implications for service provision within member council areas.	15
4	R11	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	15
5	R12	Scotland Excel encounters problems in recruiting and retaining staff of suitable skill, quality and experience to meet the agreed contract delivery schedule.	15
6	R14	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	15

- 4.3. 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.
- 4.4. Strategic risks will be reported on a 6 monthly basis to the Executive Sub Committee.
- 4.5. As a minimum, the Senior Management Team will review the entire strategic risk register on a quarterly basis.
- 4.6. 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.

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
<p>REF: Risk 1 Title</p> <p>Context: (1) There is less opportunity to show significant savings from second, third and later generation contracts (2) Councils can serve notice and leave the organisation (3) Some councils not initially participating in the National Care Home project.</p>	<p>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.</p>	JW	<ul style="list-style-type: none"> <li>▪ 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 from working with Scotland Excel.</li> <li>▪ 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.</li> <li>▪ Competitor analysis is providing a clear understanding of our unique selling propositions which are promoted and shared with stakeholders</li> <li>▪ Scotland Excel has developed a model to plan and support effective engagement between the Executive Team and senior stakeholders.</li> <li>▪ In conjunction with SOLACE, new CEOs recruited to the Officer Group with regular meetings to raise awareness on current and future work being delivered and identifying partnership opportunities for Scotland Excel with councils.</li> <li>▪ Use of range of reporting tools at regular meetings with key stakeholders to demonstrate the value and benefits of Scotland Excel membership.</li> </ul>	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
<p>REF: Risk 2 Title:</p> <p>Context: (1) Failure to horizon scan to identify new markets/commodity shifts/opportunities (2) Failure to deliver on priorities identified by member councils at commercial UIGs of new markets (4) Need to match in-house capability and capacity to respond to new markets</p>	<p>Scotland Excel fails to exploit potential new opportunities to expand the contract portfolio securing savings and benefits for stakeholders.</p>	<p>HC</p>	<ul style="list-style-type: none"> <li>Regular horizon scanning undertaken to help to identify market development opportunities earlier and give the organisation longer to plan for capability/capacity</li> <li>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)</li> <li>Workforce planning – anticipate requirements in over the long term and investigate how we can fund recruitment of new staff or up skill existing staff</li> <li>Secondments from expert partners, as per Zero Waste Scotland for the development of contracts.</li> <li>Contract governance arrangements mitigate some risk on capability, (i.e. opportunity to identify issues before a tender goes to market)</li> <li>Partnering with Crown Commercial Services has also added capacity and has been successful for both organisations and our stakeholders.</li> <li>Greater development of category strategies with 2-3 year plan to enable opportunity to consolidate contracts and create additional capacity.</li> <li>Introduction of Small Value Team, SEEMIS project, SEEP contract and Digital Agenda work to meet stakeholder requirements for new areas of work.</li> <li>Funding from Scottish Government for the Affordable Housing Team demonstrates the successful identification and development of new services to support the delivery of a wide range of stakeholder benefits.</li> </ul>	<p>4</p>	<p>5</p>	<p>20</p>	<p>12</p>	<p>➔</p>
<b>Action Ref</b>	<b>Linked Actions</b>	<b>Latest Notes</b>	<b>Action Notes</b>	<b>Assigned to</b>	<b>Due Date</b>	<b>Status</b>		
		<p>The control measures of the organisation have reduced the likelihood of this risk (4 to3) and the impact of this risk (5 to 4)</p>						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
<p>REF: Risk 3 Title:</p> <p>Context:            (1) Failure to horizon scan to identify new markets, requirements or opportunities            (2) The need to explore viability of new markets            (3) Matching in-house capability and capacity to respond to new markets</p>	<p>Scotland Excel fails to develop to meet demands and diversification as the requirement for new shared services develops.</p>	SB	<ul style="list-style-type: none"> <li>▪ Identification of and ongoing robust market testing of all new shared service propositions with all stakeholders.</li> <li>▪ A robust business model is in place for all new services (cost to serve, funding / uptake forecasts)</li> <li>▪ There is proper planning to ensure that sufficient and capable resources exist within the organisation now and for future developments.</li> <li>▪ Scotland Excel continues to engage effectively and appropriately to ensure that there is a full understanding of the policy drivers and impacts / opportunities for our stakeholders.</li> <li>▪ Account managers work closely with stakeholders to identify how additional benefits can be delivered from current or future work of Scotland Excel.</li> <li>▪ The organisation's project plan demonstrates the link between resource input and benefits delivered, including non- financial benefits from the contracts placed.</li> <li>▪ New projects / teams established as a result of stakeholder requests for delivery of new services. These include SEEMIS, Care funding, Affordable Housing and partnership with Crown Commercial.</li> <li>▪ Chief Executive Officer Group now considers shared service opportunities and proposals for Scotland Excel to deliver for partner organisations to ensure that these meet stakeholder demands.</li> </ul>	4	4	16	12	↑
<b>Action Ref</b>	<b>Linked Actions</b>	<b>Latest Notes</b>						
		The control measures of the organisation have reduced the impact of this risk. (4 to 3)	<b>Assigned to</b>	<b>Due Date</b>	<b>Status</b>			

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
<p>REF: Risk 4 Title:</p> <p>Context:            (1) Failure to horizon scan to identify new opportunities or threats.            (2) Failure to identify and prepare for political or legal change            (3) Matching in-house capability and capacity to respond to new markets</p>	<p>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.</p>	JW	<ul style="list-style-type: none"> <li>▪ Participation in a wide range of conferences, meetings and collaborative working opportunities have raised awareness of the organisation with a wide range of decision makers leading to greater awareness and influence in policy decisions</li> <li>▪ An effective public affairs strategy is in place and is ensuring effective engagement with all levels of elected representatives.</li> <li>▪ Scotland Excel ensures that the organisation is aware of and plans to respond to all changes in its external environment that may affect the organisation and / or the sector through effective horizon scanning.</li> <li>▪ Procurement teams identify market shifts and advise and act accordingly.</li> <li>▪ SMT have a quarterly review of general issues impacting upon the environment the organisation operates in and deal with specific issues such as future political or legislative changes.</li> <li>▪ The CEO/MG provides the opportunity to develop and gain support for new areas of work ensuring that these are appropriate for our stakeholder needs.</li> </ul>	3	5	15	15	↔
<b>Action Ref</b>	<b>Linked Actions</b>	<b>Latest Notes</b>		<b>Assigned to</b>	<b>Due Date</b>	<b>Status</b>		
		<b>There has been no movement in this risk</b>						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 5 Title:  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	The failure of a service provider could have significant implications for service provision within member council areas.	HC	<ul style="list-style-type: none"> <li>▪ Effective risk management is in place at development and management stages of all contracts.</li> <li>▪ Processes for monitoring the financial stability of suppliers are carried out prior to award and throughout the life of a contract.</li> <li>▪ Strategic Procurement teams, as part of contract management, identify areas where the nature of the commodity or service requires specific management to ensure continuity of service is maintained.</li> <li>▪ Specific measures to meet the management of Social Care contracts and these key areas of risk are in place.</li> <li>▪ Scotland Excel has a range of measures for monitoring supplier resilience in addition to the external financial monitoring tools used.</li> <li>▪ To ensure robust financial evaluation and support, options to engage appropriate external services to review and monitor suppliers if required is regularly reviewed and evaluated.</li> </ul>	3	5	15	15	
<b>Action Ref</b>	<b>Linked Actions</b>	<b>Latest Notes</b>		<b>Assigned to</b>	<b>Due Date</b>	<b>Status</b>		
		<b>There has been no movement in this risk.</b>						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
<p>REF: Risk 6 Title:</p> <p>Context: (1) Lack of awareness of or input to development of frameworks by stakeholders.</p>	<p>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.</p>	<p>HC</p>	<ul style="list-style-type: none"> <li>▪ Specific information materials including guides for buyers and suppliers produced to help ensure informed purchasing decisions across the entire portfolio of goods and services.</li> <li>▪ Feedback is given at quarterly stakeholder meetings on spend data including identification where possible of "off contract spend".</li> <li>▪ Use of agreed standard form of framework for goods/services/social care and shared via the intranet to ensure consistency in the methodology and assist our stakeholders in fully utilising these throughout.</li> <li>▪ Appropriate stakeholders with technical or end user knowledge identified and used through the procurement journey with actions from this used to project manage the process for best results.</li> <li>▪ Collaboration with stakeholders to ensure that changes such as GDPR are effectively managed and supported for suppliers and end users for the benefit of all.</li> <li>▪ Partnership working such as work with the Digital Office to ensure information, opportunities and innovation is supporting future development and participation across the portfolio and is shared with stakeholders.</li> </ul>	<p>2</p>	<p>4</p>	<p>8</p>	<p>6</p>	<p style="text-align: center;">➔</p>
<b>Action Ref</b>	<b>Linked Actions</b>	<b>Latest Notes</b>		<b>Assigned to</b>	<b>Due Date</b>	<b>Status</b>		
		<p>The control measures of the organisation have reduced the impact of this risk. (4 to 3)</p>						

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement	
<p>REF: Risk 7 Title:</p> <p>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.</p>	<p>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.</p>	<p>HC</p>	<ul style="list-style-type: none"> <li>▪ The management and reporting of Community Benefits is in place and being further developed with stakeholders input.</li> <li>▪ Elected members and stakeholders receive regular updates as part of the governance process on the range of community benefits across the portfolio.</li> <li>▪ Scotland Excel has secured accreditation as a Living Wage Employer and this will be used to raise awareness with suppliers and stakeholders.</li> <li>▪ Engagement with appropriate bodies such as the British Association of Supported Employment to encourage participation by organisations in frameworks.</li> <li>▪ Ethical sourcing strategies are provided by suppliers as part of the tender process as a control measure.</li> <li>▪ Every opportunity to actively promote the community benefits in our contracts is fully utilised.</li> <li>▪ Anti Slavery legislation has been included and is reviewed as part of the procurement strategy and process.</li> <li>▪ The Sustainable procurement strategy is a key area in the development of all procurement exercises and is communicated to our stakeholders.</li> <li>▪ Community benefit requirements are issued to suppliers at tender stage and a register of the community benefits subsequently delivered is used to assist in future tender scoring.</li> </ul>	<p>2</p>	<p>4</p>	<p>8</p>	<p>6</p>	<p style="text-align: center;">➔</p>	
<b>Action Ref</b>	<b>Linked Actions</b>	<b>Latest Notes</b>	<b>Assigned to</b>						<b>Status</b>
		<b>The control measures of the organisation have reduced the impact of this risk. (4 to 3)</b>							
			<b>Due Date</b>						

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, 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"> <li>▪ Scotland Excel works with PR professionals to raise awareness to a wide audience of the organisation and the benefits from the contracts that are in place.</li> <li>▪ Information materials including guides for buyers, suppliers and stakeholders produced and distributed.</li> <li>▪ Regular updates to all stakeholders via the quarterly newsletter / magazine, governance meetings and meetings with key stakeholders.</li> <li>▪ The website, as a key first point of contact, has a range of content to ensure stakeholders are informed and can fully engage with the organisation</li> <li>▪ The use of social media to engage effectively with stakeholders is now a key area of the communication strategy.</li> <li>▪ A full stakeholder engagement exercise was carried out with ranking of these stakeholders to ensure appropriate and effective ongoing engagement.</li> <li>▪ Regular PR updates and opportunities are discussed and reviewed by the SMT as a regular agenda item.</li> <li>▪ With input from SOLACE a number of new CEOs have joined the Chief Executive Officer Management Group helping in the engagement with stakeholders.</li> <li>▪ Wider elected member engagement is taking place, through COSLA , events and other political meetings.</li> </ul>	3	4	12	8	➔
<b>Action Ref</b>	<b>Linked Actions</b>	<b>Latest Notes</b>	<b>Assigned to</b>	<b>Due Date</b>	<b>Status</b>			
		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 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"> <li>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</li> <li>Scotland Excel make use of external specialists to supplement in-house resources as required in engaging across all areas of the media when there is a requirement to deal with any potential issue impacting upon stakeholders.</li> <li>Executive team have undertaken professional media training to ensure effective handling of any issues that may arise.</li> <li>New PR support has been secured and this will be used to promote and manage media contacts in a proactive manner.</li> </ul>	3	4	12	9	→
<b>Action Ref</b>	<b>Linked Actions</b>	<b>Latest Notes</b>	<b>Assigned to</b>	<b>Due Date</b>	<b>Status</b>			
		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. (3) Securing community benefits across the portfolio.	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"> <li>Contract governance process ensures that appropriate steps are taken to drive ethical sourcing within framework agreements.</li> <li>Sound supplier management is in place and regular meetings to ensure contractual commitments such as delivering community benefits are met.</li> <li>Information is made available to end users so options when making purchasing decisions for example "fair-trade" products that are available in contracts.</li> <li>Every opportunity to promote community benefits or CSR resulting from contracts through all media sources are proactively pursued to raise awareness with stakeholders and the wider community.</li> </ul>	2	5	8	4	→
<b>Action Ref</b>	<b>Linked Actions</b>	<b>Latest Notes</b>	<b>Assigned to</b>	<b>Due Date</b>	<b>Status</b>			
		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	<ul style="list-style-type: none"> <li>There is ongoing work with all stakeholders to identify and deliver new opportunities to provide additional chargeable services based on customer demand.</li> <li>New initiatives such as the Small Value Project team, funded from supplier rebates, which return greater benefits to stakeholders introduced.</li> <li>Securing Government funding to support the Affordable Housing Team demonstrates wider stakeholder recognition of the benefits Scotland Excel can bring to service delivery.</li> <li>A robust business model is in place for all new services (cost to serve, funding/uptake forecasts) to enable effective engagement with potential partners for service delivery.</li> <li>Scotland Excel continues to develop new partnership projects with councils and government to secure funding to develop and deliver services in the area of social care.</li> </ul>	4	5	20	15	➔
Context:	<ul style="list-style-type: none"> <li>Financial sustainability</li> <li>Need to attract resources</li> <li>Council budget cuts</li> <li>Potential for national organisations / local government withdrawing support</li> </ul>							
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	<ul style="list-style-type: none"> <li>Through the performance review and development process and resource planner staff have a clear view of their future with the organisation and their opportunities to grow and develop. This is key to the retention and development of staff across the organisation.</li> <li>Social media based recruitment advertising has been used to engage with a wider audience of potential staff particularly younger staff who use this medium most.</li> <li>There is an ongoing review of the organisation's recruitment strategy to ensure that any changes in the market are addressed proactively.</li> <li>Scotland Excel has introduced a number of new initiatives such as organisation information packs for candidates, awareness events, partnerships with recruitment agencies which have successfully addressed the challenges of recruiting staff.</li> <li>The organisation continues to explore further benefits it can offer to staff to support staff retention.</li> </ul>	4	5	20	15	➔
Context:	<ul style="list-style-type: none"> <li>Demand in the market for recruiting and retaining staff problematic.</li> <li>Lack of flexibility in pay structures due to tie in with Renfrewshire Council makes retaining staff problematic.</li> </ul>							
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: Context: (1) Changes to EU and UK procurement legislation (2) Community Empowerment (Scotland) Bill (3) Personalisation and self directed support legislation (individual choice) (4) Future political or legislative changes	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"> <li>Regular attendance by key staff at appropriate, meetings, groups and policy seminars has raised awareness and influence with decision makers.</li> <li>Building on the successful delivery of work to date Scotland Excel has gained the opportunity to be consulted on and to help influence policy making decisions.</li> <li>Due to awareness of and development of strategies to address changes in legislation Scotland Excel is recognised as a partner who can assist stakeholders to meet their responsibilities as these arise.</li> <li>Scotland Excel works in partnership with key industry / service / professional groups to manage service development and delivery in line with legislative changes to the benefit of all stakeholders.</li> </ul>	3	4	12	12	↔
<b>Action Ref</b>	<b>Linked Actions</b>	<b>Latest Notes</b>		<b>Assigned to</b>	<b>Due Date</b>	<b>Status</b>		
		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: Context: (1) Loss of staff (many staff or key individuals) (2) Loss of facilities (3) Loss of systems (4) Loss of data	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"> <li>Staff are fully equipped to work remotely should the need arise.</li> <li>Business critical IT systems are now "cloud based" giving greater assurance with regard to business continuity.</li> <li>The Senior Management Team has scenario planning meetings as part of business continuity planning.</li> <li>IT services come with a 99.9% availability assurance from the provider.</li> </ul>	4	5	20	15	↑
<b>Action Ref</b>	<b>Linked Actions</b>	<b>Latest Notes</b>		<b>Assigned to</b>	<b>Due Date</b>	<b>Status</b>		
		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: Context: 1. Changes arising from national or local government elections impact upon the organisation. 2. Brexit is an unknown quantity and implications for procurement may create uncertainty	Political change impacts upon the governance of Scotland Excel and may change the emphasis of its future delivery.		<ul style="list-style-type: none"> <li>Review of available briefing papers prepared by the Scottish Government and other organisations shared across the Senior Management team on the potential implications of Brexit to enable development of strategies as these become necessary.</li> <li>Briefings given on the possible impact of Brexit on the work of Scotland Excel given to elected members.</li> <li>The regular horizon scanning the organisation carries out highlights potential changes in the political agenda that may impact upon future frameworks allowing time to address these.</li> <li>Scotland Excel shares information with stakeholders on key changes that will impact areas of the organisations work. This includes sharing information and providing training sessions as appropriate on issues such as the General Data Protection Regulation in advance.</li> </ul>	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: Context: (1) Competition from other bodies entering the market where Excel has to remain the provider of choice	Scotland Excel faces a risk to its stated position as the provider of choice for Local Government	JW	<ul style="list-style-type: none"> <li>Competitor analysis is undertaken and is used to develop and communicate unique selling points (USPs) to our current and future partners and stakeholders</li> <li>Opportunity to reprioritise services based on competitive landscape (e.g. avoid duplication and free up resources)</li> <li>A regular review takes place to allocate appropriate resources to stakeholder engagement as required.</li> <li>Scotland Excel ensures that the member benefits including award winning work, achievements, savings, innovation and community benefits are communicated effectively to stakeholders.</li> <li>Partnership work with SEEMIS, Zero Waste Scotland and the Digital Office demonstrates that Scotland Excel is the "partner of choice".</li> </ul>	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: Joint Committee**

**On: 08 December 2017**

**Report  
by  
Director of Scotland Excel.**

### **Fife Proposal - Update**

#### **1. Introduction**

The purpose of this paper is to update members on the status of a transformation project proposal that Scotland Excel has been asked to submit to Fife Council.

#### **2. Background**

Scotland Excel was approached in August 2017 by Fife council with regard to potential involvement in their ambitious organisation wide transformation programme. Fife council were seeking a new approach to transformation support by working more extensively with a public sector partner rather than a private sector partner.

#### **3. Update**

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

The transformation programme proposed was composed of a number of projects.

1. Effective Stakeholder Management.
2. Developing the procurement team.
3. Category A and Category C contracts optimisation
4. Scotland Excel Care contracts optimisation.
5. Scotland Excel Construction contracts optimisation.
6. Scotland Excel Corporate contracts optimisation.
7. Data management review
8. Re-enforcing procurement foundations.
9. Contract and Supplier Management
10. Setting the strategic direction.
11. Implementing Demand Management.

- 12. Benefits Tracking
- 13. Delegated Procurement Authority

Each of the projects was detailed including: project description; objectives; deliverables and proposed savings and benefits that may be achieved.

In order to undertake this proposal and to ensure that core member services were not impacted, a dedicated transformation team was proposed. The resourcing structure and costs for this were provided within the proposal.

In addition to recovery of project costs, Scotland Excel is also discussing methods whereby it can achieve an additional return on investment from the programme. Any amounts achieved through this would be re-invested back into Scotland Excel.

The programme is anticipated to run for between two and three years and the proposed cost for Fife council was £420k per year.

#### 4. **Benefits and Challenges**

Scotland Excel believes that this approach by Fife council should be recognised as sector leading whereby an existing public sector shared service is involved in a significant transformation programme. Scotland Excel believes this will ensure talent, knowledge and experience is retained within the public sector with an option to expanding to other members. The organisation believes this is a way of delivering further value, offering a more cost effective solution and supporting organisational sustainability.

This proposal supports the strategic aims of Scotland Excel to work in partnership with members and other bodies to deliver innovative services and solutions. It also seeks to support the work of addressing the financial challenges within Fife council and allow these lessons to be shared across the wider local government sector.

Challenges may arise from resourcing the team although initial indications are that the geography may be favourable for this project. Scotland Excel will work with other public sector partners including the Improvement Service where opportunities arise.

#### 5. **Next steps**

Fife council are in the process of reviewing the Scotland Excel proposal. Should Scotland Excel's proposal be accepted by members, it is anticipated that it will commence in April 2018. It is also anticipated that initial preparatory work will commence prior to this point.

6. **Recommendation**

Scotland Excel has provided similar services to members but not to this scale and therefore it was felt prudent to update members. Members are asked to support the programme should Scotland Excel be successful with its proposal.



## Scotland Excel

**To: Joint Committee**

**On: 08 December 2017**

**Report  
by  
Director Scotland Excel**

### **Affordable Housing Project Update Report**

#### **1 Introduction**

This report provides an update on the Affordable Housing Programme currently being operated by Scotland Excel on behalf of the Scottish Government.

#### **2 Background**

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

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

In 2016 Scotland Excel provided Mr Derek McKay, Cabinet Secretary for Finance and the Constitution with a proposal for the role Scotland Excel could play in delivering the Scottish Government's aspirations within the AHSP. The proposal sought funding of £412k for a two year pilot programme to develop procurement capability, implement policy and identify financial savings. This proposal was accepted by the Scottish Government and approved by the Scotland Excel Joint Committee.

The project has a number of deliverables:

- Complete an analysis of the sector's current and future procurement activity to estimate the potential for savings through the use of national frameworks and/or further collaborative procurement.
- Develop a programme to communicate the immediate savings opportunities available through existing public sector collaborative frameworks and services.
- Undertake procurement assessments to benchmark current levels of procurement capability and identify opportunities for improvement.

- Identify the wider economic, social and environmental benefits that can be achieved through sustainable procurement.
- Undertake any 'quick win' collaborative procurement exercises identified where no existing collaborative frameworks are in place.

### **3 Project Update**

Since the launch of the programme in April 2017, Scotland Excel has attended and presented at several conferences, workshops and forums across Scotland within the housing sector to promote the benefits of the programme. Numerous on-site visits to housing associations have been conducted nationally to increase awareness and access to the support programme. Recent examples have been attendance at the Highlands & Islands liaison meeting, the West of Scotland group forum and annual conference to promote the programme, engage with delegates and answer questions on PCIP and collaborative procurement.

All associations involved in the programme have received at least a call with Scotland Excel to assess their readiness for PCIP and to offer examples of good practice documentation, therefore providing every association the opportunity to achieve their full potential ahead of their PCIP assessment. The assessment process is now underway and there are currently 22 associations scheduled for an individual full day pre-assessment before the year end and 6 associations undertaking their full assessment by end of January 2018. A rolling programme of pre-and full assessments will be operating from the start of 2018 and the team are scheduling these on an ongoing basis. It is anticipated that 25 PCIP assessments can be completed in this financial year although we continually assess readiness during the engagement process.

The associations involved are fully embracing the programme and there is clear evidence of improvement between Scotland Excel's first and second visit.

### **4 Project Benefits**

Scotland Excel continues to promote the benefits of the Scottish Procurement Model incorporating; financial savings, improved governance, organisational efficiencies and Implementation of policies (including living wage, tackling zero hours contracts, community benefits, supporting local economies and raising awareness of anti-slavery & serious and organised crime). It is anticipated that these benefits can be delivered within the housing sector using Scotland Excel's support from this programme.

The project will also provide benefit to Scotland Excel members by investigating new contract opportunities utilising new housing associate fees to fund contracts required by both housing associations and councils. An example of this is the new contract for gas maintenance. The prior information notice has now commenced and housing associations are participating with council representatives in the technical development of this contract.

Further benefits are anticipated for members of Scotland Excel by encouraging the growth of collaboration across Scotland between housing associations and local authorities for both contract sharing and best practice. Scotland Excel is also encouraging housing associations to work with supported businesses and offering to signpost and facilitate meetings as required.

During the assessment process, associations are encouraged to consider Scottish Government initiatives such as improving engagement with local business to help grow their local economy, attend meet the buyer events, publicly advertise all opportunities via public contracts Scotland and have a full contract register freely available on the association website. Associations can benefit from local suppliers having visibility of upcoming contracts which also promotes transparency.

Scotland Excel will continue to signpost associations towards national contracts and while early in the programme, there has been some recent evidence where transfer from a local contract to a national contract has yielded savings for the associations.

Scotland Excel will continue to help raise the procurement capability within the sector through effective use of the PCIP programme and signpost associations towards national contracts to assist increased compliance and reduce off-contract spend. Scotland Excel will continue to promote the benefits of delivering social value back to the association through use of effective community benefit clauses.

The completion of pre-assessments and assessments remains the key focus of the team with project progress communicated to Scottish Government with monthly reporting and project meetings.

## **5 Recommendations**

Members are asked to note the progress made with regard to the Affordable Housing project.



## **Scotland Excel**

**To: Joint Committee**

**On: 08 December 2017**

### **Report by Director Scotland Excel**

#### **Procurement of Social Care Services Update Report**

##### **1 Introduction**

This report provides an update on the expansion of Scotland Excel's social care procurement shared service.

##### **2 Background**

Scotland Excel has a proven track record of working with councils to deliver collaborative social care procurement frameworks, which increase fee transparency, reduce duplication, provide enhanced monitoring of care providers, and support the delivery of social care and workforce policy outcomes.

Scotland Excel has recognised however that social care reform is now urgent, particularly with the demographic challenges that the nation faces from its rapidly ageing population.

Thus, Scotland Excel approached the Scottish Government for financial investment to expand its social care procurement shared service. This funding has allowed Scotland Excel to commence an ambitious work programme that will ensure procurement plays its part in supporting the Scottish Government's flagship reform of health and social care.

The project aim is specifically to extend the benefits of collaborative procurement to two key areas of social care expenditure – Adult Supported Living and Care at Home. The project has several objectives:

- Adult supported living: To develop and roll out a national procurement strategy that increases transparency on fees and outcomes delivered to people accessing these services.
- Care at home: To explore the sustainability of current fee levels and the opportunity to standardise costs, support outcomes-based service delivery, and provide a centralised resource for monitoring the financial sustainability and workforce practices of providers.
- Expand the existing Scotland Excel Academy to deliver learning programmes to support Scottish Government legislation and guidance

including Health and Social Care Integration, Procurement of Care and Support Guidance, and Self-directed Support.

- To deliver operational efficiencies through consideration of a national vacancy tool.

### **3 Project Update**

The Scotland Excel project team was recruited in May 2017. Since project inception, Scotland Excel has been heartened by the level of support it has received from health and social care partnerships and provider representative organisations.

An initial meeting with commissioners attracted representation from 24 health and social care partnerships. Following detailed market analysis and project scoping with commissioners, Scotland Excel has now established two working groups, one for Care at Home and one for Supported Living services. These working groups comprise both commissioner (11 & 10 HSCP representatives) and provider representation (6 providers in each working group).

Using a process called “Working Together for Change” both groups have spent time considering what’s working and more importantly what’s not working with the commissioning and procurement of these services.

Working together for change is a structured approach to engagement with people using services, commissioners and providers to review their experiences of procured services and determine their priorities for change. It is a systematic process for planning change with people, which provides powerful insights into what is working and not working, as well as their aspirations for the future. We are using this approach to ensure that co-production with people and families, commissioners and providers is at the heart of any future collaborative procurement strategy.

Using this WTfC process, we now better understand what project success might look like from different perspectives, how national procurement can help deliver that success, along with a clear understanding of how that success could be measured from the perspectives of Scotland Excel, the people who use the services, our partner providers and our local authority commissioning /procurement colleagues. A short summary of what that success looks like is attached.

#### **Project Benefits**

The benefits of the Scottish Procurement Model are well recognised including; improved governance, operational efficiencies, implementation of policies and supporting local economies. It is anticipated that these benefits will be delivered as a result of this project. It is also envisaged that the following benefits will be delivered:

- Creating transparency and consistency within the social care market through national procurement solutions which paves the way for commissioning strategies which deliver innovation and service improvements.

- Centralised monitoring of social care provider financial stability can support continuity of care and support for the people who use services through early intervention.
- A collaborative approach can help to standardise terms and conditions for social care employees and support positive workforce practices such as payment of the Living Wage and avoidance of zero hours' contracts.
- A national commissioning academy provides a trusted resource that enables practitioners to keep up-to-date with best practice, policy and legislation in a changing landscape.
- A national vacancy tool will improve the efficiency of practitioners by reducing time spent finding the right placement for the individual needs of the person using the service.

#### **4 Recommendations**

Members are asked to note the progress made regarding the Procurement of Social Care Services Project.



**What success looks like from different perspectives**

**For the people using the service**

- We receive flexible and responsive support
- We have consistency of support
- The people who support us are trained and qualified
- We feel happy with the service we receive
- We feel safe with the support we receive

**For Providers**

- We have security of contracts
- We have security of income
- We have clarity of what's wanted and how to deliver it
- We have a stable workforce
- We feel valued & trusted
- We are able to innovate
- We are trusted

**For Commissioners**

- We will meet peoples needs
- We will receive no complaints
- Our services will be affordable
- We will deliver Individual Service Funds
- We will have a clear strategic understanding and direction
- We will reduce the need for services

**For Scotland Excel**

- We deliver a national solution
- We will meet local requirements
- We will be used by partners
- We will set the standard for home care
- We will take account of demographics
- We will have a simplified process

**How we will deliver this success**

- We will listen to each other
- We will do what we hear
- We will have access to all SDS options

- We are willing to take risks
- We will have capacity
- We will receive recognition from Scottish Government

- We will engage with providers
- We will enable individuals and organisations to innovate and provide localised and personalised care & support.
- Increased choices for the people using the service
- We will evaluate and promote new and innovative ideas

- We will make use the Light touch regime
- We deliver a model which provides consistency
- We encourage service providers to deliver innovative solutions
- We will develop and co-ordinate evidence based intelligence about the different models of care and support at home
- We remove perceived barriers to National processes for smaller providers

**How we will measure it**

- The number of people supported at home who agree that they are supported to live as independently as possible
- The number of people receiving care & support who rate it as excellent or good

- Reduction in our turnover rate
- Complaints and compliments – are used to inform the teams about what is working and not working

- The number of people we enable to reduce their paid support as they develop confidence, competencies and social networks and gain more independence
- Number of compliments and complaints received

- Number of partnerships using Scotland Excel contract
- Number of Partnerships using new service providers that they may not have previously worked with
- Increase in number of Providers accessible via contract
- Increase in partnership approaches to service delivery



## Scotland Excel

**To: Joint Committee**

**On: 08 December 2017**

### Report by the Clerk

#### Meetings of Scotland Excel Joint Committee in 2018

#### 1. Summary

- 1.1 The purpose of this report is to seek approval for the proposed dates for meetings of the Scotland Excel Joint Committee in 2018.

#### 2. Recommendation

- 2.1 That meetings of Scotland Excel Joint Committee be held at 10.45 am on 29 June and 7 December 2018 within the City Chambers, Glasgow City Council.

#### 3. Background

- 3.1 In terms of Scotland Excel's Procedural Standing Orders:-

5. The Joint Committee shall meet not less than two times in each calendar year. The dates, times and places for ordinary meetings of the Joint Committee shall be decided by the Joint Committee.

6. A special meeting of the Joint Committee may be called at any time:

(a) by the Convener or Vice-Convener; or

(b) if at least one quarter of the total number of members require a meeting in writing specifying the business to be transacted.

Any special meeting shall be held within 14 days from the date when the Clerk receives a written request and at the time and place specified by the Clerk in consultation with the Convener.

- 3.2 The Joint Committee normally meets in June of each year to approve the draft accounts for Scotland Excel and also in November or December of each year to approve the budget.

- 3.3 It is considered at this time that all of the business that requires to be transacted by the Joint Committee in 2018 can be dealt with at the two meetings.

- 3.4 The Executive Sub-committee, at its meeting held on 16 September 2017 decided that it would meet on 29 June and 7 December 2018.

