Scotland Excel

To: Joint Committee

On: 09 December 2016

**Report
by
Director Scotland Excel**

Operating Plan 2016-17

1. Purpose of the report

In June 2015, Scotland Excel's Joint Committee approved the 2016-17 operating plan which supports the delivery of the organisation's three year strategy. This report presents the progress made during the first six months of the 2016-17 operating plan.

2. Progress report

Scotland Excel produces quarterly reports on progress made against the annual operating plan. These reports are submitted at the next scheduled Executive Sub-Committee meeting, and the Q2 (half year) and Q4 (year end) reports are also submitted to the Joint Committee.

A report on progress made against operating plan priorities during the first six months of the 2016-17 financial year can be found in Appendix 1. The report uses a 'traffic lights' system to indicate the status of each activity and includes a short summary of key actions taken during the reporting 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 due to resource constraints and are indicated as amber.

At the June 2016 meeting, Joint Committee members requested a separate report on any operating plan activities which were highlighted as red within progress reports. As there are currently no activities within this category, no additional reports have been produced for this meeting.

The progress report also includes an update on the ten key performance indicators (KPIs) agreed at the previous meeting of the Joint Committee. This can be found on the final page of the report in Appendix 1, and the figures indicate an overall positive performance.

3. Recommendation
The members of the Joint Committee are invited to note the progress made against the operating plan for 2016-17.

SCOTLAND EXCEL

Operating Plan

2016 – 2017

Half Year Progress Report

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

Strategic objectives

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

Activity	Year 2 Priorities	RAG status	Progress summary
(a) Develop and implement a contract plan aligned to the strategic priorities of member authorities	• Develop a contract delivery plan for Joint Committee approval in December 2016 • Manage a flexible workforce model to resource contract delivery • Develop a plan for delivering the adult supported living and care at home strategy • Develop a proposal to secure ongoing funding to support older people's care home services • Develop proposals for partnering with other procurement organisations as appropriate • Hold biannual Commercial UIGs and interim steering group meetings • Communicate strategies for all key category areas	**G**	• Work is continuing on a contract delivery plan for 2017-18 to be presented to the Joint Committee in December. • The workforce planning tool for procurement staff is being reviewed regularly, with resources reallocated across teams as required to ensure key objectives are met. • Proposals have been developed for adult supported living and care at home frameworks. Scotland Excel is exploring funding options to resource these opportunities. • Support for older people's care home services is progressing well, with market intelligence reports distributed to councils and a 'cost of care calculator' developed to aid fee negotiations. Consultation is underway with key stakeholders on a proposal for future funding of this work. • A partnership with Crown Commercial Services on the procurement of light and commercial vehicles has been agreed with councils. Work is underway to progress this in line with the contract renewal schedule. • The steering group met in August to discuss the Crown Commercial Services partnership and the opportunity to fund small value contracts through rebates. Commercial UIG meetings will take place in Q3. • All strategies have now been finalised and are being formatted for publication on the Scotland Excel website.

	Deliverables	Status	Commentary
(b) Develop and implement a strategy and plan for the delivery of contract and supplier management	• Implement a project to pilot the national CSM tool • Develop a plan to roll out CSM across the portfolio • Produce annual contract management reports for all contracts	**G**	• The contract and supplier management (CSM) pilot is progressing well. Feedback on the system from participants has been positive and its reporting capability appears to meet requirements. The results of the pilot and recommendations will be available at the end of October. • A plan to roll out a CSM solution across the portfolio will be developed and implemented in Q4 based on the pilot results • Annual contract management reports continue to be produced for all contracts, including a benchmark of savings against market indices and an updated risk matrix.
(c) Develop and implement a strategy and plan for improving supplier performance	• Deliver an integrated programme of supplier development activity	**G**	• The results of the CSM pilot will inform the development of an integrated supplier development programme from Q4. In the interim, a template is available within the CSM tool to support supplier development activity.
(d) Manage the rollout of a new national procurement capability assessment to the local government sector	• Complete the rollout of the current PCIP programme • Analyse and report on PCIP results • Schedule PCIPs for members not participating in 2016 • Work with partners to agree the way forward for PCIPs	**G**	• Procurement & Commercial Improvement Programme (PCIP) assessments were completed with 13 councils by the end of Q2. The final 4 assessments in the 2016 schedule will be completed by 03 November. • A report on the 2016 PCIP programme will be submitted to the Joint Committee in December. • A second PCIP assessment cycle for councils which deferred their assessment is being planned for February to June 2017. • Scotland Excel is continuing to work with cross-sector partners on future plans for PCIP. Proposals developed at a workshop in September are being considered by the project board.
(e) Develop and implement a programme to lead and support the development of procurement and commercial capability	• Agree and resource development requirements with sector stakeholders • Develop and deliver a development programme to Mar 2017 • Deliver an Annual Conference to support development in Q4	**G**	• Following a sector steering group meeting in May, it has been agreed that each council will receive three days of development support. • Requests for development support have been incorporated into a change programme which is now underway. One project has been completed and nine are in progress. A further 23 requests will be scheduled as resources become available. • Planning for an annual conference in February 2017 will begin during Q3. An interim event for procurement leads will take place in Glasgow on 08 November.

(f) Develop and implement a 'procurement academy' to support professional capability and encourage new entrants to public procurement	• Develop and implement a blended learning strategy • Finalise recommendations for delivering the social care commissioning PDA • Develop and implement plans for recruiting 2 interns and a modern apprentice during 2016-17	**G**	• A blended learning pilot, combining eLearning from professional bodies with regional workshops, was completed in September. The results of the pilot have been positive and the first full programme is expected to run from November 2016. A blended learning strategy will be presented to the Joint Committee in December. • Following stakeholder consultation, a new learning programme is being developed which supersedes the social care and commissioning professional development award (PDA). The Leading and Managing Strategic Commissioning programme is being piloted with Inverclyde Council, and will be more widely available from 2017. • Two graduate interns have been recruited to support procurement projects. Options for funding a modern apprentice will be considered in Q3.
(g) Develop and implement a shared service offering for councils which meets their requirements in a changing public sector landscape	• Develop a shared services strategy • Incorporate additional shared service income into annual funding proposals	**G**	• The development a shared service strategy has been put on hold to enable focus on several shared service and/or funding opportunities which will be presented to the December Joint Committee. • Funding proposals for 2016-17 are being developed and will be presented at the December Joint Committee meeting.

Goal 2: Being sustainable in everything we do

Strategic objectives

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

Activity	Year 2 Priorities	RAG status	Progress summary
(a) Develop and implement strategies for responding to procurement and/or public sector legislation	• Develop an action plan to ensure internal compliance with legislation • Identify legislative areas to be incorporated within L & D plans for the sector • Monitor risks/ opportunities arising from the Community Empowerment Act • Develop a plan for engaging with IJBs/NSS • Develop a plan for delivering waste category strategy recommendations	**G**	• An action plan has been developed and is underway. Contract Standing Orders have been updated to reflect new legislation, and the Standard Terms &Conditions of Supply are being reviewed. • Guidance on the European Single Procurement Document (ESPD) has been provided to stakeholders. • A Q2 review has indicated no current risks or opportunities arising for the sector from the Community Empowerment Act • In Q2, Scotland Excel presented to the Integrated Joint Boards (IJBs) Chief Chief Officers forum, issued surveys on older people's care to IJB Chief Officers and Finance Officers, and engaged with IJB Chief Officers through COSLA's Delivering Change Partners Group for adult care. • A new framework for the treatment of organic waste is in development to assist councils with their legislative duty to collect household food waste, which came into effect in January 2016.
(b) Ensure Scotland Excel's collaborative frameworks support local and national government policy priorities	• Continue to support fair working practices and other policy areas • Continue to support policy aspects of social care frameworks • Continue to represent the sector at the CRDG and support the roll out of recommendations	**G**	• Consideration of fair working practices and other policy areas continues to be embedded within all contract strategies. Tenders issued in Q2 for secure care, fostering and vehicle parts frameworks all included questions on payment of the Living Wage. • Scotland Excel is continuing to monitor and respond to national social care policy developments to ensure that these are incorporated into our approach to new frameworks. • Scotland Excel attended a Construction Review Delivery Group (CRDG) meeting in August. A local authority steering group has been established to input to the work of the CRDG, and will meet in October.

Objective	Actions	Status	Progress
(c) Ensure Scotland Excel's collaborative frameworks support positive local economic outcomes	- Continue to encourage local business participation through procurement processes, partnerships and events - Embed community benefits in procurement processes - Develop and implement a new reporting approach for community benefits - Consider opportunities for supported businesses and/or third sector in contract strategies	G	- Scotland Excel is continuing to support participation by local businesses in procurement opportunities. In Q2, staff took part in a Meet the Buyer event in Orkney, a third sector event in Glasgow, and a Supplier Development Programme training session in Falkirk. - Community benefits commitments made by the suppliers to the catering sundries and domestic furniture frameworks awarded in Q2 include jobs, apprenticeships, work experience, charity donations and sponsorship. - A new community benefits reporting template was issued to suppliers to capture benefits delivered from October 2015 to June 2016. The returns are now being analysed and a full report will be available in Q3. - The new domestic furniture framework includes18 third sector organisations as suppliers, 17 of which are working through two consortia. The framework has also established opportunities for supported businesses in the supply chain.
(d) Ensure Scotland Excel's collaborative frameworks support local government environmental duties and policies	- Continue work with partners to develop policies and programmes in support of a National Brokerage model - Continue to embed environmental considerations through procurement processes	G	- Scotland Excel continues to engage with the Scottish Materials Brokerage Service project. 19 councils have now signed up to the Household Waste Recycling Charter which supports the consistent collection of waste materials. - Environmental impact was considered in both contracts awarded during Q2. The catering sundries framework scored suppliers on the use of recycled materials in their products, and the new domestic furniture framework includes a lot for re-use furniture.
(e) Champion the development and dissemination of best practice in sustainable procurement	- Publish Scotland Excel's sustainable procurement strategy - Deliver stakeholder support for new legislative duties through L & D plans - Continue to represent the sector within the Scottish Government's Best Practice working group - Develop and implement a consistent approach to horizon scanning	G	- Scotland Excel's sustainable procurement strategy has been completed and will be presented to the Joint Committee in December. - Scotland Excel is continuing to work with the Scottish Government and partners to explore options for delivering legislation training across all sectors. Legislative support is also being delivered to councils that have requested it through the capability development programme. - Scotland Excel continues to participate in the Scottish Government's Best Practice working group. During Q2, the group reviewed its work plan and continued to support the implementation of ESPD. - The first horizon scanning meeting was held in September and considered the potential impact of Brexit.

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 1 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	• Implement phase 2 of account management improvements	G	• Planned improvements have now been implemented. The new reporting format introduced for quarterly Business Reviews with councils is receiving positive feedback. These reports now provide greater clarity on the value of membership and help to identify customer needs.
(b) Develop and implement a stakeholder engagement strategy that support the delivery of first class customer experience across all of our services	• Publish a stakeholder engagement strategy • Implement a survey and report on customer satisfaction • Initiate a customer care forum to support ongoing improvements to customer service • Develop a centralised contact data resource • Develop a 'future digital' strategy including options for an online customer collaboration platform	A	• Limited progress has been made on the remaining strands of the stakeholder engagement project during Q2 due to competing priorities, and the strategy will now be completed in Q3. • An in-depth customer satisfaction survey is scheduled for implementation in Q3, with a full report available by the end of Q4. • A cross-functional customer care forum will be established in Q4 to monitor the delivery of stakeholder engagement strategy recommendations and respond to improvement opportunities identified through the customer survey. • Work to create a centralised resource for managing data on c. 1,500 procurement and technical contacts has stalled due to competing priorities. Workloads are being reviewed to establish a plan for continuing this strand of the stakeholder engagement project. • Development of a 'future digital' strategy, including recommendations for web development and online collaboration, will commence in Q4.

(c) Develop and implement a corporate communications strategy that enhances and protects Scotland Excel's corporate reputation	• Update the marketing and communications strategy and plan • Complete and launch the new Scotland Excel website • Continue to monitor and manage all communications risks arising from contracts/ business activities	**A**	• An updated marketing and communications strategy and plan is still to be completed, and will now be completed in Q3. • Feedback to Scotland Excel's new website has been very positive and Q2 user statistics were up across all key measures compared with the same period in 2015. Some further work is required to complete the processes which support ongoing maintenance of website content and membership. • Scotland Excel is continuing to mitigate communication risks through appropriate handling of media enquiries in line with policy.
(d) Develop and implement a model for associate members which delivers clear business and financial benefits to Scotland Excel and the membership base	• Review the associate member fee structure • Develop and implement an associate member strategy • Develop an associate membership offering for the social landlord sector	**G**	• The associate member fee structure is being reviewed as part of strategy development to ensure that it reflects the value being delivered to high spending members and partners. • An associate member strategy is in development and will be presented to the Joint Committee in December. • A membership offering for the affordable housing sector is being developed as part of the associate membership strategy.
(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	• Host and/or attend forums to gather sector views and share information • Represent the sector within the national public procurement programme • Continue to review engagement plans for Scotland Excel's wider stakeholder landscape	**G**	• Scotland Excel is continuing to hold and/or attend meetings for sector stakeholders. In Q2, this included local authority steering groups for contract development, procurement capability and eCommerce, and attendance at the Scottish Local Government Procurement Forum. • Scotland Excel is continuing to represent sector interests at national procurement/commissioning meetings. In Q2, this included government forums for collaborative procurement, eCommerce, construction, best practice and professional development. • Scotland Excel is continuing to engage with key stakeholders across a range of business areas. A schedule for reviewing and updating stakeholder engagement plans will be embedded as business-as-usual by the end of Q3.

Goal 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 1 Priorities	RAG status	Progress summary
(a) Develop and implement a strategy to support staff recruitment, retention, development, performance and engagement	• Develop and implement an organisation wide rolling resource plan • Develop a recruitment management strategy • Review the careers microsite and develop proposals for improvement/replacement • Develop plans to enhance employee performance management, training and development • Develop proposals for a new staff intranet	G	• Work to implement an organisation wide resource planning model is continuing and is expected to be in place by the end of Q3. • Recruitment policies have been updated to ensure a consistent approach across the organisation. An awareness event is being planned in early 2017 to support future recruitment. • The careers microsite has been refreshed with new branding and content has been updated. Additional staff profiles are being developed to promote the organisation as a positive place to work. • A project is being initiated to develop and implement an organisational development strategy. The first meeting will take place on 03 November. • Two 'off the shelf' intranet systems are being evaluated to support a new intranet launch by the end of Q3. Longer term options will continue to be considered as part of the infrastructure review.
(b) Develop and implement programmes to support the continuous improvement of business performance, systems and processes	• Agree and deliver 2016-17 transformation projects • Develop a proposal for a spend data management and reporting tool	A	• The scope of the sustainable funding project has been revised and preparations are being made for a second phase of organisational development. The stakeholder management project has been delayed by lack of resource but should be closed by year end. • Proposals to support the selection of data and reporting tools have been received from three suppliers. These are currently on hold as an opportunity has arisen to explore a co-funded solution with Spikes Cavell which may prove more cost effective.

	• Develop a proposal to migrate the ICT infrastructure to a cloud environment • Establish a Policy Review Group to support ongoing procurement policy and process improvements • Continue to develop academic, business and professional partnerships to support innovation and best practice • Develop an action plan to respond to IiP assessment recommendations		• A review of additional costs for requirements not included the ICT infrastructure proposal, such software licensing, has been undertaken. It is unlikely that full migration to a cloud-based infrastructure will be possible within budget and other options are being considered. • During Q2, the Policy Review Group focused on development of internal guidance materials for the introduction and on-going use of the ESPD. • Relationships have been developed with six Scottish Business Schools. Four workshops for the blended learning pilot were held at business school sites with support from academics. • Investors in People (IiP) report recommendations have been reviewed by the Senior Management Team. Some actions have been implemented to improve cross-team communication and further options will be considered as part of the organisational development project. A staff survey is being developed to track the impact of actions taken.
(c) Ensure that Scotland Excel delivers its plans through effective governance, risk management and policies	• Refresh CEOMG participation and remit • Continue to monitor and update the corporate risk management plan • Develop and implement a rolling plan for updating corporate policies • Produce quarterly performance management reports for governance meetings	**G**	• A new Chief Executive Officers Management Group (CEOMG) has been established with CEOs from Aberdeen City, Argyll & Bute, Falkirk, Glasgow, Renfrewshire and West Dunbartonshire Councils. The first meeting will take place on 07 November. • Scotland Excel's risk management plan continues to be reviewed and updated on a monthly basis. A new risk has been added for Brexit. • A review and update of all HR and corporate policies will be complete by the end of Q3. A rolling plan for future reviews will be put in place. • A quarterly performance management reporting process has been established.
(d) Develop and implement a strategy for gathering, analysing and distributing business intelligence within Scotland Excel and across the sector	• Embed data management processes developed as part of the business intelligence project • Agree feasibility of offering external services in response to the findings of the business intelligence project	**G**	• Feedback from data and procurement staff have enabled further improvements to be made to the MI tracker and checklist developed as part of the business intelligence project. • Agreement reached in Q1 that there is no opportunity to extend business intelligence services to the sector at this time.

(e) Develop and implement a clear, transparent and sustainable funding and delivery model for Scotland Excel	• Develop and agree 2017-18 funding proposals at the Dec Joint Committee • Develop proposals for a flexible associate/partnership resourcing model • Continue to explore options for funding models which support sustainability and growth over the longer term	G	• Funding proposals for 2016-17 are being developed and will be presented at the December Joint Committee meeting. • A flexible associate/partnership model for resourcing business requirements is being considered by the Executive Team • Funding proposals for new and existing services are being developed for the Joint Committee, and include funding from rebates, associate member income and partner projects.

Report Key

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

Key Performance Indicators

KPI	Link to outcomes	Q2 Status
No. & value of contracts delivered v plan	Our services support the effective and efficient delivery of public services	• 12 contracts delivered, renewed or extended from 26 targeted • £721m portfolio value against £770m target by year end
Percentage & value of savings v target (excluding social care)	Our customers are satisfied with our services and achieve a measurable return on their investment	• Average savings of 5.5% against a rolling 5% target (2015-18) • £4.08m estimated saving in the last recorded quarter (Apr-Jun 2016)
No. of PCIP assessments completed v schedule	Our expertise supports continuous improvement in procurement performance	• 13 assessments completed from schedule of 17
No. of Scottish suppliers & percentage SMEs	Our services help to deliver positive and sustainable outcomes for communities and service users	• 370 Scottish suppliers of which 76% are SMEs
No. of community benefits realised to date	Our services support the implementation of national and local policy priorities	• 158 jobs • 158 apprenticeships • 11 work placements • 54,794 hours work experience • 2,231 hours volunteering/mentoring • £82.3k value of other initiatives
Customer satisfaction statistics & trends	Our customers are satisfied with our services and achieve a measurable return on their investment	• Available from Q4
Website usage statistics & trends	Our customers receive relevant communication and support	• 7,161 visitors in Q2 • 14,326 user sessions in Q2
Media coverage v target	Our reputation demonstrates the value of collaboration	• 32 media items placed by end of Q2 against an annual target of 25
Income from associate members v target	Our reputation demonstrates the value of collaboration	• £56.3k income against a £30k target
Staff turnover v headcount	Our people, policies, processes and technology optimise our value	• 4.3% staff turnover in Q2 • 58 permanent staff

Report issued: October 2016

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