

## **Notice of Meeting and Agenda Scotland Excel Joint Committee**

Date	Time	Venue
Friday, 12 June 2015	10:45	City Chambers, Glasgow City Council, 80 George Square, Glasgow, G2 1DU

KENNETH GRAHAM  
Head of Corporate Governance

### **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.gov.uk/agendas](http://www.renfrewshire.gov.uk/agendas).

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## 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.

## 1 Minutes

### 1(a) Minute of Joint Committee 5 - 12

Submit minute of Joint Committee meeting on 5 December, 2014.

### 1(b) Minutes of the Executive Sub Committee 13 - 60

Submit minutes of the Executive Sub Committee meetings on 5 December, 2014 and, 30 January, 6 March, 27 March, 15 May, 2015.

### 1(c) Minute of Chief Executive Officers Management Group 61 - 64

Submit minute of the Chief Executive Officers Management Group meeting on 23 March, 2015.

## 2 Three Year Strategic Plan and Operating Plan 65 - 108

Report by the Director

## 3 Budget Allocation Report 109 - 112

Report by Director

## 4 Update on Rebate Development Activity 113 - 114

Report by Director

<b>5(a)</b>	<b>Membership of Chief Executive Officers Management Group</b>	<b>115 - 116</b>
	Report by Clerk	
<b>5(b)</b>	<b>Membership of Executive Sub Committee</b>	<b>117 - 118</b>
	Report by Clerk	
<b>6</b>	<b>Scotland Excel Unaudited Annual Accounts 2014-15</b>	<b>119 - 152</b>
	Report by the Treasurer	
<b>7</b>	<b>Local Authority Accounts (Scotland) Regulations 2014</b>	<b>153 - 156</b>
	Report by the Treasurer and the Clerk	
<b>8</b>	<b>Scotland Excel Annual Audit Plan 2014-15</b>	<b>157 - 178</b>
	Report by the Treasurer	
<b>9</b>	<b>Internal Audit Annual Report 2014/15</b>	<b>179 - 190</b>
	Report by Chief Auditor	
<b>10</b>	<b>Organisation Information Report</b>	<b>191 - 192</b>
	Report by Director	
<b>11</b>	<b>Update on the Contract Delivery Plan</b>	<b>193 - 200</b>
	Report by Director	
<b>12</b>	<b>Spend and Savings Report</b>	<b>201 - 208</b>
	Report by Director	
<b>13</b>	<b>Assessing Procurement Capability – Progress So Far and Plans for the Future</b>	<b>209 - 212</b>
	Report by Director	

#### **14 Date of next meeting**

The next meeting will be held on Friday 27 November, 2015



## Minute of Meeting Scotland Excel Joint Committee

Date	Time	Venue
Friday, 5 December 2014	10:45	City Chambers, Glasgow

### PRESENT

Councillors C Shand (Aberdeenshire Council); P Valentine and J Houston (both Angus Council); I Whyte (City of Edinburgh Council); R Murray (Falkirk Council); M McElroy and N MacLeod (both Glasgow City Council); J Bryant (Midlothian Council); M Holmes (Renfrewshire Council); J Mitchell (Scottish Borders Council); P Saxton (South Ayrshire Council); Provost E Logan and Councillor J Wardhaugh (both South Lanarkshire Council) and Councillors A Wright (The Moray Council) and K Ryall (West Dunbartonshire Council).

Councillor Holmes, Convener, presided.

### APOLOGIES

Councillors R Milne and W Young (both Aberdeen City Council); F Hood (Aberdeenshire Council); E Morton (Argyll and Bute Council); A Rankin (City of Edinburgh Council); A Drummond (Clackmannanshire Council); N Macdonald (Comhairle Nan Eilean Siar Council); G Dykes (Dumfries and Galloway Council); A Brown (East Ayrshire Council); G Wallace (East Renfrewshire Council); I Chisholm (Fife Council); M Smith and D Alston (both Highland Council); J Clocherty and M Brennan (both Inverclyde Council); G McLean and J Hunter (both North Ayrshire Council); F McKay (North Lanarkshire Council); J Kellas (Perth and Kinross Council); A Westlake (Shetland Islands Council); R Reid (South Ayrshire Council) N Benny and C Campbell (both Stirling Council) and A McMillan (West Lothian Council).

### IN ATTENDANCE

J Welsh, Director; H Carr, Head of Strategic Procurement; I McCulloch, Head of Professional Services; J McLaggan, Business Services Manager; and J Yeomans, Regional Procurement Analyst (all Scotland Excel); and M Conaghan, Legal and Democratic Services Manager; A McMahon, Chief Auditor; D Forbes, Finance Manager; I Docherty, Auditor; E Coventry, Democratic Services Officer; K Druce, Assistant Committee Services Officer and E Gray, Intern (all Renfrewshire Council).

## **DECLARATIONS OF INTEREST**

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

### **1. 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 Items 10, 11, 12 and 19 after Item 6.

### **2. MINUTE OF JOINT COMMITTEE**

There was submitted the Minute of the meeting of the Joint Committee held on 20<sup>th</sup> June, 2014. It was noted that the initial for one Councillor had been omitted and that 'The Moray Council' had been spelt incorrectly and that the Minute required to be amended to reflect the correct spelling.

The Clerk intimated that an incorrect version of the minute had been appended and that the correct version would be circulated.

**DECIDED:** That the Minute, as amended, be approved.

### **3. MINUTES OF EXECUTIVE SUB COMMITTEE**

There were submitted the Minutes of the meeting of the Executive Sub Committee held on 30<sup>th</sup> May, 20<sup>th</sup> June and 22<sup>nd</sup> August, 2014.

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

### **4. MINUTES OF THE CHIEF OFFICERS MANAGEMENT GROUP**

There were submitted the Minutes of the meeting of the Chief Officers Management Group held on 9<sup>th</sup> May and 8<sup>th</sup> August 2014.

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

### **5. AUDITED ANNUAL ACCOUNTS**

There was submitted a report by the Treasurer relative to the annual accounts for 2013/14 for Scotland Excel. A copy of the audited accounts was appended to the report. It was noted that Audit Scotland had issued an Audit Certificate providing an unqualified opinion that the abstract of accounts presented a true and fair view of the financial position of the Joint Committee as at 31<sup>st</sup> March, 2014, in accordance with the accounting policies detailed in the accounts.

A copy of the Annual report on the 2013/14 audit, prepared by Audit Scotland was appended to the report and it was noted that there were no matters arising from the audit which required to be reported to members.

**DECIDED:**

- (a) That the audited accounts for Scotland Excel for the financial year 2013/14 be approved; and
- (b) That the report by Audit Scotland be noted.

## **6. BUSINESS PLAN UPDATES**

There was submitted a report by the Director of Scotland Excel relative to progress for each of Scotland Excel's strategic objective for the period 2012/15. A presentation was then made by the Director on the Business Plan for the period 2015/18.

The Business Plan was built around five strategic aims - best value, procurement capability, stakeholder engagement, corporate social responsibility and organisational development – with objectives and targets set for each aim. The report and presentation provided the Joint Committee with an update on progress against business plan objectives as of the end of Year 2 (2013-14), and to set out some of the key activities and projects that were underway for the final year (2014-15).

To allow the Director to engage with all stakeholder groups and to listen and understand their requirements, the current Business Plan, which was due to expire on 31<sup>st</sup> March, 2015, would be extended to 30<sup>th</sup> September, 2015 with refreshed targets which would include business and structure review and change. The five key areas of the business plan would be updated to reflect new targets and initiatives required to enable continued progress. The Director would develop and present a new three year Business Plan for submission to the Joint Committee in June 2015 for the new business model and organisational structure.

To improve efficiency and avoid duplication the report also proposed a new quarterly schedule for reporting progress, with a year end report being produced in April, which would improve internal efficiency while continuing to provide regular business updates to support effective governance. Any key updates since the reports were produced would be given verbally by the Director.

### **DECIDED:**

- (a) That the progress made on the business plan be noted; and
- (b) That the proposal for aligning the progress reporting schedule with business quarters be approved.

## **SEDERUNT**

Councillor R Murray entered the meeting during consideration of the following item.

## **7. TRANSFORMING SCOTLAND EXCEL – BUSINESS, BUDGET AND WORKFORCE PLAN REPORT**

There was submitted a report by the Director of Scotland Excel relative to Transforming Scotland Excel - Business, Budget and Workforce Plan. Scotland Excel had had six years of positive growth and development and now needed a clear strategy to support its customers in a changing local authority landscape. The appointment of the new Director was identified as an appropriate time for Scotland Excel to update and present a new business model for the future.

To facilitate the business review a proposal for a six-month extension to the current Business Plan and a one year Revenue Budget Estimate 2015/16 was approved at the Executive Sub Committee on 3rd October, 2014. The Executive Sub-Committee also approved the continuation and implementation of workforce planning measures to allow for flexibility within the organisational structure. The Director would now develop and present a new three year Business Plan for submission to the Joint Committee in June 2015 for the new business model and organisational structure.

The report intimated that Scotland Excel had made great progress and highlighted some of the key achievements that had defined Scotland Excel's success as a Centre of Expertise. The report indicated that workforce planning was an ongoing aspect of business development and as such, revision to the organisational plan was required to achieve the flexibility required to reshape and manage the current and future workforce over the next year.

A number of workforce planning actions were already underway including: vacancy management; a review of temporary employees; and an assessment of interest in Voluntary Redundancy/Voluntary Early Retirement (VR/VER). To enable Scotland Excel to take the organisation and its stakeholders to the next level of excellence through the Transformational Change Project and to enable Scotland Excel VR/VER where appropriate, it was proposed that funding of up to £200k be utilised from the forecast underspend in this financial year 2014/15 and that any successful VR/VER applications be agreed through a phased approach over 2015.

**DECIDED:**

- (a) That the enablement of VR/VER, where appropriate, and utilisation of funding of up to £200k from the forecast underspend in this current financial year be approved;
- (b) That the delegation of authority for approvals of VR/VER to the Director and Treasurer of Scotland Excel be agreed; and
- (c) That the request in the Revenue Estimates 2015/16 report to use reserves in 2015/16 to fund the Change Project be noted.

**8. REVENUE ESTIMATES 2015/16**

There was submitted a report by the Treasurer and Director relative to the revenue estimates for Scotland Excel including the requisition of the constituent authorities for the financial year 2015/16. The report intimated that 2015/16 represented the eighth year of operation of Scotland Excel following its formal launch on 1<sup>st</sup> April, 2008. It was noted that the organisation had evolved over this period and had continually reviewed its operations to ensure that it remained 'fit for purpose' and was best structured to deliver its objectives.

The budget estimates outlined in the report presented the planned 2015/16 financial position for Scotland Excel taking into account:

- The estimated costs of core operations;
- The costs of funding ongoing temporary business and organisational development activities which were funded from reserves; and
- The level of requisition from member authorities which was affordable.

Appendix 1 to the report detailed the core activities which were fully funded from requisition income and the procurement improvement activity which was funded from reserve funding.



Appendix 2 to the report detailed the member authority requisitions for 2015-16 which had been adjusted to reflect changes in the size and populations with authority areas.

**DECIDED:**

- (d) That the revenue estimates for Scotland Excel for the financial year 2015/16 be approved;
- (e) That the related requisitions from constituent authorities which had been subject to review under the agreed Terms and Conditions as detailed in Appendix 2 be agreed;
- (c) That the utilisation of reserve funding to support reform initiatives necessary to continue the development of Scotland Excel and to support the Local Government Procurement Improvement Programme be approved; and
- (d) That the change to the Scotland Excel Terms and Conditions to allow the payment of Member Authorities' Requisitions to be made annually at the beginning of October each year be agreed.

**9. PROGRAMME OF MEETINGS FOR 2015**

There was submitted a report by the Clerk relative to meeting dates for the Joint Committee; Executive Sub Committee and Chief Officers Management Group for 2015.

**DECIDED:**

- (a) That the programme of meetings be noted; and
- (b) That the Joint Committee meet on 12<sup>th</sup> June and 27<sup>th</sup> November, 2015 with the venues for the meetings to be arranged by the Clerk.

**10. ANNUAL AUDIT PLAN 2013/14**

There was submitted a report by the Treasurer relative to the Annual Audit Plan 2013/14 for Scotland Excel. The Plan outlined Audit Scotland's planned activities in their audit of the 2013/14 financial year.

**DECIDED:** That the Annual Audit Plan 2013/14 be noted.

**11. INTERNAL AUDIT ANNUAL REPORT 2013/14**

There was submitted a report by the Chief Auditor relative to Internal Audit activity's, purpose, authority, and responsibility, as well as performance relative to its plan, which was required by the Public Sector Internal Audit Standards. The report, attached as Appendix 1, provided an annual audit opinion on the overall adequacy and effectiveness of Scotland Excel's internal control environment and also contained a statement of the soundness of the internal control system of Scotland Excel.

**DECIDED:** That the Annual Report Audit Scotland be noted.

## 12. FINANCIAL REGULATIONS

There was submitted a report by the Treasurer relative to the revision of the financial regulations undertaken in order to bring the regulations into line with the financial regulations of Renfrewshire Council.

A number of minor changes were made and included:

- Changed designations to reflect the correct officer designations for the Treasurer and Clerk;
- A change made to paragraph 3.22 to reflect the tolerable variance for approved contracts; and
- A minor change to reflect other financial services covered by a Service Level Agreement with Renfrewshire Council.

Details were included in the Annexes relating to the Financial Codes and the Renfrewshire Council adopted codes, where matters were not otherwise covered within the Authority's Financial Regulations and Financial Codes, in order to provide a complete written framework governing the Authority's financial affairs. The updated Financial Regulations were appended to the report as Appendix 1. The updated Financial Codes would be issued to the Director following approval of the revised regulations.

**DECIDED:** That the revised Financial Regulations be approved.

## 13. HOSPITALITY

There was submitted a report by the Director of Scotland Excel relative to the use of the provisions in the Scotland Excel Scheme of Delegations for hospitality and special leave in financial year 2013/14 and detailing hospitality received and special leave undertaken.

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

## 14. SPEND ACTIVITY AND ESTIMATED FORECAST SAVINGS REPORT

There were submitted reports by the Director of Scotland Excel providing an overview of the spend activity and forecast savings achieved through the Scotland Excel collaborative contracts. The reports targeted spend data provided by suppliers over four quarters from 1<sup>st</sup> July, 2013 (Quarter 2 2013/14) to 30<sup>th</sup> June, 2014 (Q1 2014/15). The report provided details of the reported spend and estimated savings for each Council and the estimated saving by contract.

**DECIDED:**

- (a) That update on spend activity and estimated forecast savings be noted; and
- (b) That the participation levels and associated benefits forecast be noted.

## **15. UPDATE ON CONTRACT DELIVERY PLAN**

There were submitted reports by the Director of Scotland Excel which provided an update on the contract delivery schedule and contract delivery plan, summarised the progress made to date and delivery against priorities previously defined and focussed on developing and delivering new contract opportunities.

### **DECIDED:**

- (a) That the plans in place to ensure delivery of the current business plan be supported; and
- (b) That the progress made to date be noted.

## **16. UPDATE ON COMMUNITY BENEFITS**

There were submitted a reports by the Director of Scotland Excel providing updates on Scotland Excel's approach to Community Benefits, outlining the progress that had been made in this regard together with an overview of the types of benefits being delivered from the Scotland Excel portfolio.

### **DECIDED:**

- (a) That the measures proposed to monitor and develop community benefits be supported; and
- (b) That the progress made to date be noted.

## **17. ASSESSING PROCUREMENT CAPABILITY – PROGRESS SO FAR AND THE FUTURE**

There were submitted reports by the Director of Scotland Excel providing updates on procurement performance which used a nationally developed maturity model designed to assess public sector procurement performance in Scotland in a common format. Part of Scotland Excel's remit was to work with councils to help them improve procurement performance. Each year Scotland Excel together with individual councils carried out an assessment of how procurement services were structured and organised across the organisations.

The assessment process, known as the Procurement Capability Assessment (PCA), combined with the willingness of councils to participate collectively in it, provided an opportunity for local government and the wider public sector to identify and share good practice. The results of the assessments provided a helpful source of rich information to help individual, sectoral and national organisations develop plans to improve procurement performance. The role that Scotland Excel and the PCA process had played in supporting improved procurement performance was recognised in the recent Accounts Commission report on 'Procurement in Councils' (April 2014).

The purpose of these reports was to provide members with updates on the progress that had been made over the last five years of assessment and to outline the work that was ongoing nationally to develop the assessment approach to ensure it meets future requirements. The recent Accounts Commission report on 'Procurement in Councils' (April 2014) recommended that "Councils and Scotland Excel should review and formalise arrangements to fund procurement reform activity beyond 2016"

**DECIDED:**

- (a) That the update on the good progress made over the past years in improving procurement performance within the local government sector and the steps taken to enhance the assessment regime for the period from 2015 be noted; and
- (b) That it be noted that the recommendation made in the Accounts Commission report would be addressed in the three year business plan covering the period 2015-2018.

**18. SCOTLAND EXCEL PROCUREMENT LEGISLATION – UPDATE ON THE PROCUREMENT REFORM BILL**

There was submitted a report by the Clerk relative to the Procurement Reform Bill which provided members with an update on legislative and policy developments since last year which included the completion of the passage of the Procurement Reform (Scotland) Bill through the Scottish Parliament on 13<sup>th</sup> May, 2014 and the approval by the European Parliament of the new EU Public Sector Directive (“the EU Procurement Directive”) which came into force on 17<sup>th</sup> April, 2014 and which must be implemented into UK law within 24 months of that date.

**DECIDED:**

- (a) That the main terms of the Procurement Reform (Scotland) Act 2014 as passed by the Scottish Parliament be noted; and
- (b) That the anticipated timescale for the implementation of the new EU Directive and the provisions of the 2014 Act be noted.

**19. DATE OF NEXT MEETING**

That it be noted that the next meeting of the Joint Committee was scheduled to be held at 10.45 am on 12<sup>th</sup> June, 2015.



## Minute of Meeting Scotland Excel Executive Sub Committee

Date	Time	Venue
Friday, 5 December 2014	10:15	City Chambers, Glasgow

### PRESENT

Councillors P Valentine (Angus Council); I Whyte (City of Edinburgh Council); M McElroy (Glasgow City Council); M Holmes (Renfrewshire Council) and Provost E Logan (South Lanarkshire Council).

Councillor M Holmes, Convener, presided.

### APOLOGIES

Councillors F Hood (Aberdeenshire Council); N MacDonald (Comhairle nan Eilean Siar); G Dykes (Dumfries and Galloway Council); M Smith (Highland Council); G McLean (North Ayrshire Council) and A Westlake (Shetland Islands Council).

### IN ATTENDANCE

J Welsh, Director; H Carr, Head of Strategic Procurement; I McCulloch, Head of Professional Services; J McLaggan, Business Services Manager; and J Yeomans, Regional Procurement Analyst (all Scotland Excel); Councillor J Houston (Angus Council); and M Conaghan, Legal and Democratic Services Manager; D Forbes, Finance Manager; E Coventry, Democratic Services Officer; K Druce, Assistant Committee Services Officer and E Gray, Intern (all Renfrewshire Council).

### DECLARATIONS OF INTEREST

The Clerk intimated that this was a standard item on the Agenda and asked members to indicate if there were any declarations of interest.

## 1. MINUTE OF THE MEETING OF THE EXECUTIVE SUB-COMMITTEE

There was submitted the Minute of the meeting of the Executive Sub-committee held on 3<sup>rd</sup> October, 2014.

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

## 2. CONTRACT FOR APPROVAL – TELECARE AND TELEHEALTH TECHNOLOGIES

There was submitted a report by the Director of Scotland Excel relative to the national collaborative framework for the supply of telecare and telehealth technologies, including dispersed alarm units and the peripherals and accessories to support them, environmental devices, GPS devices and lifestyle monitoring equipment. This framework for the period 1<sup>st</sup> January, 2015 until 31<sup>st</sup> December, 2016 with an option to extend for up to a total of 24 months until 31<sup>st</sup> December, 2018, was a renewal framework to replace the existing telecare equipment framework which would end on 31<sup>st</sup> December 2014.

The report indicated that the framework was split into 7 lots and that the combined spend for all was approximately £3.4m per annum across the Councils who had confirmed intentions to participate in this. This equated to approximately £13.7m over the term of the framework including the extension period.

All 32 Councils had confirmed their participation in this framework together with the NHS Highland, Bield Housing Association and Hanover Scotland Housing Association.

**DECIDED:** That the business be awarded as follows:

Lot 1 - Dispersed Alarm Units	Lot 2 - Person Worn Peripherals
Chubb Fire and Security Ltd	Chubb Fire and Security Ltd
Safe Shores Monitoring Ltd and trading as	Tunstall Healthcare (UK) Ltd
Tunstall Healthcare (UK) Ltd	Tynetec Division of Legrand Electric Ltd
Tynetec Division of Legrand Electric Ltd	Safe Shores Monitoring Ltd and trading as
Lot 3 - Peripherals and Accessories	Lot 4 - Health and Care Peripherals
Tunstall Healthcare (UK) Ltd	Tunstall Healthcare (UK) Ltd
Chubb Fire and Security Ltd	Safe Shores Monitoring Ltd and trading as
Tynetec Division of Legrand Electric Ltd	Tynetec Division of Legrand Electric Ltd
Safe Shores Monitoring Ltd and trading as	Chubb Fire and Security Ltd
Lot 5 - Environmental Devices	Lot 6 - GPS
Chubb Fire and Security Ltd	Tunstall Healthcare (UK) Ltd
Tunstall Healthcare (UK) Ltd	Tynetec Division of Legrand Electric Ltd
Tynetec Division of Legrand Electric Ltd	Safe Shores Monitoring Ltd and trading as
Safe Shores Monitoring Ltd and trading as	Chubb Fire and Security Ltd
Lot 7 - Lifestyle Monitoring Equipment	
Chubb Fire and Security Ltd	
Tynetec Division of Legrand Electric Ltd	

Tunstall Healthcare (UK) Ltd
BES Rehab Ltd
Safe Shores Monitoring Ltd and trading as
Just Checking Ltd
StormID

#### 8. **DATE OF NEXT MEETING**

The next meeting would be held on 30<sup>th</sup> January, 2015.





## Minute of Meeting Scotland Excel Executive Sub Committee

Date	Time	Venue
Friday, 30 January 2015	10:45	Renfrewshire House

### PRESENT

Councillors P Valentine (Angus Council); I Whyte (City of Edinburgh Council); N Macdonald (Comhairle nan Eilean Siar); M McElroy (Glasgow City Council); G McLean (North Ayrshire Council); and Provost E Logan (South Lanarkshire Council).

Councillor Valentine, Vice Convener, presided.

### APOLOGIES

Councillors G Dykes (Dumfries and Galloway Council); L Erskine (Fife Council); M Smith (Highland Council); M Holmes (Renfrewshire Council); and A Westlake (Shetland Council)..

### IN ATTENDANCE

J Welsh, Director of Scotland Excel, H Carr, Head of Strategic Procurement; I McCulloch, Head of Professional Services; J McLaggan, Business Services Manager; R Bridgen, Senior Procurement Specialist; G Montgomery, Senior Procurement Specialist; L Richard, Acting Category Manager; and K Copland, Business Services Assistant (all Scotland Excel); and D Forbes, Finance Manager; E Coventry, Democratic Services Officer; and K Druce, Assistant Committee Services Officer (all Renfrewshire Council).

### DECLARATIONS OF INTEREST

Councillor McElroy (Glasgow City Council) declared an interest in Item 10(b) of the Agenda as he was an employee of the Scottish Parliament and indicated his intention not to take part in any discussion or voting thereon.

### **1. MINUTE OF THE MEETING OF THE EXECUTIVE SUB-COMMITTEE**

There was submitted the Minute of the meeting of the Executive Sub-committee held on 5 December, 2014.

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

### **2. REVENUE BUDGET MONITORING REPORT**

There was submitted a Revenue Budget Monitoring report by the Treasurer and Director of Scotland Excel for the period 1 April, 2014 to 2 January, 2015.

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

### **3. TRANSFORMING SCOTLAND EXCEL - BUSINESS, BUDGET AND WORKFORCE PLAN UPDATE REPORT**

There was submitted a report by the Director which provided an update on progress made on the Transforming Scotland Excel - Business, Budget and Workforce Plan.

The report advised that the Director continued with the Stakeholder Engagement Programme to engage with all stakeholder groups to understand their requirements. The category management model of procurement continued to be embedded into the organisation with the first stages of changes in organisational structure being implemented.

A number of core projects were identified that would support Scotland Excel in achieving its goals. Each project had been assigned an internal project manager and a project brief had been agreed. The overall programme would be managed by internal Scotland Excel resources and supported and delivered by the appointment of two temporary Business Change Project Managers. The core projects launched were:- Stakeholder Engagement; Funding the future of Scotland Excel; Business and Market Intelligence; Governance, Policy and Processes; Leading Change and Organisational Development.

The report indicated that workforce planning was an ongoing aspect of business development and as such, revision of the organisational plan was required to achieve the flexibility required to reshape and manage the current and future workforce over the next year.

A number of workforce planning actions were already underway including: vacancy management; the realignment of various posts into different business areas in line with customer needs; a review of temporary employees; and an assessment of interest in Voluntary Redundancy/Voluntary Early Retirement (VR/VER). To enable Scotland Excel to take the organisation and its stakeholders to the next level of excellence through the Transformational Change Project and to enable Scotland Excel VR/VER where appropriate, it was proposed that funding of up to £200k be utilised from the forecast underspend in the current financial year 2014/15 and that any successful VR/VER applications be agreed through a phased approach over 2015.

The report intimated that over the next few months the new business plan and structure would be developed for presentation and approval for the Joint Committee on 12 June, 2015 and up until then regular update progress reports would be presented at each Committee.

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

#### **4. PROGRESS REPORT**

There was submitted a report by the Director of Scotland Excel which provided an update on the development and activities of Scotland Excel since the last meeting in terms of the five strategic aims of Scotland Excel.

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

#### **5. ASSESSING PROCUREMENT CAPABILITY – 2014 PCA RESULTS**

There was submitted a report by the Director of Scotland Excel which detailed findings of the 2014 Procurement Capability Assessment (PCA) Programme. After completion of the 2014 assessments, the sector had 4 organisations at Superior level, 25 at Improved and 3 at Conformance level of performance. The PCA was constructed of 8 sections each focussing on different aspects of procurement performance. In 2014 the section on contract and supplier management made the largest improvement (7%). This area was a particular weakness for public sector and the increase demonstrated the improvement made in this area.

An Annual Event would be held in late March 2015 to:- analyse the results of the PCA's undertaken; discuss the assessment regime that would replace the current PCA's; and address future requirements for Scotland Excel in supporting the Councils.

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

#### **6. CONTRACTS FOR APPROVAL**

##### **(a) Janitorial Supplies**

There was submitted a report by the Director of Scotland Excel relative to the framework for the supply and delivery of janitorial products for the period from 1 March 2015 until 28 February 2018 with an option to extend for up to 12 months to 28 February, 2019. The new framework was renamed Janitorial Products to establish a clear difference for customers from the Washroom Solutions framework. The framework covered a wide range of janitorial products; the significant spend items were black bin bags, paper towels and washing detergents.

The report indicated that the framework was split into three distinct product group areas within one Lot: Janitorial products; Paper products and Chemical products. Additionally each group had two sections: Highest value spend range to include products that had demonstrated expenditure in excess of £20k per annum and Mid value spend range to include products that had demonstrated spend in excess of £5k per annum. This equated to approximately £8 million per annum.

To date 29 councils and Tayside Contracts had confirmed their participation in this framework. Glasgow, Stirling and The Highlands Councils would not be participating.

**DECIDED:** That the business be awarded as follows.

<b>Supply and Delivery of Janitorial Products</b>
Unico Limited
Instock Disposables Limited
Alliance

**(b) Security Services & Equipment**

There was submitted a report by the Director of Scotland Excel relative to the framework for the supply and delivery of Security Services and Equipment (including installation, maintenance and repair) for the period from 1 April, 2015 to 31 March, 2018, with an option to extend for up to one year until 31 March, 2019.

The existing framework covered the supply of manned guards and the stewarding of council organised public events. The scope of the replacement framework had been extensively widened to incorporate a broader range of security services such as CCTV and alarm systems design, installation and maintenance. This framework provided councils and other participating bodies with a mechanism to procure a wide range of security services and solutions ranging from traditional manned guards to more sophisticated technology based solutions such as intruder and fire alarms, sprinkler systems and CCTV.

As part of the strategy development for this framework a full security services expenditure review was conducted and six Lots were agreed by the User Intelligence Group (UIG) incorporating the updated range of technological requirements such as CCTV and alarms etc. Based on the expenditure split, an overall framework saving figure of 7.84% was estimated, generating annual savings of approximately £1m. The following lotting structure was designed to align with council requirements and to maximise opportunities for SMEs:

The report indicated that the framework was six Lots as follows: Lot 1 - The provision of Manned Guarding Services (Including Mobile & Key holding); Lot 2 - The provision of Event Stewarding and Marshalling Services; Lot 3 - The provision of CCTV Security Systems (incl. Installation, CCTV-ARC services, maintenance & repair); Lot 4 - The provision of Security Alarm Systems (incl. Installation, ARC services, maintenance & repair); Lot 5 - The provision of Fire Detection Alarm Systems (incl. Installation, ARC services, maintenance & repair); and Lot 6 - The provision of combined CCTV, Security Alarm & Fire Systems (incl. Installation, ARC services, maintenance & repair).

To date 28 councils and Tayside Contracts have confirmed their intention to participate in this framework. Fife Council had indicated it would consider participation in the longer term subject to internal review and expiry of existing contractual arrangements. East Ayrshire Council, North Ayrshire Council and Scottish Borders Council advised they would not participate as they had arrangements in place locally. However, all member councils were listed in the EU contract notice as potential participants and may access the framework in the future if required.

**DECIDED:** That the business be awarded as follows:

<b>Supplier</b>	<b>Award</b>
AFA FIRE & SECURITY LTD	Lots 3, 4 5,6
Alarmfast Supervision Security Systems Ltd	Lots 5, 6
Allander Security Limited	Lot 1
Chubb Fire & Security Limited	Lots 3, 4 5,6
Croma Vigilant	Lot 2
FES Limited	Lots 3, 4 5,6
G4S Secure Solutions	Lots 1, 2
GTS Solutions CIC	Lots 1, 2
IC Fire & Security Ltd	Lots 3, 4 5,6
IRN SECURITY	Lots 3, 4 5,6
MITIE Security Ltd	Lots 1, 2
Profile Security Services Ltd	Lot 1
SecuriGroup	Lots 1, 2
Securitay Limited	Lot 1
Sercon Support Services Ltd	Lot 1
Spie Scotshield Limited	Lots 3, 4 5,6

## **7. EMPLOYEE ABSENCE MANAGEMENT REPORT**

There was submitted a report by the Director of Scotland Excel providing information on the employee absence statistics for Scotland Excel. The report advised of the absence levels for the period to November, 2014 and provided information relating to the absence statistics and reasons thereto.

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

## **8. ASSOCIATE MEMBER APPLICATIONS**

### **(a) Community Safety Glasgow**

There was submitted a report by the Director of Scotland Excel indicating that a request for associate membership of Scotland Excel had been received from Community Safety Glasgow. It was noted that Community Safety Glasgow was a limited company with charitable status, established by Glasgow City Council in October 2006 as an Arms Length External Organisation (ALEO). The aim of the organisation was to prevent crime, tackle antisocial behaviour and promote community safety in the city by delivering a range of interventions, activities and programmes across the city through schools and communities.

**DECIDED:** That the Community Safety Glasgow application to join Scotland Excel as an associate member be approved subject to completion and signing of the SLA and, as an ALEO of Glasgow City Council there be no annual membership fee.

(b) **Scottish Parliament Corporate Body**

There was submitted a report by the Director of Scotland Excel indicating that a request for associate membership of Scotland Excel had been received from the Scottish Parliament Corporate Body which was a body of the Scottish Parliament responsible for the administration of the Parliament. The Scottish Parliamentary Corporate Body was established by section 21 of, and Schedule 2 to, the Scotland Act 1998. The Scottish Parliamentary Corporate Body considered and made decisions on a wide range of issues in relation to the running of the Parliament and included the property, staff and resources that the Parliament required in order to operate.

The Scottish Parliamentary Corporate Body had expressed interest in potentially accessing some of the future contracts which Scotland Excel was developing. To enable them to do this they had submitted a request for associate membership.

**DECIDED:** That the Scottish Parliamentary Corporate Body application to join Scotland Excel as an associate member be approved subject to completion and signing of the SLA and payment of annual membership fee of £650.

9. **DATE OF NEXT MEETING**

The next meeting would be held on 6 March, 2015.

That the meeting due to be held on 22<sup>nd</sup> May be moved to 15<sup>th</sup> May 2015

## Minute of Meeting Scotland Excel Executive Sub Committee

Date	Time	Venue
Friday, 6 March 2015	10:45	Glasgow Caledonian University

### PRESENT

I Whyte (City of Edinburgh Council); N Macdonald (Comhairle nan Eilean Siar); M McElroy (Glasgow City Council); M Holmes (Renfrewshire Council); and Provost E Logan (South Lanarkshire Council).

Councillor Holmes, Convener, presided.

### BY VIDEO LINK

Councillor P Valentine (Angus Council)

### APOLOGIES

Councillors G Dykes (Dumfries and Galloway Council); M Smith (Highland Council); G McLean (North Ayrshire Council); and A Westlake (Shetland Council).

### IN ATTENDANCE

J Welsh, Director of Scotland Excel, H Carr, Head of Strategic Procurement; J McLaggan, Business Services Manager; T Hand, Senior Procurement Specialist; D Pettigrew, Senior Procurement Specialist; S Dalstrom, Senior Procurement Specialist; and L Marron, Senior Procurement Specialist (all Scotland Excel); D Forbes, Finance Manager; and E Coventry, Democratic Services Officer; (both Renfrewshire Council).

### DECLARATIONS OF INTEREST

The Clerk intimated this was a standard item on the Agenda and asked members to indicate if there were any declarations of interest.

No declarations of interest were expressed.



## **1. MINUTE OF THE MEETING OF THE EXECUTIVE SUB-COMMITTEE**

There was submitted the Minute of the meeting of the Executive Sub-Committee held on 30 January, 2015.

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

## **2. REVENUE BUDGET MONITORING REPORT**

There was submitted a Revenue Budget Monitoring report by the Treasurer and Director of Scotland Excel for the period 1 April, 2014 to 30 January, 2015.

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

## **3. VACANCY AND WORKFORCE PLAN**

There was submitted a report by the Director which provided an explanation of the current vacancies, a recruitment update and the impact of VER / VR on the operation and budget of Scotland Excel.

The report advised that the use of VR / VER in Scotland Excel had identified a cost of £110,000 to release staff and this figure was below the previously approved budget of £200,000 which was available due to vacant posts in the establishment during the current financial year. The release of the staff identified and approved under the scheme would generate annual savings of £198,000. The release of these staff could be achieved without any impact upon the contract delivery schedule and it was proposed that these savings were reinvested in the service delivery of the organisation.

The report intimated that the three year strategy for Scotland Excel and the supporting organisational structure would be submitted to the next meeting of the Joint Committee. A further update on progress would be given to the Executive Sub Committee in late March 2015.

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

## **4. STAKEHOLDER ENGAGEMENT UPDATE**

There was submitted a report by the Director of Scotland Excel which provided an update on the stakeholder engagement project to allow key stakeholders to share views on the future strategic direction of the organisation.

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

## **5. DELIVERY OF NATIONAL CARE HOME PROJECT**

There was submitted a report by the Director of Scotland Excel which provided a progress update regarding Scotland Excel taking on a much more active role in the procurement and management of the National Care Home Contract and set out the expected benefits and potential risks.



Scotland Excel was in dialogue with COSLA to move forward with a value proposition and a series of sample reports had been produced for council and partnership feedback.

The report indicated that management of the National Care Home Contract could not be undertaken within present resources. The skills required to effectively manage the National Care Home Contract included procurement, commissioning, data analysis, financial accounting and risk management. The resources to support these activities needed to reflect the contract spend, circa £600m per annum with approximately 353 providers across circa 887 care homes.

The resources currently in place provided capacity only to annually negotiate fees, as well as some policy development work. It was estimated that Scotland Excel would require circa £250k per annum to undertake the necessary activities. This would deliver a 0.5FTE commissioning manager, 0.5FTE legal services, one procurement specialist, a financial specialist, a data specialist and administrator. The overall cost to councils was estimated at only 0.04% of the current expenditure across Scotland.

A full project plan for transfer of responsibilities would be drawn up following formal agreement to the transfer of procurement activity to Scotland Excel.

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

## **6. CONTRACT FOR APPROVAL – SUPPLY AND DELIVERY OF BUILDING AND TIMBER MATERIALS**

There was submitted a report by the Director of Scotland Excel relative to the framework for the supply and delivery of janitorial products for the period from 1 April 2015 until 31 March 2018 with an option to extend for up to 12 months to 31 March, 2019. The framework would provide councils and other participating bodies with a mechanism to procure a range of building and timber materials in support of construction projects, ongoing maintenance schedules and ad hoc repairs. A number of council departments were likely to use the framework including stores and housing maintenance.

The report indicated that the framework was split into eight lots recognising the current structure of the market place and was designed to align with council requirements. The forecast annual spend for participating councils is £11.6m, equating to £46.4m over the term of the framework, including the extension period. Other participating bodies have validated an additional spend of £0.9m per annum, a total of £3.6m over the term of the framework.

To date 30 councils had confirmed their participation in this framework. East Ayrshire and Stirling Councils would not be participating.

**DECIDED:** That the business be awarded as follows:

### **Lot 1 – Timber Doors**

Jewson Ltd  
Thornbridge Sawmills Ltd  
D McNair (Builders Merchants) Ltd  
MGM Timber (Scotland) Ltd  
Grafton Merchanting GB Ltd  
St Andrews Timber Supplies Ltd

## **Lot 2 – Timber Door Sets**

Scotdor  
Jewson Ltd  
MKM Building Supplies Ltd  
D McNair (Builders Merchants) Ltd

## **Lot 3 – Sheet and Timber Materials**

MGM Timber (Scotland) Ltd  
Thornbridge Sawmills Ltd  
St Andrews Timber Supplies Ltd  
Rowan Timber Supplies (Scotland) Ltd  
Jewson Ltd  
MKM Building Supplies Ltd  
D McNair (Builders Merchants) Ltd  
Grafton Merchanting GB Ltd

## **Lot 4 – Timber Fencing**

MGM Timber (Scotland) Ltd  
Thornbridge Sawmills Ltd  
Jewson Ltd  
MKM Building Supplies Ltd  
Grafton Merchanting GB Ltd  
D McNair (Builders Merchants) Ltd  
Rowan Timber Supplies (Scotland) Ltd  
St Andrews Timber Supplies Ltd

## **Lot 5 – Laminate Wall Panels**

Nu-Style Products Ltd  
MGM Timber (Scotland) Ltd  
Jewson Ltd  
MKM Building Supplies Ltd  
St Andrews Timber Supplies Ltd  
Thornbridge Sawmills Ltd

## **Lot 6 – Building Materials**

B & Q Plc  
MKM Building Supplies Ltd  
Jewson Ltd  
D McNair (Builders Merchants) Ltd  
Grafton Merchanting GB Ltd  
St Andrews Timber Supplies Ltd

## **Lot 7 – Roofing Materials**

Jewson Ltd

SIG Trading Ltd, trading as SIG Exteriors UK part of SIG Plc

MKM Building Supplies Ltd

D McNair (Builders Merchants) Ltd

Grafton Merchanting GB Ltd

## **Lot 8 – Metal Fencing**

James Cowie and Co Ltd

## **7. CONTRACT FOR APPROVAL – GROUNDS MAINTENANCE EQUIPMENT**

There was submitted a report by the Director of Scotland Excel relative to the framework for the purchase of grounds maintenance equipment covering the period from 1 March 2015 to 28 February 2018 with an option to extend for up to 1 year to 28 February 2019. The framework covers a range of equipment purchased by councils in order to maintain council amenities (parks, golf courses, pitches etc), green spaces and gardens.

The report indicated that the framework was split into twenty lots designed to attract small companies which supply grounds maintenance equipment to their local councils. The lotting strategy was also designed to allow tenderers (mainly SMEs) to bid for specific specialist lots.

The forecast annual spend for participating councils was £8m per annum equating to £32m over the term of the framework including the extension period.

To date 29 Councils and Tayside Contracts had confirmed participation in this framework. Angus Council, Fife Council and South Lanarkshire Council had arrangements in place until 2016 and would decide on participation at a later date.

**DECIDED:** That the business be awarded as follows:

### **Lot 1 – Hand Held Equipment**

HAMILTON BROS (ENG) LTD

Thomas Sheriff & Co Ltd

Nairn Brown (Glasgow) Ltd

Henry H Sheach Lawnmower Services Ltd

CS Equipment Ltd

Fraser C Robb

A M Phillip

SGM

Alex McDougall

Spaldings Ltd

Garden Machinery & Small Engine Services

Premier Parts UK

## **Lot 2 -Pedestrian Push Equipment**

The Double A Trading Company Ltd  
Nairn Brown (Glasgow) Ltd  
Alex McDougall  
Thomas Sheriff & Co Ltd  
Fraser C Robb  
Premier Parts UK  
Garden Machinery & Small Engine Services  
CS Equipment Ltd  
SGM  
TERRA FIRMA (SCOTLAND) LIMITED  
Henderson Grass Machinery Ltd  
Henry H Sheach Lawnmower Services Ltd  
A M Phillip  
Spaldings Ltd

## **Lot 3 - Pedestrian Equipment – Self Propelled**

HAMILTON BROS (ENG) LTD  
The Double A Trading Company Ltd  
CS Equipment Ltd  
Nairn Brown (Glasgow) Ltd  
SGM  
A M Phillip  
Henderson Grass Machinery Ltd  
Fraser C Robb  
Premier Parts UK  
Alex McDougall  
Thomas Sheriff & Co Ltd

## **Lot 4 - Self Propelled Mowers**

FAIRWAYS GM LTD  
Henderson Grass Machinery Ltd  
HAMILTON BROS (ENG) LTD  
A M Phillip  
The Double A Trading Company Ltd  
Fraser C Robb  
Nairn Brown (Glasgow) Ltd  
Simon Tullett Machinery Co Ltd  
SGM  
Thomas Sheriff & Co Ltd  
CS Equipment Ltd  
Henry H Sheach Lawnmower Services Ltd  
Garden Machinery & Small Engine Services  
Alex McDougall

## **Lot 5 – Tractor/Vehicle Mounted Pesticide Applicators**

The Double A Trading Company Ltd  
Nairn Brown (Glasgow) Ltd  
FAIRWAYS GM LTD  
Thomas Sheriff & Co Ltd  
Reekie Group  
CS Equipment Ltd  
SGM  
A M Phillip  
Henderson Grass Machinery Ltd  
Agricar  
Fraser C Robb

## **Lot 6 Ride-on Equipment**

FAIRWAYS GM LTD  
The Double A Trading Company Ltd  
HAMILTON BROS (ENG) LTD  
Henderson Grass Machinery Ltd  
Nairn Brown (Glasgow) Ltd  
SGM  
Thomas Sheriff & Co Ltd  
Alex McDougall  
CS Equipment Ltd  
Scot JCB Ltd  
A M Phillip  
Henry H Sheach Lawnmower Services Ltd  
Simon Tullett Machinery Co Ltd  
Garden Machinery & Small Engine Services  
Fraser C Robb  
Premier Parts UK

## **Lot 7 Utility Vehicles**

FAIRWAYS GM LTD  
SGM  
The Double A Trading Company Ltd  
HAMILTON BROS (ENG) LTD  
Reekie Group  
Nairn Brown (Glasgow) Ltd  
A M Phillip  
Scot JCB Ltd  
Thomas Sheriff & Co Ltd  
Fraser C Robb

### **Lot 8 Towed Equipment**

Nairn Brown (Glasgow) Ltd  
HAMILTON BROS (ENG) LTD  
Scot JCB Ltd  
The Double A Trading Company Ltd  
FAIRWAYS GM LTD  
A M Phillip  
SGM  
Thomas Sheriff & Co Ltd  
CS Equipment Ltd  
Fraser C Robb  
Agricar  
Reekie Group

### **Lot 9 Tractors**

HAMILTON BROS (ENG) LTD  
SGM  
Reekie Group  
A M Phillip  
Henderson Grass Machinery Ltd  
The Double A Trading Company Ltd  
Thomas Sheriff & Co Ltd  
Nairn Brown (Glasgow) Ltd  
Scot JCB Ltd  
Bryson Tractors Ltd  
Fraser C Robb  
Agricar

### **Lot 10 Tractor Mounted Equipment**

The Double A Trading Company Ltd  
Reekie Group  
Nairn Brown (Glasgow) Ltd  
SGM  
Scot JCB Ltd  
FAIRWAYS GM LTD  
A M Phillip  
Henderson Grass Machinery Ltd  
Thomas Sheriff & Co Ltd  
HAMILTON BROS (ENG) LTD  
Fraser C Robb  
Premier Parts UK  
Agricar

### **Lot 11 Tractor Mounted Mowers**

HAMILTON BROS (ENG) LTD  
The Double A Trading Company Ltd  
A M Phillip  
Nairn Brown (Glasgow) Ltd  
SGM  
Scot JCB Ltd  
Henderson Grass Machinery Ltd  
FAIRWAYS GM LTD  
Thomas Sheriff & Co Ltd  
Reekie Group  
Agricar  
Garden Machinery & Small Engine Services  
Fraser C Robb

### **Lot 12 Tractor Mounted Pitch Care**

HAMILTON BROS (ENG) LTD  
The Double A Trading Company Ltd  
A M Phillip  
FAIRWAYS GM LTD  
Reekie Group  
Nairn Brown (Glasgow) Ltd  
Scot JCB Ltd  
Thomas Sheriff & Co Ltd  
SGM  
Bunce (Ashbury)  
Agricar  
Fraser C Robb

### **Lot 13 Tractor Mounted Stumpgrinder/Chipper/Shredder**

SGM  
A M Phillip  
HAMILTON BROS (ENG) LTD  
GIBSON GARDEN MACHINERY LTD  
The Double A Trading Company Ltd  
Thomas Sheriff & Co Ltd  
Fraser C Robb  
Premier Parts UK

### **Lot 14 Vehicle Mounted Equipment**

Thomas Sheriff & Co Ltd  
Nairn Brown (Glasgow) Ltd  
FAIRWAYS GM LTD  
The Double A Trading Company Ltd  
SGM  
A M Phillip  
Fraser C Robb

### **Lot 15 Portable Equipment**

Rhinowash Ltd  
FAIRWAYS GM LTD  
Nairn Brown (Glasgow) Ltd  
SGM  
Flowplant Group Ltd  
Fraser C Robb

### **Lot 16 Static Equipment**

FAIRWAYS GM LTD  
Rhinowash Ltd  
Fraser C Robb

### **Lot 17 Hand Held Equipment**

Scot JCB Ltd  
HAMILTON BROS (ENG) LTD  
Nairn Brown (Glasgow) Ltd  
CS Equipment Ltd  
Thomas Sheriff & Co Ltd  
A M Phillip  
Fraser C Robb

### **Lot 18 Pedestrian – Self Propelled**

HAMILTON BROS (ENG) LTD  
Scot JCB Ltd  
CS Equipment Ltd  
A M Phillip

### **Lot 19 Tractor Mounted Equipment**

Fraser C Robb  
Nairn Brown (Glasgow) Ltd  
SGM  
The Double A Trading Company Ltd  
HAMILTON BROS (ENG) LTD  
Scot JCB Ltd  
TERRA FIRMA (SCOTLAND) LIMITED  
FAIRWAYS GM LTD  
Bryson Tractors Ltd  
Henderson Grass Machinery Ltd  
Thomas Sheriff & Co Ltd  
A M Phillip  
Bunce (Ashbury)  
James A Cuthbertson Limited  
Agricar



## **Lot 20 – Towed Grit Spreaders**

Fraser C Robb  
A M Phillip  
HAMILTON BROS (ENG) LTD  
FAIRWAYS GM LTD  
SGM  
Thomas Sheriff & Co Ltd  
Bunce (Ashbury)  
Nairn Brown (Glasgow) Ltd  
Agricar

### **8. CONTRACT FOR APPROVAL – ASBESTOS SURVEY, REMOVALS AND ANALYTICAL SERVICES**

There was submitted a report by the Director of Scotland Excel relative to the framework for asbestos survey, removals and analytical services covering the period from 1 April 2015 until 31 March 2017 with the option to extend for up to 24 months to 31 March 2019.

This framework will enable member councils to procure asbestos related services to ensure their housing and commercial properties are kept up to date in terms of asbestos surveys, removals and testing. The framework is supported, where appropriate, by United Kingdom Accreditation Service (UKAS) accreditation and the Health and Safety Executive (HSE) licenses.

The report indicated that the required asbestos services covered by this framework were segmented into two markets, with one market being for asbestos removal services and the other for survey and/or analytical services. Legislation prevented a supplier who surveyed a property being involved in the removal of any asbestos located within the same property. In response to this market segmentation the framework was split into three lots

The forecast annual spend for participating councils was £8m per annum across the three lots.

To date 29 Councils had confirmed participation in this framework. East Ayrshire, Glasgow and Fife Councils have confirmed that they will not participate in the framework. These councils had their own arrangements in place. All member councils however were listed in the EU contract notice as potential participants so that they may access the framework in the future if required.

**DECIDED:** That the business be awarded as follows:

### **Lot 1 – Surveys**

AMS Asbestos Management Services Ltd – Offer 1  
AMS Asbestos Management Services Ltd – Offer 2  
Environmental Essentials Ltd  
WSP UK Ltd – Offer 1  
AMS Asbestos Management Services Ltd – Offer 3  
AMS Asbestos Management Services Ltd – Offer 4  
Life Environmental Services – Offer 1

WSP UK Ltd – Offer 2  
WSP UK Ltd – Offer 3  
SGS MIS Environmental Ltd – Offer 1  
AMS Asbestos Management Services Ltd – Offer 5  
AMS Asbestos Management Services Ltd – Offer 6  
REC Ltd – Offer 1  
REC Ltd – Offer 3  
Environmental Evaluation Limited – offer 1  
Redhill Analysts Ltd – Offer 1  
Asbestos Analytical Services – Offer 1  
REC Ltd – Offer 2  
Environtec Ltd – Offer 1  
Asbestos Specialists (UK) Ltd  
Redhill Analysts Ltd – Offer 2  
WSP UK Ltd – Offer 4  
Asbestos Analytical Services – Offer 2  
Life Environmental Services – Offer 2  
Omega Asbestos Consulting Ltd – Offer 1  
REC Ltd – Offer 4  
Environmental Evaluation Limited – offer 2  
Redhill Analysts Ltd – Offer 3  
Omega Asbestos Consulting Ltd – Offer 2  
Shield On-Site Services – Offer 1  
Shield On-Site Services – Offer 2  
Environtec Ltd – Offer 2

## **Lot 2 – Removal & Disposal**

Rhodar Ltd – Offer 1  
OCS Environmental Services Limited – Offer 1  
Enviraz (Scotland) Ltd – Offer 1  
Enviraz (Scotland) Ltd – Offer 2  
CHAMIC INDUSTRIAL SERVICES LIMITED  
Clarkes Environmental Ltd – Offer 1  
OCS Environmental Services Limited – Offer 2  
GK Contracts (Scotland) Ltd – Offer 1  
Rhodar Ltd – Offer 2  
Enviraz (Scotland) Ltd – Offer 3  
GK Contracts (Scotland) Ltd – Offer 2  
GK Contracts (Scotland) Ltd – Offer 3  
Rhodar Ltd – Offer 3  
GK Contracts (Scotland) Ltd – Offer 4  
GK Contracts (Scotland) Ltd – Offer 5  
GOWRIE CONTRACTS LIMITED – Offer 1  
GOWRIE CONTRACTS LIMITED – Offer 2  
Enviraz (Scotland) Ltd – Offer 4  
GK Contracts (Scotland) Ltd – Offer 6

Clarkes Environmental Ltd – Offer 2  
Aspect Contracts Limited – Offer 1

### **Lot 3 – Analytical Services**

Environmental Essentials Ltd  
AMS Asbestos Management Services Ltd – Offer 1  
REC Ltd – Offer 1  
AMS Asbestos Management Services Ltd – Offer 2  
REC Ltd – Offer 4  
Life Environmental Services – Offer 1  
REC Ltd – Offer 5  
Redhill Analysts Ltd – Offer 1  
REC Ltd – Offer 2  
Environtec Ltd – Offer 1  
AMS Asbestos Management Services Ltd – Offer 3  
AMS Asbestos Management Services Ltd – Offer 4  
IOM Consulting Ltd – Offer 1  
WSP UK Ltd – Offer 1  
Redhill Analysts Ltd – Offer 2  
REC Ltd – Offer 3  
WSP UK Ltd – Offer 2  
AMS Asbestos Management Services Ltd – Offer 5  
AMS Asbestos Management Services Ltd – Offer 6  
ACRON ASBESTOS LTD – Offer 1  
IOM Consulting Ltd – Offer 2  
Environmental Scientifics Group Limited – Offer 1  
Omega Asbestos Consulting Ltd - Offer 1  
Environtec Ltd – Offer 2  
IOM Consulting Ltd – Offer 3  
Omega Asbestos Consulting Ltd - Offer 2  
Redhill Analysts Ltd – Offer 3

## **8. CONTRACT FOR APPROVAL – PRESENTATION & AUDIO VISUAL EQUIPMENT**

There was submitted a report by the Director of Scotland Excel relative to the framework for Presentation & Audio Visual Equipment covering the period from 1 April 2015 to 31 March 2018, with an option to extend for up to one year until 31 March 2019

The report indicated that the framework would incorporate a wide range of solution based packages for interactive white boards, interactive touch screen display units, interactive projectors, LCD & LED projectors and televisions. Installation and reactive maintenance for those products out with warranty would also feature in this framework. Customers would have a single source option for supply, installation and maintenance thereby increasing efficiency for customers.

The framework consisted of a single lot incorporating interactive white boards featuring various technologies, interactive touch screen display units, interactive and multimedia projectors and televisions. Each product type was offered in a range of models and sizes to suit different requirements and environments. In total 37 products were available along with warranty, installation, commissioning and reactive maintenance.

The forecast annual spend for participating councils was approximately £5-6 million per annum which would allow for expenditure on innovative technology or potential spend through the NHS, Scottish Parliament and council office rationalisation projects.

To date 32 councils and Tayside Contracts had confirmed their intention to participate in this framework from the outset. National Services Scotland (NHS) and the Scottish Parliament have also cited their intention to participate in the framework and this was stated in the contract notice.

**DECIDED:** That the business be awarded as follows:

AVM Impact Ltd  
SSUK Ltd  
TCIB Installations  
Irruptus Limited (t/a Efficient Infrastructure Solutions)

## **9. DATE OF NEXT MEETING**

The next meeting would be held on 27 March, 2015.

## Minute of Meeting Scotland Excel Executive Sub Committee

Date	Time	Venue
Friday, 27 March, 2015	10:45	Glasgow Caledonian University

### PRESENT

I Whyte (City of Edinburgh Council); M McElroy (Glasgow City Council); M Holmes (Renfrewshire Council); and A Westlake (Shetland Islands Council)

Councillor Holmes, Convener, presided.

### BY VIDEO LINK

Councillor P Valentine (Angus Council)

### APOLOGIES

Councillors N Macdonald (Comhairle nan Eilean Siar); G Dykes (Dumfries and Galloway Council); M Smith (Highland Council); G McLean (North Ayrshire Council); and Provost E Logan (South Lanarkshire Council)

### IN ATTENDANCE

J Welsh, Director of Scotland Excel, H Carr, Head of Strategic Procurement; J McLaggan, Business Services Manager; S Blackhall, Senior Information Technology Specialist; Maureen Robertson, Marketing & Communications Manager; T Hand, Senior Procurement Specialist, E Faulds, Interim Support Project Officer (all Scotland Excel); and D Forbes, Finance Manager; E Coventry, Democratic Services Officer; and K Locke, Risk Manager (all Renfrewshire Council).

### DECLARATIONS OF INTEREST

The Clerk intimated this was a standard item on the Agenda and asked members to indicate if there were any declarations of interest.

No declarations of interest were expressed.

### **1. MINUTE OF THE MEETING OF THE EXECUTIVE SUB-COMMITTEE**

There was submitted the Minute of the meeting of the Executive Sub-Committee held on 6 March, 2015.

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

### **2. REVENUE BUDGET MONITORING REPORT**

There was submitted a Revenue Budget Monitoring report by the Treasurer and Director of Scotland Excel for the period 1 April, 2014 to 27 February, 2015.

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

### **3. ASSOCIATE MEMBER REPORT**

There was submitted a report by the Director which provided details of the review of the fee structure for Associate Members of Scotland Excel and outlined proposals for interim fees for Associate Membership to enable further work on funding options to be developed.

The report indicated that in addition to the 32 Local Authorities who were members of Scotland Excel there were 60 Associate Members of the organisation. Once approved for membership by committee, associates could access the Scotland Excel frameworks and benefit from discounted places on training courses delivered by Scotland Excel. The membership fees for these organisations had not been reviewed for a number of years and as Scotland Excel moved toward the delivery of a new business plan a review of the membership arrangements and fees was prudent. Appendix 1 to the report provided details of the current Associate Members.

Current membership fees were based on a number of factors with a set fee of £150 with additional amounts added from a matrix based upon the number of staff and number of locations that the organisation would require suppliers to service.

The report proposed a three tier structure for associate members. Fees for first tier members would be based on a membership fee plus a percentage of the organisation's annual spend over an agreed figure. As an indication this flexible element of the fee would be in the region of 1 or 2% of spend.

For second tier organisations there would be a minimum fee of £500. However, some flexibility in this fee would be exercised and if there were clear community benefits in waiving the fee this would be considered where appropriate.

The bottom tier would be council "arms length organisations" (ALEOs) who accessed the full range of Scotland Excel contracts and training. There was no fee for Council ALEOs however these organisations will still have to make formal application to become associate members and meet the legal requirements of membership.

Following discussion it was agreed that consideration required to be given to an appeals process, a mechanism for rebates, a review of tier designation when organisations expand and consultation prior to introduction. Accordingly it was agreed that a report should be submitted to the next meeting.

**DECIDED:**

- a) That the report be noted; and
- b) That a report be submitted to the next meeting providing details of an appeals process, a mechanism for rebates, a mechanism for review of tier designation when organisations expand, and consultation prior to introduction..

**4. ASSOCIATE MEMBER APPLICATION – SB CARES**

There was submitted a report by the Director of Scotland Excel indicating that a request for associate membership of Scotland Excel had been received from SB Cares. It was noted that SB Cares was an Arms Length External Organisation (ALEO) established by Scottish Borders Council through which it would deliver the Council's statutory duties.

**DECIDED:** That the SB Cares application to join Scotland Excel as an associate member be approved subject to completion and signing of the SLA.

**5. COMMUNICATIONS UPDATE**

A presentation was give by the Marketing Manager providing an update on the Scotland Excel communications strategy.

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

**6. SUPPLIER EXCELLENCE AWARDS AND DEVELOPMENT EVENT**

There was submitted a report by the Director providing details of the Scotland Excel Supplier Excellence Awards and Development Event which would take place on Thursday 11<sup>th</sup> June at the Glasgow Royal Concert Hall to celebrate good practice, innovation and suppliers who go the extra mile.

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

**7. CONTRACT FOR APPROVAL – HEAVY PLANT**

There was submitted a report by the Director of Scotland Excel relative to the framework for the purchase of heavy plant covering the period from 1 March 2015 to 28 February 2018 with an option to extend for up to 1 year to 28 February 2019. The framework covers a range of vehicles and machinery purchased by Councils for operational purposes.

The report indicated that the framework was split into seven lots designed to attract as many companies as possible which supply heavy plant to Councils and to allow tenderers to bid for specific lots.

The forecast annual spend for participating councils was £10.3m per annum equating to £41.2m over the term of the framework including the extension period.

To date 31 Councils and Tayside Contracts had confirmed participation in this framework. East Ayrshire Council is currently carrying out its own tender exercise and will not participate.

**DECIDED:** That the business be awarded as follows:

**Lot 1 – Excavators**

Scot JCB Ltd  
Hamilton Bros Engineering Ltd  
Caledonian Plant  
Liebherr Great Britain Ltd  
Lloyd Ltd

**Lot 2 - Pedestrian Operated Rollers/Compactors/Sprayers/Rammers**

Hamilton Bros Engineering Ltd  
Scot JCB Ltd  
Caledonian Plant  
Bomag GB Ltd

**Lot 3 – Ride-on Rollers**

Scot JCB Ltd  
Caledonian Plant  
Bomag GB Ltd

**Lot 4 – Towed Compressors/Asphalt Mixer**

Scot JCB Ltd

**Lot 5 – Compressors/Generators/Pumps**

Hamilton Bros Engineering Ltd  
Scot JCB Ltd  
Caledonian Plant

**Lot 6 – Forklifts/Telehandlers**

Scot JCB Ltd  
Terberg Matec UK Ltd  
Lloyd Ltd  
Liebherr Great Britain Ltd

**Lot 7 - Trailers**

Hamilton Bros Engineering Ltd  
Lloyd Ltd



## 8. PROFESSIONAL INDEMNITY COVER

There was submitted a report by the Clerk relative to renewal OF Scotland Excel's professional indemnity cover.

On 20 June 2014, the Clerk submitted at paper to the Scotland Excel Joint Committee that set out insurance options for professional indemnity insurance to cover the risk of claims relating to Scotland Excel's procurement functions. The Joint Committee agreed that cover of £10 million should be put in place with a deductible of £50,000. The cover was arranged and has been in place from 1 July 2014, expiring on 31 March 2015.

The report outlined the position with regards to renewing Scotland Excel's professional indemnity cover.

### **DECIDED:**

- a) That it be agreed that cover be renewed on existing terms with effect from 1 April 2015, at an annual premium cost of £63,600; and
- b) That delegated authority be granted to the Director of Scotland Excel to put this cover in place on an annual basis subject to the cover continuing to provide best value, and in consultation with Renfrewshire Council's insurance brokers and advisors, provided there is no significant increase (i.e. a maximum premium of £100,000) in the risks covered or the value of the cover.

## 9. DATE OF NEXT MEETING

The next meeting would be held on 15 May, 2015.

## EXCLUSION OF PRESS AND PUBLIC

**The Board resolved that the press and public be excluded from the meeting during consideration of the following item of business as it was likely, in view of the nature of the business to be transacted that if members of the press and public were present there would be disclosure to them of confidential information as defined in Section 50A (2) of the Local Government (Scotland) Act 1973.**

## 10. SECURE CARE VARIATION REPORT

There was submitted a report by the Director of Scotland Excel relative to the increase in weekly fees for secure care places spread across four dedicated secure units.

Following approval by the Scotland Excel Sub Committee on 10 May 2013, Scotland Excel established four national contracts for 78 secure care beds. The contracts, which came into force on 1 July 2013, were awarded to the four independent providers of secure care in Scotland.

The contract operates until 31 March 2016, with an opportunity to extend by up to one further year to 31 March 2017. The contract allows for an annual application for fee reviews. All four providers could provide services to all 32 councils and the Scottish Government.

From 1 April 2015, all four providers have requested fee increases, ranging from 1.5% to 6.1%. The report detailed the proposed increased fees for each of the providers which would remain fixed to 31 March 2016.

**DECIDED:** That the proposed price increases be accepted.

## Minute of Meeting Scotland Excel Executive Sub Committee

Date	Time	Venue
Friday, 15 May 2015	10:45	Room H018, Centre for Executive Education Building (CEE), Glasgow Caledonian University, Cowcaddens Road, Glasgow, G4 0BA,

### PRESENT

Councillors P Valentine (Angus Council); N Macdonald (Comhairle nan Eilean Siar); I Whyte (City of Edinburgh Council); G Dykes (Dumfries and Galloway Council); M McElroy (Glasgow City Council); M Holmes (Renfrewshire Council); Provost E Logan (South Lanarkshire Council); and A Westlake (Shetland Islands Council).

### CHAIR

Councillor Holmes, Convener, presided.

### IN ATTENDANCE

J Welsh, Director of Scotland Excel, H Carr, Head of Strategic Procurement; J McLaggan, Business Services Manager and J Weaver, Senior Procurement Specialist (all Scotland Excel); R Lewis (Dumfries and Galloway Council); and D Forbes, Finance Manager and D Low, Senior Committee Services Officer (both Renfrewshire Council).

## **APOLOGIES**

Councillors L Erskine and I Chisholm (both Fife Council); M Smith (Highland Council); and G McLean (North Ayrshire Council).

## **DECLARATIONS OF INTEREST**

The Clerk intimated this was a standard item on the Agenda and asked members to indicate if there were any declarations of interest.

No declarations of interest were expressed.

## **ADDITIONAL ITEM**

The Convener intimated that there was an additional item which had not been included in the notice calling the meeting in relation to the appointment of the Head of Customer and Business Services and, being of the opinion that the item was urgent authorised its consideration as item 8 below.

### **1 MINUTE OF EXECUTIVE SUB COMMITTEE**

There was submitted the Minute of the meeting of the Executive Sub-Committee held on 27 March, 2015.

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

### **2 REVENUE BUDGET MONITORING REPORT TO 27 FEBRUARY, 2015**

There was submitted a joint Revenue Budget Monitoring report by the Treasurer and Director of Scotland Excel for the period 1 April, 2014 to 27 February, 2015.

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

### **3 UPDATE ON THE 2015-18 CORPORATE STRATEGY AND OPERATIONAL PLAN**

There was submitted a report by the Director of Scotland Excel relative to the development of a new three year corporate strategy to underpin the next phase of growth for the organisation, and ensure its long term sustainability as a successful local government shared service.

The report provided a summary of the proposed strategic direction for the organisation and included an overview of the key operational activities that would be undertaken to deliver the strategy. The strategy was based around 12 objectives aligned to four business goals: supporting the delivery of better and more effective public services; being sustainable in everything we do; placing customers at the heart of our business; and becoming the partner of choice for delivering shared services.

A copy of the strategy map was attached as an appendix to the report.

**DECIDED:** That the progress being made towards the development of a new corporate strategy and operational plan be noted.

#### 4 **SCOTLAND EXCEL YEAR END REPORT 2014/15**

There was submitted a report by the Director of Scotland Excel relative to the development and activities of Scotland Excel during 2014/15 in terms of the five strategic aims of Scotland Excel.

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

#### 5 **EMPLOYEE ABSENCE MANAGEMENT REPORT**

There was submitted a report by the Director of Scotland Excel relative to the employee absence statistics for Scotland Excel. The report advised of the absence levels for the period to March 2015 and provided information relating to the absence statistics and reasons thereto.

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

#### 6 **ASSOCIATE MEMBER REPORT**

Under reference to item 3 of the Minute of meeting of the Sub-Committee held on 27 March, 2015, there was submitted a report by the Director of Scotland Excel relative to the proposed changes to the fee structure for Associate Membership.

The first level of fee paying groups would pay an annual fee of £500 and these would typically be organisations who accessed contracts on a regular basis, but who were not expected to exceed £10,000 per annum across all contracts.

The second level of fees would be applied to groups with annual spend between £10,000 and £50,000 across the contract portfolio. Membership fees for these organisations would be £1,000 per annum.

The third level would be groups who accessed contracts on a regular basis and where the annual spend was over £50,000. Membership fees for these organisations would be £2,000 per annum with a charge of 1% of contract spend.

Details of the number of organisations within each fee level grouping were included in the appendix to the report.

**DECIDED:** That the fee structure proposed under the groupings of membership identified in the report be approved.

## 7 **CONTRACTS FOR APPROVAL - CARE HOMES FOR ADULTS WITH LEARNING DISABILITIES**

There was submitted an amended report by the Director of Scotland Excel relative to the first national framework agreement for care homes for adults with learning disabilities.

The national framework established consistent quality requirements based on the views and wishes of people with learning disabilities, and expected high standards of individualised support. It introduced greater transparency around costs and supported commissioners to achieve improved value for money. The report intimated that the national framework would also improve understanding of the nature of services and relationship between price and service delivery, and help to develop a stronger basis for effective working relationships between councils and providers. In the longer term, it would provide opportunities for development and improvement of services to meet the aims of the Scottish Government "The Keys to Life" strategy.

**DECIDED:** That the framework agreement be awarded to all providers submitting a compliant bid as detailed below:

Tenderer: Quarriers\*

Care home: Finnart Street

Registered with Care Inspectorate as: Quarriers Finnart Street

Care Inspectorate Care Service Registration number: CS2003001114

Score: 79.5

Band: 1

Deferred Award: N

Tenderer Quarriers\*

Care home: Ashgrove

Registered with Care Inspectorate as: Quarriers – Ashgrove/Glen Valley

Care Inspectorate Care Service Registration number: CS2003001128

Score: 78.9

Band : 1

Deferred Award: Y

Tenderer: Leonard Cheshire Disability\*

Care home: Cheshire House

Registered with Care Inspectorate as: Cheshire House (Care Home)

Care Inspectorate Care Service Registration number: CS2003008524

Score: 78.1

Band: 1

Deferred Award: N

Tenderer: Leonard Cheshire Disability\*

Care home: Pinewood

Registered with Care Inspectorate as: Abi Unit Acquired Brain Injury

Care Inspectorate Care Service Registration number: CS2003010997

Score: 78.1

Band: 1

Deferred Award: Y

Tenderer: Quarriers\*

Care home: Westview

Registered with Care Inspectorate as: Westview  
Care Inspectorate Care Service Registration number: CS2003001112  
Score: 77.8  
Band: 1  
Deferred Award: N

Tenderer: Quarriers\*  
Care home: Davidson House  
Registered with Care Inspectorate as: Quarriers – Davidson/Parklands/Kelly  
Care Inspectorate Care Service Registration number: CS2003001127  
Score: 77.6  
Band: 1  
Deferred Award: Y

Tenderer: Capability Scotland\*  
Care home: Lanarkshire Houses  
Registered with Care Inspectorate as: Lanarkshire Houses  
Care Inspectorate Care Service Registration number: CS2003015475  
Score: 77.0  
Band: 1  
Deferred Award: Y

Tenderer: Capability Scotland\*  
Care home: Upper Springland  
Registered with Care Inspectorate as: Upper Springland  
Care Inspectorate Care Service Registration number: CS2003009777  
Score: 76.7  
Band: 1  
Deferred Award: N

Tenderer: Quarriers\*  
Care home: Riverview  
Registered with Care Inspectorate as: Riverview  
Care Inspectorate Care Service Registration number: CS2003001113  
Score: 76.6  
Band: 1  
Deferred Award: N

Tenderer: Quarriers\*  
Care home: Dunn Street  
Registered with Care Inspectorate as: Dunn Street, Duntocher – Respite Service  
Care Inspectorate Care Service Registration number: CS2010238999  
Score: 76.5  
Band: 1  
Deferred Award: N

Tenderer: Capability Scotland\*  
Care home: Wallace Court  
Registered with Care Inspectorate as: Wallace Court  
Care Inspectorate Care Service Registration number: CS2003001270  
Score: 76.1  
Band: 1  
Deferred Award: Y

Tenderer: Quarriers\*  
Care home: Mavisbank  
Registered with Care Inspectorate as: Mavisbank Gardens  
Care Inspectorate Care Service Registration number: CS2003000874  
Score: 76.1  
Band: 1  
Deferred Award: N

Tenderer: Leonard Cheshire Disability\*  
Care home: Newhaven Road  
Registered with Care Inspectorate as: Leonard Cheshire – Newhaven Road  
Care Inspectorate Care Service Registration number: CS2003010989  
Score: 75.2  
Band: 1  
Deferred Award: Y

Tenderer: Leonard Cheshire Disability\*  
Care home: Wardieburn  
Registered with Care Inspectorate as: Leonard Cheshire Wardieburn Street  
Care Inspectorate Care Service Registration number: CS2003010995  
Score: 75.2  
Band: 1  
Deferred Award: Y

Tenderer: Leonard Cheshire Disability\*  
Care home: Hepburn Court, West Lodge  
Registered with Care Inspectorate as: Hepburn Court, West Lodge  
Care Inspectorate Care Service Registration number: CS2003037897  
Score: 75.0  
Band: 1  
Deferred Award: N

Tenderer: Leonard Cheshire Disability \*  
Care home: Argyle Street  
Registered with Care Inspectorate as: 7-9 Argyle Street  
Care Inspectorate Care Service Registration number: CS2003010993  
Score: 74.8  
Band: 1  
Deferred Award: N

Tenderer: Leonard Cheshire Disability\*  
Care home: Bath Street  
Registered with Care Inspectorate as: 25 Bath Street  
Care Inspectorate Care Service Registration number: CS2003010994  
Score: 74.6  
Band: 1  
Deferred Award: N

Tenderer: Leonard Cheshire Disability\*  
Care home: Alemoor Crescent  
Registered with Care Inspectorate as: Leonard Cheshire Alemoor Crescent  
Care Inspectorate Care Service Registration number: CS2003015503  
Score: 74.4  
Band: 1



Deferred Award: N

Tenderer: Leonard Cheshire Disability\*

Care home: Atkinson Road Respite

Registered with Care Inspectorate as: Atkinson Road Respite

Care Inspectorate Care Service Registration number: CS2004075567

Score: 73.9

Band: 1

Deferred Award: N

Tenderer: Stoneywood Care Services Ltd\*

Care home: Stoneywood House & Villa

Registered with Care Inspectorate as: Stoneywood House & Villa

Care Inspectorate Care Service Registration number: CS2008185591

Score: 73.2

Band: 1

Deferred Award: N

Tenderer: Leonard Cheshire Disability\*

Care home: Letham Court Respite

Registered with Care Inspectorate as: Letham Court Respite

Care Inspectorate Care Service Registration number: CS2003010990

Score: 72.7

Band: 1

Deferred Award: N

Tenderer: Quarriers\*

Care home: Merrybrook

Registered with Care Inspectorate as: Merrybrook

Care Inspectorate Care Service Registration number: CS2003001118

Score: 72.7

Band: 1

Deferred Award: N

Tenderer: Real Life Options\*

Care home: 2 The Steading

Registered with Care Inspectorate as: 2 The Steading

Care Inspectorate Care Service Registration number: CS2011303448

Score: 72.2

Band: 1

Deferred Award: N

Tenderer: Real Life Options\*

Care home: 8-10 Gideon Street

Registered with Care Inspectorate as: 8 – 10 Gideon Street

Care Inspectorate Care Service Registration number: CS2011303450

Score: 72.2

Band: 1

Deferred Award: N

Tenderer: Real Life Options\*

Care home: 86 Pumpherston Road

Registered with Care Inspectorate as: 86 Pumpherston Road

Care Inspectorate Care Service Registration number: CS2011303447

Score: 72.2  
Band: 1  
Deferred Award: N

Tenderer: Real Life Options\*  
Care home: Hawick Project  
Registered with Care Inspectorate as: Hawick Project  
Care Inspectorate Care Service Registration number: CS2011303440  
Score: 72.2  
Band: 1  
Deferred Award: N

Tenderer: Real Life Options\*  
Care home: Longcroft  
Registered with Care Inspectorate as: Longcroft  
Care Inspectorate Care Service Registration number: CS2011303445  
Score: 72.2  
Band: 1  
Deferred Award: N

Tenderer: Real Life Options\*  
Care home: Longstone Grove  
Registered with Care Inspectorate as: Longstone Grove  
Care Inspectorate Care Service Registration number: CS2011303441  
Score: 72.2  
Band: 1  
Deferred Award: N

Tenderer: Leonard Cheshire Disability\*  
Care home: Fife Short Breaks  
Registered with Care Inspectorate as: Short Breaks Glamis House  
Care Inspectorate Care Service Registration number: CS2003037923  
Score 71.6  
Band: 1  
Deferred Award: N

Tenderer: Quarriers\*  
Care home: Fountainview  
Registered with Care Inspectorate as: Quarriers Fountainview  
Care Inspectorate Care Service Registration number: CS2003001116  
Score: 69.3  
Band: 2  
Deferred Award: N

Tenderer: Leonard Cheshire Disability\*  
Care home: Blackadder Road  
Registered with Care Inspectorate as: Leonard Cheshire - Blackadder  
Care Inspectorate Care Service Registration number: CS2003010996  
Score: 65.4  
Band: 2  
Deferred Award: N

Tenderer: Parkcare Homes (No 2) Ltd\*  
Care home: Dunvegan - Stenhousemuir

Registered with Care Inspectorate as: Dunvegan - Stenhousemuir  
Care Inspectorate Care Service Registration number: CS2003015617  
Score: 65.4  
Band: 1  
Deferred Award: N

Tenderer: Parkcare Homes (No 2) Ltd\*  
Care home: Kirklea  
Registered with Care Inspectorate as: Kirklea  
Care Inspectorate Care Service Registration number: CS2003000774  
Score: 65.1  
Band: 1  
Deferred Award: N

Tenderer: Camphill Blair Drummond Trust Ltd\*  
Care home: Camphill Blair Drummond  
Registered with Care Inspectorate as: Camphill Blair Drummond  
Care Inspectorate Care Service Registration number: CS2003011474  
Score: 64.9  
Band: 1  
Deferred Award: N

Tenderer: Care UK Learning Disabilities Services Ltd\*  
Care home: Castle Street  
Registered with Care Inspectorate as: Castle Street  
Care Inspectorate Care Service Registration number: CS2003001388  
Score: 64.7  
Band: 1  
Deferred Award: N

Tenderer: Embrace (Combined) Limited\*  
Care home: Millport  
Registered with Care Inspectorate as: Millport Care Centre  
Care Inspectorate Care Service Registration number: CS2007157969  
Score: 64.5  
Band: 1  
Deferred Award: N

Tenderer: Parkcare Homes (No 2) Ltd\*  
Care home: Drummond House  
Registered with Care Inspectorate as: Drummond House  
Care Inspectorate Care Service Registration number: CS2003001396  
Score: 64.3  
Band: 1  
Deferred Award: Y

Tenderer: The Richmond Fellowship Scotland Ltd\*  
Care home: Todhill Country Centre  
Registered with Care Inspectorate as: Harbourside Project  
Care Inspectorate Care Service Registration number: CS2003001174  
Score: 63.2  
Band: 1  
Deferred Award: N

Tenderer: Care UK Learning Disabilities Services Ltd\*  
Care home: Hollybank  
Registered with Care Inspectorate as: Hollybank  
Care Inspectorate Care Service Registration number: CS2011300798  
Score: 62.4  
Band: 1  
Deferred Award: N

Tenderer: Tiphereth Ltd\*  
Care home: The Hollies  
Registered with Care Inspectorate as: The Hollies  
Care Inspectorate Care Service Registration number: CS2004073783  
Score: 62.4  
Band: 1  
Deferred Award: N

Tenderer: Tiphereth Ltd\*  
Care home: Torphin House & Bluebell Cottage  
Registered with Care Inspectorate as: Tiphereth Ltd  
Care Inspectorate Care Service Registration number: CS2003011130  
Score: 62.4  
Band: 1  
Deferred Award: N

Tenderer: The Mungo Foundation\*  
Care home: Assisi House  
Registered with Care Inspectorate as: Assisi House  
Care Inspectorate Care Service Registration number: CS2003000897  
Score: 61.0  
Band: 1  
Deferred Award: N

Tenderer: Church of Scotland Social Care Council operating as CrossReach\*  
Care home: Cornerstone Threshold West of Scotland Residential  
Registered with Care Inspectorate as: Cornerstone Project  
Care Inspectorate Care Service Registration number: CS2003001401  
Score: 59.6  
Band: 1  
Deferred Award: N

Tenderer: Embrace (Combined) Ltd\*  
Care home: Rockville  
Registered with Care Inspectorate as: Rockville  
Care Inspectorate Care Service Registration number: CS2008178209  
Score: 59.2  
Band: 1  
Deferred Award: N

Tenderer: Milltown Community Ltd\*  
Care home: Milltown Community  
Registered with Care Inspectorate as: Milltown Community  
Care Inspectorate Care Service Registration number: CS2003000345  
Score: 59.1

Band: 2  
Deferred Award: N

Tenderer: The Mungo Foundation  
Care home: Mitre House  
Registered with Care Inspectorate as: Mitre House  
Care Inspectorate Care Service Registration number: CS2003000910  
Score: 59.0  
Band: 1  
Deferred Award: N

Tenderer: Embrace (Combined) Ltd\*  
Care home: Park Lodge  
Registered with Care Inspectorate as: Park Lodge  
Care Inspectorate Care Service Registration number: CS2005087265  
Score: 58.7  
Band: 1  
Deferred Award: Y

Tenderer: Leonard Cheshire Disability\*  
Care home: Kirkliston  
Registered with Care Inspectorate as: 2 Kirklands Park Rigg  
Care Inspectorate Care Service Registration number: CS2003010998  
Score: 58.6  
Band: 2  
Deferred Award: Y

Tenderer: Townend Care Ltd\*  
Care home: Townend Nursing Home  
Registered with Care Inspectorate as: Townend Nursing Home  
Care Inspectorate Care Service Registration number: CS2003010283  
Score: 57.3  
Band: 2  
Deferred Award: N

Tenderer: ENABLE Glasgow Branch\*  
Care home: 19 Alder Road  
Registered with Care Inspectorate as: Alder Road Project  
Care Inspectorate Care Service Registration number: CS2003000839  
Score: 56.5  
Band: 1  
Deferred Award: N

Tenderer: The Richmond Fellowship Scotland Ltd\*  
Care home: Plover Brae  
Registered with Care Inspectorate as: Plover Brae  
Care Inspectorate Care Service Registration number: CS2003011052  
Score: 56.0  
Band: 1  
Deferred Award: N

Tenderer: The Mungo Foundation\*  
Care home: Elderslie Project  
Registered with Care Inspectorate as: Elderslie Project

Care Inspectorate Care Service Registration number: CS2004060920  
Score: 55.8  
Band: 1  
Deferred Award: N

Tenderer: Church of Scotland Social Care Council operating as CrossReach\*  
Care home: The Bungalow  
Registered with Care Inspectorate as: The Bungalow  
Care Inspectorate Care Service Registration number: CS2003000264  
Score: 54.4  
Band: 1  
Deferred Award: N

Tenderer: Parkcare Homes (No 2) Ltd\*  
Care home: Newhouse  
Registered with Care Inspectorate as: Newhouse  
Care Inspectorate Care Service Registration number: CS2003000773  
Score: 54.2  
Band: 2  
Deferred Award: N

Tenderer: Parkcare Homes (No 2) Ltd\*  
Care home: Corsefield  
Registered with Care Inspectorate as: Corsefield  
Care Inspectorate Care Service Registration number: CS2014325454  
Score: 53.8  
Band: 1  
Deferred Award: Y

Tenderer: Parkcare Homes (No 2) Ltd\*  
Care home: Millburn Homes  
Registered with Care Inspectorate as: Millburn Homes  
Care Inspectorate Care Service Registration number: CS2012311539  
Score: 53.8  
Band: 1  
Deferred Award: N

Tenderer: The Mungo Foundation  
Care home: Crannog Care Home  
Registered with Care Inspectorate as: Crannog Care Home  
Care Inspectorate Care Service Registration number: CS2006125795  
Score: 53.0  
Band: 2  
Deferred Award: N

Tenderer: Voyage 1 Limited t/a Voyage Care\*  
Care home: Abbey Gardens  
Registered with Care Inspectorate as: Abbey Gardens Nursing Home  
Care Inspectorate Care Service Registration number: CS2003010806  
Score: 52.3  
Band: 1  
Deferred Award: Y

Tenderer: Camphill Rudolf Steiner School Ltd\*

Care home: Camphill School and Care Home Services Aberdeen  
Registered with Care Inspectorate as: Camphill School and Care Home Services Aberdeen  
Care Inspectorate Care Service Registration number: CS2009196657  
Score: 52.3  
Band: 1  
Deferred Award: Y

Tenderer: The Mungo Foundation\*  
Care home: Lanark Project  
Registered with Care Inspectorate as: Lanark Project  
Care Inspectorate Care Service Registration number: CS2003001400  
Score: 51.7  
Band: 2  
Deferred Award: N

Tenderer: Guthrie Court Ltd\*  
Care home: Moorpark Place  
Registered with Care Inspectorate as: Moorpark Place Kilbirnie  
Care Inspectorate Care Service Registration number: CS2011301541  
Score: 50.3  
Band: 1  
Deferred Award: N

Tenderer: Embrace (Combined) Ltd\*  
Care home: Blackwood  
Registered with Care Inspectorate as: Blackwood Care Centre  
Care Inspectorate Care Service Registration number: CS2011286816  
Score: 49.9  
Band: 2  
Deferred Award: Y

Tenderer: ENABLE Glasgow Branch\*  
Care home: Balshagray House  
Registered with Care Inspectorate as: Balshagray House  
Care Inspectorate Care Service Registration number: CS2003000838  
Score: 49.8  
Band: 2  
Deferred Award: N

Tenderer: Embrace (Combined) Ltd\*  
Care home: Kirkton House Nursing Home  
Registered with Care Inspectorate as: Kirkton House Nursing Home  
Care Inspectorate Care Service Registration number: CS2005089201  
Score: 49.7  
Band: 2  
Deferred Award: N

Tenderer: Archway (Respite Care and Housing ) Ltd\*  
Care home: Archway, Berryden Mills (Berryden Mills, Aberdeen)  
Registered with Care Inspectorate as: Berryden Mills  
Care Inspectorate Care Service Registration number: CS2003000243  
Score: 49.6  
Band: 1

Deferred Award: N

Tenderer: Sense Scotland \*

Care home: Overbridge

Registered with Care Inspectorate as: SENSE (Overbridge) 1+2 + Annexe

Care Inspectorate Care Service Registration number: CS2003000891

Score: 48.2

Band: 1

Deferred Award: Y

Tenderer: Oakview Estates Ltd t/a Danshell Group\*

Care home: Ellen Mhor

Registered with Care Inspectorate as: Ellen Mhor

Care Inspectorate Care Service Registration number: CS2013318501

Score: 48.0

Band: 1

Deferred Award: N

Tenderer: Oakview Estates Ltd t/a Danshell Group

Care home: Ranaich House

Registered with Care Inspectorate as: Ranaich House

Care Inspectorate Care Service Registration number: CS2013318502

Score: 48.0

Band: 1

Deferred Award: N

Tenderer: Oakview Estates Ltd t/a Danshell Group\*

Care home: Trinity House

Registered with Care Inspectorate as: Trinity House

Care Inspectorate Care Service Registration number: CS2013318503

Score: 48.0

Band: 1

Deferred Award: N

Tenderer: Voyage 1 Limited t/a Voyage Care \*

Care home: Barrington House

Registered with Care Inspectorate as: Barrington House

Care Inspectorate Care Service Registration number: CS2003001164

Score: 46.9

Band: 1

Deferred Award: N

Tenderer: Voyage 1 Limited t/a Voyage Care\*

Care home: Beechmount

Registered with Care Inspectorate as: Beechmount

Care Inspectorate Care Service Registration number: CS2003001296

Score: 46.8

Band: 1

Deferred Award:N

Tenderer: Tigh a'Chomainn Camphill Ltd

Care home: Tigh a'Chomainn Camphill

Registered with Care Inspectorate as: Tigh-A'Chomainn

Care Inspectorate Care Service Registration number: CS2003000261



Score: 46.8  
Band: 2  
Deferred Award: N

Tenderer: Voyage 1 Limited t/a Voyage Care\*  
Care home: Treddinloch  
Registered with Care Inspectorate as: Treddinloch  
Care Inspectorate Care Service Registration number: CS2003011572  
Score: 46.7  
Band: 1  
Deferred Award: N

Tenderer: The National Autistic Society\*  
Care home: Catrine Bank  
Registered with Care Inspectorate as: not registered as a care home  
Care Inspectorate Care Service Registration number: N/A  
Score: 46.3  
Band: 1  
Deferred Award: Y

Tenderer: Swanton Care and Community \*  
Care home: Southfields  
Registered with Care Inspectorate as: Southfields  
Care Inspectorate Care Service Registration number: CS2003055991  
Score: 46.2  
Band: 1  
Deferred Award: Y

Tenderer: Archway (Respite Care and Housing) Limited\*  
Care home: Archway, Dyce (153 Victoria Street, Aberdeen)  
Registered with Care Inspectorate as: 153 Victoria Street  
Care Inspectorate Care Service Registration number: CS2003000242  
Score: 45.1  
Band: 1  
Deferred Award: N

Tenderer: Archway (Respite Care and Housing) Limited  
Care home: Archway, Two Mile Cross (31 Two Mile Cross, Aberdeen)  
Registered with Care Inspectorate as: 31 Two Mile Cross  
Care Inspectorate Care Service Registration number: CS2003000245  
Score: 45.1  
Band: 1  
Deferred Award: N

Tenderer: Scottish Autism\*  
Care home: South West - Staikhill  
Registered with Care Inspectorate as: Scottish Autism – South West Area Services - Staikhill  
Care Inspectorate Care Service Registration number: CS2003015114  
Score: 44.0  
Band: 1  
Deferred Award: N

Tenderer: Scottish Autism \*

Care home: Parkside Court  
Registered with Care Inspectorate as: Parkside Court  
Care Inspectorate Care Service Registration number: CS2003011035  
Score: 43.4  
Band: 1  
Deferred Award: N

Tenderer: Scottish Autism\*  
Care home: Central Supported Accommodation  
Registered with Care Inspectorate as: Scottish Autism, Central Scotland Area Services – Supported Accommodation  
Care Inspectorate Care Service Registration number: CS2003011551  
Score: 42.1  
Band: 1  
Deferred Award: N

Tenderer: Embrace (Combined) Limited\*  
Care home: Birch House  
Registered with Care Inspectorate as: Birch House  
Care Inspectorate Care Service Registration number: CS2005089202  
Score: 42.0  
Band: 2  
Deferred Award: Y

Tenderer: Archway (Respite Care and Housing) Limited\*  
Care home: Archway, Westburn Road (71 Westburn Road)  
Registered with Care Inspectorate as: 71 Westburn Road  
Care Inspectorate Care Service Registration number: CS2003000244  
Score: 41.2  
Band: 2  
Deferred Award: N

Tenderer: Voyage 1 Limited t/a Voyage Care\*  
Care home: 34 – 38 Mannering Avenue  
Registered with Care Inspectorate as: 34 – 38 Mannering Avenue  
Care Inspectorate Care Service Registration number: CS2009228236  
Score: 39.2  
Band: 1  
Deferred Award: Y

Tenderer: Camphill Rudolf Steiner School Ltd\*  
Care home: Cairnlee house  
Registered with Care Inspectorate as: Cairnlee House  
Care Inspectorate Care Service Registration number: CS2003000252  
Score: 37.7  
Band: 2  
Deferred Award: N

Tenderer: Scottish Autism \*  
Care home: 149 Lamphinnas Road  
Registered with Care Inspectorate as: 149 Lamphinnas Road  
Care Inspectorate Care Service Registration number: CS2003006903  
Score: 34.6  
Band: 1

Deferred Award: N

Tenderer: Inspired Independent Living\*

Care home: West Park Care Home

Registered with Care Inspectorate as: not registered as a care home

Care Inspectorate Care Service Registration number: N/A

Score: 32.9

Band: 1

Deferred Award: Y

Tenderer: Scottish Autism\*

Care home: Clannalba Respite and Transitional Assessment Service

Registered with Care Inspectorate as: Clannalba Respite and Transitional Assessment Service

Care Inspectorate Care Service Registration number: CS2003001385

Score: 26.7

Band: 1

Deferred Award: N

Tenderer: Orem's Care Services

Care home: Ashleigh Cottage

Registered with Care Inspectorate as: Orem's Care Services Ltd - Gargunnock

Care Inspectorate Care Service Registration number: CS2003055637

Score: 24.9

Band: 1

Deferred Award: N

Tenderer: Scottish Autism\*

Care home: New Ridgemark

Registered with Care Inspectorate as: New Ridgemark

Care Inspectorate Care Service Registration number: CS2003001386

Score: 24.5

Band: 1

Deferred Award: N

Asterisk (\*) denotes recommended providers

## 8 APPOINTMENT OF THE HEAD OF CUSTOMER AND BUSINESS SERVICES

There was submitted an amended report by the Director of Scotland Excel advising of the recruitment process for the appointment of the Head of Customer and Business Services.

### **DECIDED:**

(a) That the recruitment process detailed in the report be noted; and

(b) That S Brannagan be appointed to the post of Head of Customer and Business Services.

**9 DATE OF NEXT MEETING**

The next meeting would be held on 12 June, 2015 at 10.15 a.m.



## Minute of Meeting Scotland Excel Chief Officers Management Group

Date	Time	Venue
Friday, 23 March 2015	14:30	Glasgow Caledonian University

### PRESENT

G Proudfoot (North Lanarkshire Council); S Black (Renfrewshire Council) and C Leese-Young (West Lothian Council).

### BY VIDEOLINK

S Barron and J Hyslop (both Highland Council); and D Robertson and K Dickson (Scottish Borders Council).

### IN ATTENDANCE

J Welsh, Director; H Carr Head of Strategic Procurement; J McLaggan, Business Services Manager; and A Richmond, Senior Procurement Specialist (all Scotland Excel); and E Coventry, Democratic Services Officer (Renfrewshire Council).

### APOLOGIES

C Innes (Aberdeen City Council); S Bruce and N Smith (City of Edinburgh Council); A Lewis, Head of Procurement (Glasgow City Council); A Gould (Highland Council); G Whitefield (North Lanarkshire Council) and G Hope (West Lothian Council).

## 1. **MINUTE**

There was submitted the Minute of the meeting of the Management Group held on 14<sup>th</sup> November, 2014.

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

## 2. **PROGRESS REPORT – BUSINESS PLAN 2014**

There was submitted a report by the Director of Scotland Excel which provided an update on the development and activities of Scotland Excel since the last meeting in terms of the five strategic aims of Scotland Excel.

Following discussion it was agreed that Item (a) “Deliver the Contract Delivery Programme on Time and Secure Savings in Line with Agreed Predictions” of the Best value Strategic Aim, should be regarded ‘Red’ in terms of the RAG Status due to the slippage in a number of contracts which were due to be delivered in 2014/15.

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

## 3. **REVENUE BUDGET MONITORING**

There was submitted a Revenue Budget Monitoring Report by the Treasurer and the Director of Scotland Excel relative to the Revenue Budget in position for Scotland Excel to 30<sup>th</sup> January 2015.

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

## 4. **SPEND ACTIVITY AND ESTIMATED FORECAST SAVINGS REPORT – Q2 2014/15**

There was submitted a report by the Director of Scotland Excel providing an overview of the spend activity and estimated savings achieved through the Scotland Excel collaborative contracts. The report included additional spend data provided by suppliers since the last meeting. The report covered 4 quarters from 1<sup>st</sup> October, 2013 (Quarter 3 2012/13) to 30<sup>th</sup> September, 2014 (Q2 2014/15). The report covered 60 contracts in quarter 3, 53 contracts in quarter 4, 51 contracts in quarter 1 and 53 contracts in the last reporting period.

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

## 5. **UPDATE ON THE CONTRACT DELIVERY SCHEDULE**

There was submitted a report by the Director of Scotland Excel which provided an update on the contract delivery schedule and contract delivery plan, summarised the progress made to date and delivery against priorities previously defined and focussed on developing and delivering new contract opportunities.

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

## **6. UPDATE ON THREE YEAR DEVELOPMENT PLAN**

The Director of Scotland Excel provided an update on the preparation of the three year development plan which would be submitted to the meeting of the Joint committee to be held in June 2015.

To facilitate the business review, a proposal for a six-month extension to the current Business Plan and a one year Revenue Budget Estimate 2015/16 was approved by the Executive Sub Committee on 3<sup>rd</sup> October, 2014. The Executive Sub-Committee also approved the continuation and implementation of workforce planning measures to allow for flexibility within the organisational structure.

The Director indicated that she had engaged with stakeholder groups to listen and understand their requirements from the current Business Plan. She indicated that she had introduced an internal change programme and implementation of workforce planning measures to allow for flexibility within the organisational structure.

The Plan would identify funding models/options, outline a menu of options for councils, and would enable Scotland Excel to lead on best practice and change.

The five key areas of the business plan would be updated to reflect new targets and initiatives required to enable continued progress.

### **DECIDED:**

- (a) That the proposed programme of work for the new three year Business Plan be noted; and
- (b) That the Chief Executive Officer Management Group be updated on progress made with the Plan.

## **7. DELIVERY OF NATIONAL CARE HOME PROJECT**

There was submitted a report by the Director of Scotland Excel which provided a progress update regarding Scotland Excel taking on a much more active role in the procurement and management of the National Care Home Contract and set out the expected benefits and potential risks.

Scotland Excel was in dialogue with COSLA to move forward with a value proposition and a series of sample reports had been produced for council and partnership feedback.

The report indicated that management of the National Care Home Contract could not be undertaken within present resources. The skills required to effectively manage the National Care Home Contract included procurement, commissioning, data analysis, financial accounting and risk management. The resources to support these activities needed to reflect the contract spend, circa £600m per annum with approximately 353 providers across circa 887 care homes. The resources currently in place provided capacity only to annually negotiate fees, as well as some policy development work. It was estimated that Scotland Excel would require circa £250k per annum to undertake the necessary activities. This would deliver a 0.5FTE commissioning manager, 0.5FTE legal services, one procurement specialist, a financial specialist, a data specialist and administrator. The overall cost to councils was estimated at only 0.04% of the current expenditure across Scotland.

A full project plan for transfer of responsibilities would be drawn up following formal agreement to the transfer of procurement activity to Scotland Excel.

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

#### **8. MEMBERSHIP AND FUTURE AGENDA**

The Chair indicated that the Clerk would be writing to the current members of the Group to ask if they would be prepared to continue as members for a further year pending a review of the governance arrangements.

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

#### **9. SUPPLIER AWARDS EVENT**

The Director advised that a Scotland Excel Supplier Excellence Awards and Development Event would take place on Thursday 11<sup>th</sup> June at the Glasgow Royal Concert Hall to celebrate good practice, innovation and suppliers who go the extra mile.

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

#### **10. DATE OF NEXT MEETING**

The next meeting would be held on 29 May, 2015.



## Scotland Excel Joint Committee

To: Joint Committee

On: 12 June 2015

### Report by Director

#### Three Year Strategic Plan and Operating Plan

##### 1. Introduction and Purpose

Scotland Excel has developed its new three year corporate strategy to underpin the next phase of growth for the organisation, and ensure its long term sustainability as a successful local government shared service. This report provides a summary of the proposed strategic direction for the organisation, and includes an overview of the key operational activities that will be undertaken to deliver the strategy.

##### 2. Planning Methodology

Stakeholder input has formed a key component in setting the new strategic direction for Scotland Excel. A significant stakeholder engagement programme was initiated and led by the new director and provided the basis of the three year strategy proposed.

The plan seeks to deliver our strategic outcomes which are designed to support our customers in achieving their goals.

The new Scotland Excel vision seeks to provide an ambitious future for the organisation that is underpinned by clarity in our core mission with strong values focussed on our people and our customers.

The strategy is based around 12 objectives aligned to four business goals:

- 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

Our strategic planning methodology comprises of two key documents:

**Three year strategic plan** (Appendix 1)

The three year strategy has been redesigned and members will note the departure from the previous traditional “business plan” style. This change is designed to be more applicable to our wider stakeholder base, provide a more contemporary view and also to improve clarity of the key messages contained within it. **Diagram 1** represents the key components of the three year strategy document and its relationship with the operating plan. Our **strategy map** contained within the document provides a one page overview of the key elements of the Scotland Excel three year strategy.

**Diagram 1**



**Operating plan**

(Appendix 2)

A rolling annual operating plan has been developed to record the high level activities and commitments that will be delivered to achieve each of our four goals. This plan will be used to set detailed annual performance objectives and targets for the organisation and employees.

The operating plan will be reviewed and updated each year to ensure that activities remain closely aligned with the goals of the three year strategy, and to respond to changes in the external environment. Appendix 1 provides a **draft** of the high level activities and commitments in the first year operating plan.

A completed operating plan including targets and KPIs will be submitted to the next Executive Sub Committee on approval of the three year strategy.

**3. Implementation and Measuring Performance**

On approval of the three year strategic plan, Scotland Excel will complete the development of the annual operating plan. This plan will then be utilised to cascade objectives and activities throughout the organisation in order to deliver our agreed goals. Once approved the strategy and operating plan will be issued to all Joint Committee members and communicated to our wider stakeholder group.

Clear annual performance metrics will be provided and progress reported to governance bodies on a quarterly basis.

**4. Conclusion**

Members are asked to approve the proposed three year strategy and to approve the draft operating plan provided.



# Corporate Strategy

01 April 2015 – 31 March 2018

## Foreword

Scotland's public sector spend on procuring goods and services has grown substantially over the past few years and there is no sign this growth is set to decrease anytime soon. Procurement has been very successful in turning the desire – which has now turned into a necessity – to save the public sector money and to achieve best value. That necessity continues.

However I am determined that procurement is not a mechanism used to drive down quality - not quality of product and not quality of life. In my view there is something fundamentally wrong about public bodies using procurement to export cuts onto the private, the voluntary and the independent sectors. Procurement is not and should not be about securing inferior quality of services, driving down pay and lowering terms and conditions.

That is why taking a strategic approach to procurement is more important now than ever. Procurement teams across Scotland can and are helping the public sector deliver their policy priorities and I am proud of the role Scotland Excel plays in this. It is a given that because of the cuts to the public sector we need to find new and innovative ways of delivering services that people need and want and do so at an affordable cost.

At the same time we need to drive up quality, to protect those who are in low paid professions, to create apprenticeships and jobs and to leverage the maximum benefits we can from this spend. This is not a binary choice – the challenge is to do both, at one and the same time.

Scotland Excel currently saves local authorities in the region of £20million per year. That's money that can be spent in schools, in social work and in repairing our roads. We need to become better at measuring the other benefits that procurement can bring – for example the jobs supported and created and the increase in quality of service.

Scotland Excel's social care frameworks are helping to make budgets go further as demand grows. These frameworks are not about driving down price – in fact Scotland Excel will highlight when it is necessary to increase rates to ensure the sustainability of service provision. The real benefit of these frameworks is increased transparency and consistency that makes it easier for individual service users and local authorities to find the services which best meet their needs.

As a Centre of Procurement Expertise, Scotland Excel is well placed to deliver more for local authorities, both individually and collectively. It is pleasing that we are being asked to do more, and we expect the value of our procurement portfolio to increase by around 25% in the next year alone.

Our new strategy will bring a renewed focus to measuring the number of people being paid the living wage, the number of apprenticeships and jobs created and sustained, the support for small and medium sized enterprises, the advancement of the environmental agenda and other community benefits.

Scotland Excel will continue to deliver services which support procurement capability across the sector, to ensure that every council can achieve the maximum benefit from procurement at a local level. In particular, our work to attract and develop school, college and university leavers to local government procurement will help to create opportunities for our young people and strengthen the talent pool within our teams.

Scotland Excel's new corporate strategy is ambitious. To achieve our goals, we have embarked on a major change programme to transform the organisation. As demand for our services grows, we are developing new funding models to ensure we can deliver what our stakeholders want of us on a long term and sustainable basis.

Scotland Excel is a great example of a shared service. We deliver positive results for all of our customers – there is not an area in Scotland where we are not both saving money and supporting the local economy.

The next three years will be challenging but I have every confidence that Scotland Excel will seize the opportunity it has to continue to grow and provide excellence to our customers, to our suppliers and, most importantly, to our communities.

Cllr Mike Holmes

Deputy Leader of Renfrewshire Council, and  
Convener of Scotland Excel's Joint Committee

## Introduction

When I joined Scotland Excel on 1 September 2014, as a previous customer I thought I knew all about the organisation, the local government sector and collaborative procurement. I have since been on a voyage of discovery, both geographically and in respect of my knowledge and experience.

What I have learned over these months has recalibrated my position. I am now more fully aware of just how much the sector has achieved in the last seven years and – more importantly – the huge opportunity we all have to increase collaboration and drive further social, economic and environmental benefits from our £6.4bn spend.

Since we launched in 2008, Scotland Excel has achieved some remarkable results, not least of which was securing all 32 local authorities as members. Many attempts to establish shared services have failed, so the fact that, seven years on, all councils are continuing to work together through Scotland Excel is evidence of the value we have brought to the sector.

The contract portfolio has grown from £100m in 2008 to £648m today. We have achieved average savings in excess of 5%, worth around £55m in the last three years. And this is before you consider the other benefits of collaboration – efficiency, rebates, price negotiations, sustainable procurement, community benefits – as well as the huge increase in the commercial capability across the local authority procurement landscape.

When the Procurement Capability Assessment (PCA) was introduced to the public sector in 2009, Scotland's councils were scoring an average of 22%. By 2014, the sector average had increased to 62%. As I know from my personal experience at Renfrewshire Council, this is no mean feat. It takes years of investment, commitment and hard work. I am proud of what we have achieved as a sector, and of Scotland Excel's role in leading and supporting councils to continuously improve their performance.

So now can we all sit back and tell tales of our greatness? Definitely not! The last seven years have only been the beginning. The building blocks are in place, but things are about to get a whole lot tougher.

Financial constraints are growing, and procurement is an obvious source of savings. Not only that, the rise of public procurement as a policy driver has meant that the days of simple 'tendering' are far behind us. Contract strategies now consider areas which were virtually unheard of 5 years ago...

... Is the supplier ethical? ... Do they consider the environment? ... Do they treat their staff well? ... What about their subcontractors? ... What can they do for our local communities?

Expectations from procurement continue to increase and rightly so. Over the next year, we will see the introduction of new legislation to support the sustainability agenda. It is a positive development, but one that will place a greater burden on procurement teams.

2015 will see the introduction of a new assessment regime to replace the PCA. This is designed to ensure councils are thinking commercially across their organisations, and not just in their procurement teams.

These are just some of the reasons why there are still huge opportunities for collaboration and shared services in our sector. Scotland Excel will be the partner of choice in achieving this. I see huge potential for the sector and for this organisation; our three year strategy is the first step in delivering this.

Underpinning all that we do is a positive culture and commitment to excellence. Our values are hugely important to us; they have been developed by every member of our team, and we have all agreed to live by them. This will support better engagement with our customers, and we expect continuous improvement in everything we do.

Despite the challenges ahead, I believe that Scotland Excel can help our customers deliver better and more cost effective public services. Our sector has a track record of excellence; let's build on that to make the next 3 years the most successful yet.

Julie Welsh  
Director, Scotland Excel

## Context

Since 2008, Scotland Excel has proved the value of collaboration to the local government sector through national contracts and initiatives to support procurement capability within councils. But like our customers, we operate in an ever changing landscape and can never stand still. Our new strategy has been developed to meet a number of challenges in our external environment, affecting both our organisation and our sector, including some of the key issues highlighted below.

### Financial challenges

In 2013/14, Scotland's 32 councils spent almost £6.4 billion on goods and services, equivalent to c. £1,192 for every person in Scotland. Current projections suggest that the population of Scotland will rise to 5.78 million by 2037, with the number of people aged 65 and over increasing by 59%, from 0.93 million to 1.47 million. These demographic changes will undoubtedly increase demand for services across the local government sector and the public sector as a whole.

Meanwhile, the past five years have brought significant cuts to public sector expenditure, and it is likely that this will continue over the next five years. Set against the context of growing demand, it is apparent that there are significant financial challenges ahead. Organisations must find new ways of working to deliver services to our communities. It has never been more important for Scotland Excel to help councils achieve as much value as possible from every penny they spend.

### Legislative changes

The Procurement Reform (Scotland) Act 2014 places a number of new statutory duties on public sector organisations. The provisions of the Act, together with recent changes to EU procurement directives, will be incorporated into new procurement regulations which will come into force later this year. Scotland Excel must be ready to comply with the new regulations and to support our customers in doing the same.

The Public Bodies (Joint Working) (Scotland) Act 2014 introduced a framework for integrating health and social care, described as the most substantial reform to the NHS in a generation. Integrated Joint Boards (IJBs) have been established locally to manage almost £8bn of health and social care resources, including the ongoing implementation of self directed support. Scotland Excel must act on these changes, working with partners in health to ensure procurement services respond to the needs of the new Boards.



In June 2014 the Community Empowerment (Scotland) Bill was introduced to the Scottish Parliament. This Bill sets out to empower our communities in making decisions about their local areas, including how services are provided. Although it is too early to determine the impact this may have on the procurement of such services, Scotland Excel must keep a watching brief on proposed legislation, and ensure that we are ready to engage with Community Planning Partnerships (CPPs) when required.

## **Social value**

The recently published Scottish Government report, *Severe Poverty in Scotland*, indicated poverty is becoming more entrenched, with one in ten of our population living in severe or extreme poverty. Households with the lowest incomes are bearing a greater burden from public spending cuts.

Scotland's local authorities are committed to tackling social inequality. As well as improving the wellbeing of their communities, it can also reduce demand for support services that are often a consequence of deprivation. There is a real focus across the public sector on prevention rather than intervention; on delivering positive outcomes for individuals, not just services to mitigate harm.

Scotland Excel must continue to do what it can to support equality and social value in communities. There are a number of ways we can help – from supporting the delivery of affordable social care services that provide positive outcomes, encouraging suppliers to pay Living Wage, to facilitating the creation of local jobs and apprenticeships through community benefits in our contracts.

## **Resourcing procurement**

Over the past few years, it has become apparent that strategic procurement can help councils save money, create efficiencies, develop service innovations, comply with legislation, realise social value, and deliver policy priorities. As a result, procurement functions across Scottish local authorities have seen further investment that clearly has the potential to pay for itself.

However, this has created challenges in the availability and retention of qualified procurement professionals. Scotland Excel must consider what we can do to ensure that both our organisation and our members can resource plans and continue to realise the benefits of improved public procurement.

## Our strategy

Scotland Excel is fully aware that the next three years will bring significant challenges for both our organisation and the sector. We are confident that we can meet these challenges and provide the support our sector needs in a rapidly changing world. Central to all of this is engagement with our customers and, indeed, the strategy that follows was developed in consultation with our members. The road ahead will not be without its twists and turns, but we are positive that we have developed a strategic map that will enable us to navigate a successful path for our organisation and our customers.

# Strategy Map

## 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.

## Values

**Professional • Courageous • Respectful • Integrity**

## Outcomes

Our services support the effective and efficient delivery of public services	Our services support the implementation of national and local policy priorities	Our customers receive relevant communication and support	Our people, policies, processes and technology optimise our value
Our expertise supports continuous improvement in our sector's procurement performance	Our services help to deliver positive and sustainable outcomes for communities and service users	Our reputation demonstrates the value of collaboration	Our customers are satisfied with our services and achieve a measurable return on their investment

## Goals

<p>1: Supporting the delivery of better and more effective public services</p> <p><b>Strategic objectives:</b></p> <p>1.1 Deliver a range of collaborative procurement and supplier development services which support customers at a strategic and operational level</p> <p>1.2 Deliver a range of shared services which support customers in the development of their professional, organisational and commercial capability</p> <p>1.3 Deliver a range of new shared services which support the effectiveness and efficiency of customer operations</p>	<p>2: Being sustainable in everything we do</p> <p><b>Strategic objectives:</b></p> <p>2.1 Work with stakeholders to develop procurement strategies which support the delivery of national and local policy priorities</p> <p>2.2 Deliver positive and measurable social, economic and environmental impact to local communities</p> <p>2.3 Lead and support customers in the development and implementation of best practice in sustainable procurement</p>	<p>3: Placing customers at the heart of our business</p> <p><b>Strategic objectives:</b></p> <p>3.1 Work with customers to develop and implement bespoke plans for maximising the value of our services</p> <p>3.2 Develop robust communications strategies which support customer engagement and position Scotland Excel and its customers as leaders in public procurement /shared services</p> <p>3.3 Represent the views and needs of customers in the wider stakeholder environment</p>	<p>4: Becoming the partner of choice for delivering shared services</p> <p><b>Strategic objectives:</b></p> <p>4.1 Implement organisational development policies which support a highly skilled, motivated and engaged workforce</p> <p>4.2 Implement best practice processes and technology which support the efficient and effective delivery of services to customers</p> <p>4.3 Implement robust strategies, governance, risk management and funding models which demonstrate a measurable return on investment to customers and secure Scotland Excel's future</p>
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## 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 shared services which support the effectiveness and efficiency of customer operations

The strain on public services is increasing, with growing demand and declining budgets to support their delivery. Grant funding has reduced by over 8% since 2010/11, creating difficult decisions for councils. Tackling inequality is a major challenge, and councils have to balance diverse requirements for public services from a growing, and ageing, population.

In this context, it is imperative that every penny spent in the sector is spent wisely. Collaborative procurement and shared services have a key role to play in increasing efficiency and ensuring money is saved to protect front line services. A strategic approach to procurement can also support innovation in service delivery and bring wider economic, environmental and social benefits to communities.

Over the past seven years, Scotland Excel has demonstrated the value it brings to local authorities in all of the above ways. Annual savings from our contract portfolio are approaching £20m, which equates to a return of around £6 for every £1 members invest in our fees. Over and above this, councils have made further savings from rebates and price negotiations, which are delivered through our robust supplier and contract management practices.

Many of our frameworks support innovations that improve outcomes for service users. For example, our telecare and telehealth technologies framework is addressing long standing interoperability issues to provide a better choice of products for users that enables them to remain safe at home. A recent framework for online school payments systems offers security and convenience for parents and pupils, while improving efficiency for councils.

Scotland Excel has championed the use of community benefit clauses in collaborative contracts to provide additional social value from public spend. These have been incorporated into all contracts since January 2013, and have so far supported 33 apprenticeships, 108 jobs, 174 work experience placements and a range of local charity and community initiatives.

As public sector funding reduces, it is imperative that we continue to deliver the best possible value across our sector. Our key areas of growth are led by sector priorities and include social care, construction and ICT. However, as local authorities explore alternative delivery models, we must be able to adapt to a rapidly changing landscape.

We need to ensure a comprehensive knowledge and understanding of our markets to deliver the right specification at the right price. This will be supported by improvements to our contract and supplier management programme to drive value throughout our supply chains.

To truly achieve best value for our sector, we must continue to support our customers with their efforts to improve their procurement and commercial capability at a local level. Our award-winning learning and development programme and change projects delivered by our reform team have helped the sector to realise a measurable improvement in procurement performance.

Average PCA scores have increased three-fold over five years, demonstrating the exceptional level of commitment that exists among local authorities. Many are now ready to move to new stage of development, and we must adapt to their demands by refreshing our learning and development offering and ensuring the long term sustainability of services which lead and support change.

## Our commitments

### Contract delivery

Our rolling contract delivery plan is developed and agreed in partnership with our customers. Growth areas are social care, construction and ICT, and this is where most of the new contract opportunities have been identified. However, we also build time for the renewal of existing contracts into our plans.

There are currently 12 new contracts in development which are scheduled for completion by March 2016. This will bring the number of contracts in our portfolio to **57, with an annual value of c. £860m**. We are also pursuing potential opportunities arising from the Local Government ICT Strategy, and are in discussions with COSLA to manage the National Care Home Contract from 2016 which would bring the annual value of our portfolio to c. £1.5bn.

Further new contract opportunities will be identified and added to the plan over the coming three years in consultation with stakeholders. In response to recent feedback, this will include some low value contracts that deliver efficiencies for council procurement teams although the potential for savings is limited. We will also

look at opportunities to develop cluster contracts that meet the needs of groups of local authorities.

To ensure that focus can be maintained on key priorities within the contract delivery plan, we will review our internal processes to streamline the delivery of renewed contracts where we already have a robust understanding of the market and stakeholder requirements. Options include a more flexible approach to stakeholder engagement to shorten contract development timescales, a lighter touch for internal governance requirements, and merging frameworks which have common suppliers.

We will also develop a flexible workforce model to enable us to respond to emerging opportunities at a time when demand for procurement professionals remains high. A structured approach to attracting and developing new entrants will enable us to resource low value/low risk contracts while providing the right environment for staff to gain experience and confidence before moving into more complex areas.

## **Contract and supplier management**

Scotland Excel will continue to review and enhance its contract and supplier management (CSM) programme to ensure that our frameworks are providing best value and delivering the social, economic and environmental commitments made by suppliers as part of their tender.

A new sampling methodology will ensure better targeting of CSM surveys by linking selection of respondents to spend value. Questionnaires are being reviewed to ensure that they are more closely aligned to the priorities of each category, and the scheduling of surveys will reflect the buying patterns for commodities and services.

The reporting capabilities of the system which underpins CSM will be enhanced to provide more detailed information to help contract owners manage supplier performance effectively. Reports will be shared with customers to increase transparency, highlight trends, and provide insight into the actions we are taking to improve performance.

## **Supplier development**

As part of our CSM model, we will deliver a programme of supplier development activities to help suppliers understand and respond to the needs of councils. We will identify areas of innovation and good practice, ensuring that suppliers are recognised for their efforts and, where appropriate, encouraging them to share their knowledge to increase standards across the supply base.

The inaugural Supplier Excellence Awards and Development Event takes place in June 2015. This is Scotland's first public procurement awards programme aimed solely at suppliers, and has generated significant interest from our supply base and partner organisations. The event encompasses a 'Meet the Buyer' exhibition and seminar programme, which is open to all suppliers, as well as the awards ceremony for our framework suppliers. Our intention is to make the event an annual fixture in the calendar.

Looking to the future, we will explore opportunities to increase the value that key suppliers can bring to the sector. By building partnerships and involving suppliers at an early stage, we can help to shape markets and encourage the development of innovative solutions that better support the delivery of council services and lead to improved outcomes for their users.

### **Procurement capability**

Over the past five years, councils have embraced the annual Procurement Capability Assessments (PCAs) as a tool for benchmarking performance and developing improvement plans. With strong foundations in place, it is now time to consider how they can extend their performance further.

This year, a new national capability assessment tool will replace the PCA. The Procurement and Commercial Improvement Programme (PCIP) will be rolled out to the local government sector during the first part of 2016, and will assess the commercial performance of the whole organisation.

Scotland Excel has played a key role in the development of the assessment, engaging with local authorities, other Centres of Expertise and the Scottish Government to ensure it meets the needs of our sector. Over the coming months, we will develop and implement a programme of communications and regional workshops to help councils prepare for PCIP.

During this time, we will also identify and train staff from Scotland Excel to act as assessors, and will hold a number of mock assessments to provide feedback to the sector. The first PCIP assessments will take place in mid January 2016, and will be completed for all local authorities in early June. As the new assessments will take place every two years, a second round will be scheduled for early in 2018.

### **Leading change**

The results of PCAs have been used by councils to develop improvement initiatives including, in some cases, ambitious procurement transformation programmes. Scotland Excel has supported these initiatives and programmes through the work of

a small team of procurement and change professionals, using reserve funding for sector-wide projects and providing chargeable services to individual councils.

Consultation with stakeholders has identified a clear appetite for this support to continue. To achieve this, we must develop a sustainable funding model. We will produce a menu of change and improvement services which will clearly differentiate between those provided through core membership fees, and optional services which can be accessed at a cost.

We already have a successful track record in delivering chargeable consultancy and project management services at competitive rates. This approach retains intellectual property within the sector, and spend will be reinvested in Scotland Excel to provide greater value for our customers. Examples of previous chargeable projects include short term consultancy for East Dunbartonshire and Highland Councils, and embedded project management at Aberdeen and Aberdeenshire Councils.

## **Procurement Academy**

Scotland Excel's learning and development programme has long been recognised as a leader in its field. More than 5,000 delegates from 118 organisations have attended our courses since we launched these services in 2009. Over the years, we have updated the programme to include new topics and reflect changes in the procurement landscape. Now, as public procurement matures, it is time to make a step change in what we can offer to customers.

From discussions with stakeholders, we have identified an opportunity to extend our range of learning and development services to include accredited training, eLearning resources and support for new entrants to the profession. All of these have been brought together under the concept of a local authority 'procurement academy'.

We will collaborate with an established qualification body to design and deliver an accredited qualification tailored to the needs of local authority procurement professionals. This will capitalise on our previous experience of creating a Professional Development Award (PDA) for commissioning care services, and we will partner with universities and colleges to ensure that a range of professional courses are available to study at locations across Scotland.

These partnerships will also support the delivery of training events including master-classes, good practice workshops and commercial excellence seminars. Foundation courses will be delivered through e-learning modules on a platform that will also support online assessments, webinars, training videos and toolkits. Resources



will be developed in partnership with other Centres of Expertise to share experience and knowledge across the public sector.

Scotland Excel will also explore opportunities to deliver a range of services that support new entrants to public procurement, capitalising on our graduate trainee programme and our success in developing modern apprentices and interns. Services being considered include recruitment assessment centres, induction training, placements and providing SVQ assessors for the Procurement Modern Apprenticeship launched in 2014.

## Shared services

Scotland Excel may be best known for procurement, but it is also one of the Scottish public sector's most successful shared services. From speaking to customers, we have identified that there is a real opportunity to capitalise on our strengths and explore opportunities for new shared services we can provide to the sector.

Some of these have already been covered in the strategy – cluster contracts, change consultancy, the procurement academy – and delivery models are being developed to realise their potential. We are also developing plans for a rebate management service which we expect to launch in 2016.

Other opportunities that will be explored over the next three years include short term resourcing, business and market intelligence, third sector engagement, and supplier development services. All new services will have a clear value proposition, and will be developed around effective and sustainable delivery models. Any surpluses generated through chargeable services will be reinvested in Scotland Excel to enhance the value we provide for our stakeholders.

Goal1: Outcomes supported	
Our services support the effective and efficient delivery of public services	Our services support the implementation of national and local policy priorities
Our expertise supports continuous improvement in our sector's procurement performance	Our services help to deliver positive and sustainable outcomes for communities and service users
Our people, policies, processes and technology optimise our value	Our customers are satisfied with our services and achieve a measurable return on their investment

## 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

When the Public Procurement Reform Programme (PPRP) was launched in 2006, the focus was on savings, capability and efficiency. It was soon recognised that these were not the only benefits that could be driven by procurement. In recent years, Scotland has embraced the concept of sustainable procurement to achieve social, economic and environmental value from the money spent by the public sector.

Over the past five years, Scotland Excel has championed sustainable procurement across local government and the wider public sector. In 2010, Scotland Excel introduced Marrakech Task Force (MTF) training, based on a sustainable public procurement approach developed by the United Nations. Since then, we have hosted MTF workshops for nearly 200 local authority and public sector delegates.

The same year, we led the development of the Flexible Framework self-assessment tool for sustainable procurement which was rolled out across the Scottish public sector. Three years later, Scotland Excel became one of first organisations to reach Level 4 of the framework, an achievement that was externally validated by a sustainable procurement expert, and the knowledge we have gained has been shared with local authorities.

But there still much to do. The Procurement Reform (Scotland) Act 2014 places statutory duties for sustainable procurement on public sector bodies. The Act will come into force later this year as part of new procurement regulations which will also incorporate changes to EU procurement directives. Scotland Excel must be ready to comply with these new rules, and to lead the development of methodologies, tools and best practice which help our customers meet their new obligations.

We must also consider other areas of legislation and policy that may affect our work or impact our sector. We need to anticipate the opportunities and risks associated with emerging legislation such as the Public Bodies (Joint Working) Act 2014 and Community Empowerment (Scotland) Bill, and ensure we are able to respond quickly and appropriately. We must capitalise on our existing track record of supporting statutory obligations and policy priorities through our frameworks.

Community benefits clauses, which encourage suppliers to consider social value as an integral part of their tender offering, are beginning to have a real and measurable impact at a local level. In particular, our domestic furniture framework, which won the National GO Award for Sustainability Initiative of the Year, exemplifies just how much can be achieved through sustainable procurement.

As well as supporting the delivery of services to vulnerable members of our communities, the framework has delivered c.113 jobs and apprenticeships, supported 8,860 hours of work experience, and diverted c.150 tonnes of waste from landfill through recycling initiatives with third sector partners. We must now capitalise on what we have learned, ensure that the impact of community benefits is being felt across Scotland, and report regularly to our stakeholders on the value they bring.

We must also intensify our support for local economies. Around 70% of suppliers to our contracts are SMEs, and almost two-thirds of these are based in Scotland. The proportion of Scottish SMEs in our supply base has risen steadily over the past three years from 38% to 44%, reflecting our efforts to engage through local Meet the Buyer events and pre-tender briefings. We must now consider how we target our efforts more directly by working in partnership with local authorities.

## **Our commitments**

### **Legislation**

We will review and adapt procurement procedures, systems and processes to meet the provisions of the new procurement regulations, and will identify and implement training requirements for staff. We will develop and publish procurement strategies and annual reports in line with new legislative requirements, and support our customers to do the same. We will provide information about our collaborative frameworks to councils to enable them to report their compliance with sustainable procurement duties, particularly in respect of community benefits.

In response to the Public Bodies (Joint Working) Act 2014, we will continue to work with NHS National Services Scotland to ensure we deliver the most effective and efficient procurement services for the newly formed Integrated Joint Boards (IJBs). An initial workshop will take place with IJB representatives in June to identify their requirements and agree ways of working.

We will continue to monitor and assess the progress of the Community Empowerment Bill. During consultation for the Bill, national procurement was identified by some respondents, particularly in the third sector, as a barrier to the provision of local services. We believe local planning and a national approach to

procurement are not mutually exclusive and will seek to develop relationships with Community Planning Partnerships (CPPs) to ensure our frameworks can accommodate their requirements.

Over the next three years, Scotland Excel will continue to monitor the legislative environment to identify any risks or opportunities for our organisation and sector. We will continue to support local authority compliance with the Waste (Scotland) Regulations 2012 through our waste procurement strategy and frameworks, and ensure that all contracts are developed around the requirements of specific legislation governing each commodity or service area.

## **Policy**

Scotland Excel will continue to develop strategies for supporting local authority employment and workforce policies through our tenders, such as encouraging payment of the Living Wage and discouraging the use of Zero Hours contracts. We will also work to ensure our frameworks can accommodate other policies, for example by offering fairly traded or organic products.

We will continue to ensure our social care frameworks are developed around the delivery of national policy outcomes such as GIRFEC and Keys to Life. We will monitor the progress of the Review of Procurement in Construction, working with the Scottish Futures Trust (SFT) and partners to determine how our collaborative contracts can support the implementation of its recommendations.

## **Local economic impact**

Scotland Excel will continue to encourage participation by local companies in our tender opportunities. We will strengthen our partnership with the Supplier Development Programme (SDP) to reach a wide audience and realise the benefits of a joint approach. We will engage with industry bodies, such as the Federation of Small Businesses (FSB) and Chambers of Commerce, to identify opportunities to improve access for SMEs.

We will continue to attend and host supplier events, train suppliers on our e-procurement platforms, and monitor the impact of these activities on tender participation and success. Following a pilot with Comhairle nan Eilean Siar, we will develop a model for engaging directly with local suppliers in partnership with council procurement and economic development teams.

We will continue to embed community benefits in all tenders to deliver additional social value for councils. We will monitor and report on local impact generated by our contracts – both in terms of spend with local suppliers and community benefits

delivered – to inform local authorities of the full value of collaborative procurement to their area.

## Environment

Scotland Excel will continue to implement the waste procurement strategy and develop frameworks which support local authority compliance with legislation, climate change targets, and efforts to recover value from waste. We will continue to consider environmental impact within all our procurement strategies, ensuring that they incorporate actions to minimise carbon footprint and support recycling where possible.

## Best practice

Scotland Excel will develop plans to support local authorities with duties arising from the new procurement regulations, and will work with partners and customers to develop tools and guidance to support sustainable procurement. We will develop and implement a process for monitoring, reviewing and reporting on macro-environmental factors affecting public procurement, sharing this intelligence with local authorities, and providing appropriate guidance.

Goal2: Outcomes supported	
Our services support the effective and efficient delivery of public services	Our services support the implementation of national and local policy priorities
Our expertise supports continuous improvement in procurement performance	Our services help to deliver positive and sustainable outcomes for communities and service users
Our people, policies, processes and technology optimise our value	Our customers are satisfied with our services and achieve a measurable return on their investment

## 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

As a membership organisation that supports collaboration across the local government sector, engaging with stakeholders has always been at the heart of what we do.

Our contracts portfolio has been developed in consultation with local authority procurement teams and service specialists. Our award-winning learning and development programme has been designed around training needs identified at annual Procurement Capability Assessments. And our efforts to build a local government procurement community have provided a platform for practitioners to share their experience and learn from each other as they face the challenges of procurement reform.

Over the past seven years, we have built good relationships with customers in local procurement teams and in a number of service areas. Indeed, recent focus group research has told us that our customers recognise the commitment of our staff and believe that we are professional, friendly and helpful. But they also told us that this is not always reflected in our policies, processes and systems, and we can make it difficult for them to engage with us. Their experience as customers of Scotland Excel is not as consistent, or as positive, as it should be.

We also lack visibility within local authorities beyond our key customer contacts. Although we have made significant efforts to engage Chief Executives and Senior Management Teams with the benefits of procurement reform, have we done enough to convince them of the benefits of Scotland Excel? It is a similar story with Elected Members who want to know more about what we are doing for their councils and how we are supporting their communities.

As our influence extends into new service areas, so our stakeholder map grows more complex. We must now look beyond local authorities and consider how we work with other public, private and third sector partners. We need to establish trust so that they understand how procurement can help them deliver policies and outcomes in what may seem, at first glance, to be areas far removed from our remit. As the delivery of public services becomes more integrated, and local solutions take

precedence, developing and strengthening our partnerships grows ever more important.

Over the next three years, as we seek to extend our services and ensure the sustainability of our organisation, we must also look for new opportunities to provide services to our members, partners and associates. To do this successfully, we need to ensure that our value propositions are clear, our funding and reinvestment models transparent, and that we market Scotland Excel and our services robustly in an increasingly competitive market.

In this new strategy, we are thinking bigger than ever before. Where stakeholder engagement may once have been seen as a facilitator, it must now become an inherent part of our culture. Our plans must consider the interests of a much wider customer and stakeholder landscape, and all our services and activities must add value for each individual group.

To do this effectively, we need to place a greater focus on resourcing our account management, communications and customer service teams, and ensure that we invest in the systems and processes that support them. Our engagement, relationship management and communications activities will now be brought together into a cohesive strategy which will ensure we meet the expectations of all our customers and stakeholders.

## **Our commitments**

### **Account management**

Feedback from local authority procurement leads has identified an opportunity to transform the services provided by our account management team and increase their value to councils. We will develop a new approach to these services based around a bespoke development plan created and agreed with each council to reflect their specific requirements.

We will increase our contract mobilisation efforts and support local authority procurement teams with engaging their colleagues within councils. We will facilitate their participation throughout the collaborative procurement process, and provide more detailed insight into all aspects of contract performance including spend, savings, supplier management and community benefits.

The account management team will continue to act as the customer champion within Scotland Excel and in the wider public sector landscape. They will help to support local authority influence on decisions at a national level in Category A contracts and procurement reform. As an integral part of the local government



procurement community, the team will engage across all our service areas to ensure we are meeting their needs.

## **Customer experience**

We will review the processes and activities that underpin engagement with all our services to ensure that when we interact with customers they receive a first class experience. In particular, we will look at how we liaise with customers and deliver information during each stage of the Procurement Journey, the process used to develop and manage contracts.

In August 2014, we held focus groups with a cross-section of local authority representatives, from which we developed a customer experience map highlighting gaps and inconsistencies in how we interact with customers. The map shows an over-reliance on a single communications channel (email) which may not always be the most convenient way for customers to access information or contact us.

Acting on these findings, we will develop new customer service protocols, systems and processes which make it easier for customers to collaborate effectively during contract development, and facilitate access to information about contracts once they are in place. This will also improve our own efficiency by ensuring that information always reaches the right people at right time.

## **Communications**

Scotland Excel will continue to raise its profile in the wider world. We will develop a rolling communications plan to promote how we work with councils to support public services and improve outcomes for those who use them. We will also continue to highlight examples of the social, economic and environmental benefits that are delivered to communities through our contracts.

Our communications will seek to enhance and protect our corporate reputation, ensuring that our expertise is recognised by key stakeholders across the many aspects of public services we support. A refreshed website and quarterly customer magazine will be our key platforms for delivering communications, supported by a programme of media activity, events, publications and engagement initiatives.

## **Business development**

Scotland Excel will develop and implement a refreshed strategy and plan for recruiting and managing associate members. This will ensure that we are maximising the value of their membership while securing an appropriate reward for our services that can be reinvested for the benefit of all customers. Additional



spend by associate members on contracts can also leverage better pricing and rebates for all members.

In tandem with this, we will seek opportunities to develop and market new services to meet the demands of our customers and provide them with greater flexibility and choice. Opportunities identified as part of an initial scoping exercise include rebate management, bespoke contract development, change consultancy, and enhanced training and skills development services.

## Wider engagement

Scotland Excel will continue to champion the views of local government in national programmes and initiatives relating to procurement, particularly during the third phase of the National Procurement Reform Programme. We will liaise with partners in the Scottish Government and other Centres of Expertise to ensure that this programme delivers benefits for local government.

We will continue to engage with the Scottish Government, Social Work Scotland and third sector provider representatives such as Scottish Care and the Coalition of Care and Support Providers Scotland (CCPS) to improve outcomes for local authority service users. We will work closely with NHS National Shared Services to provide procurement and commissioning support as plans for health and social care integration progress at a national and local level.

We will develop a programme for engaging with other organisations involved in the delivery or transformation of public services to ensure that they are aware of the value we can bring to their projects. Partners include the Scottish Futures Trust (SFT), the Society of Chief Officers of Transportation in Scotland (SCOTS), Zero Waste Scotland and the Improvement Service, all of which we have successfully worked with in the past. We will also seek to develop new partnerships where we can represent the interest of, or secure benefit for, our members.

Goal3: Outcomes supported	
Our customers receive relevant communication and support	Our people, policies, processes and technology optimise our value
Our reputation demonstrates the value of collaboration	Our customers are satisfied with our services and achieve a measurable return on their investment

## 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

The local authority sector is changing. Delivery models which would have been unheard of a few years ago are now being considered. As the sector's largest shared service, Scotland Excel is keen to help our local authority customers achieve the efficiencies that will mitigate the impact of declining budgets and enable them to meet demand for better public services.

Our goal is to be the 'partner of choice' for delivering shared services to our sector. To achieve this, it is imperative that our customers value the services they receive now, and are confident that we can deliver more. Scotland Excel undoubtedly has expertise in public procurement but, at a fundamental level, our business is about facilitating collaboration and supporting change across the sector. The success of our learning and development and capability initiatives demonstrates that we can deliver value in other areas.

As a service organisation, our current and future success is dependent on our people. In addition to procurement professionals, we employ a team of highly skilled business professionals across a range of disciplines including data management, ICT, business analysis, project management, learning and development, and marketing and communications. These staff have supported our business over the last seven years, and their skills and experience can also be used to deliver new shared services to customers.

To achieve our aims, every single staff member must be at the top of their game, and we need to continue to attract the very best people to our organisation. We need to ensure that they have the technology they need to deliver the best services to customers. Our governance, policies and processes must be robust, empowering and fit for purpose, and we must have a clear methodology for identifying and managing risk.

Our customers tell us they want us to be agile and adaptable to deliver other services. We cannot do all of this within existing budgets, so we need to develop a new sustainable funding and delivery model that enables us to grow to meet

demands for additional services, while protecting the quality of our core services. Customers must have clear understanding of the services they will receive in return for their fees, and the cost of additional support that is available through other optional services.

## **Our commitments**

### **Organisational development**

Scotland Excel will create an organisational development strategy to ensure that we can attract, retain, develop and engage our people. We will implement rolling workforce forecasts and plans to ensure that, as we grow, we always have the right mix of people and skills to deliver the goals of our corporate strategy and the commitments within our operational plans.

The job market for public procurement professionals remains highly competitive, with a limited pool of experienced staff and growing demand. As the Centre of Expertise, we want to be able to attract the best people and help them to hone their skills and develop a fulfilling career that benefits our sector, whether they remain with us or move to posts within local authority procurement teams.

To achieve this, we will review our recruitment strategy to enhance our employer profile and streamline our application process to ensure that potential candidates receive a first class experience of the organisation from moment they get in touch. We will continue our efforts to attract and develop new talent to the profession through graduate traineeships, internships and modern apprenticeships.

We will also review all aspects of employee performance and development, including job descriptions and competency frameworks (behavioural and technical), to construct fair and consistent methods of measuring performance and reward. We will increase investment in staff training and development, and shape potential career paths for all posts. The Senior Management Team will meet regularly to review all workforce matters including resourcing, recruitment, staff development and succession planning.

Scotland Excel will continue to nurture a positive corporate culture through staff engagement. All staff have been involved in developing new core values to ensure that every member of our team has ownership for creating the culture we want for our organisation. We will be professional in our approach, courageous in our decisions, respectful of others, and we will demonstrate integrity in everything we do. Our Staff Engagement Group, whose members represent teams across the organisation, will continue to lead on activities to support our values and culture.

## Efficiency and technology

In December 2014, Scotland Excel established a transformation programme to support growth and underpin the delivery of our three year corporate strategy. The programme consists of six project areas - funding, leading change, stakeholder engagement, organisational development, business intelligence, and governance, policy and process. Project objectives are embedded throughout this strategy, and we will continue to manage change through the programme to ensure that they are met.

Scotland Excel will embrace technologies which match the business needs and development priorities of the organisation. We will implement a programme of ICT systems development to meet the commitments of our three year strategy and operational plans, and support the delivery of our transformation programme.

We will establish an ICT infrastructure that supports organisational flexibility and growth, increases organisational efficiency, and improves engagement with our customers. Following a review of our ICT hosting arrangements with Renfrewshire Council, we have identified that significant benefits can be achieved by moving our systems to cloud based technologies. Plans are being developed to support the gradual migration of these systems over the next three years.

To embed a culture of continuous improvement, we will establish a Quality Assurance forum to undertake a rolling review of all business systems and processes to maximise efficiency and enable us to respond to changing demands. We will seek to identify best practice from business, industry and academic partners, and will benchmark against similar organisations to identify further opportunities for improvement.

Scotland Excel is proud of its Chartered Institute of Procurement and Supply (CIPS) accreditation and Investors in People (IiP) status, which demonstrate our commitment to excellence in our business activities. Over the next three years, we will work to retain these accreditations and evaluate routes for accrediting other key business areas.

## Governance, risk and policy

Much has changed in the seven years since Scotland Excel's governance model was developed, and we must ensure that it still provides the optimum level of oversight for our organisation and our members. We will seek a model that enables us to operate flexibly and respond quickly, while providing sufficient scrutiny of our performance. We recognise the value of the support we receive from our governance committees, and will seek to engage with them more closely and ensure participation is a rewarding experience.

Effective risk management is one of the ways we can provide reassurance to our governance bodies. Scotland Excel has recently revisited its risk methodology to ensure it remains an effective tool for managing all strategic and operational risks, including those relating to each of our contracts. The top five risks will be considered each month by the Senior Management Team, and all risks will be reviewed in full and reported to governance bodies on quarterly basis.

Our approach to performance management and reporting will be reviewed to ensure that appropriate methods are in place to monitor activity and report progress for our operational plan. We will consider options for implementing a system to support performance management across the organisation and provide reports which give our governance bodies confidence that we meeting our objectives.

All of our policies will be reviewed and updated, and we will develop a rolling plan for ensuring they remain an appropriate and supportive framework for our business. In particular, we will review our procurement policies to reflect changes to the rules governing public procurement as a result of new EU directives and the introduction of the Procurement Reform (Scotland) Act 2014. We must ensure that compliance with the new rules is embedded in our policies, and that they facilitate effective and efficient procurement processes.

## **Business intelligence**

Scotland Excel provides professional shared services based around our expertise. Procurement is no longer a 'back room' function; it is a strategic component in the development of effective and innovative public services. Data, information and knowledge is the currency of our organisation. We use a wide range of intelligence to develop our procurement strategies, including our own data captured through a Contract Information System (CIS) developed in 2010. This system also provides a suite of reports covering spend, savings, market trends, and contract and supplier performance.

But we have only just scratched the surface in how we capture, analyse, use and share our data. To maximise the value of the business intelligence that we gather in the course of our work, we will develop a knowledge management strategy covering all aspects of our activities – contracts, learning and development, best practice and more. This knowledge will be accessible to everyone within our organisation to support our business decisions.

As part of this strategy, we will seek to improve the reports we provide for customers to help them drive greater savings, increase their efficiency and manage risk. We will also assess their appetite for additional market and business intelligence and analysis services to help them develop their own procurement strategies and monitor their performance. Initial feedback has indicated an interest in this area,

and we will assess the scope for developing a sustainable delivery model to enable us to offer these services on a chargeable basis.

**Funding and delivery**

Our customers tell us that they want us to deliver more services without increasing our service fee. We understand this but it has been challenging to resource increasing demand for our services in recent years. We have focused our resources on delivering key priorities in procurement and reform, which has limited progress in other areas such as technology and communications. As we grow our business, it is imperative that all our business functions can gear up to support the delivery of our services.

We have explored a number of options and believe there is a solution to this dilemma through optional services that can be provided at an additional cost. We will clearly define which services are provided as part of the standard fee, and which services attract an additional charge. Examples of the latter include short term resourcing, consultancy and ‘procurement academy’ services – all areas of demand that customers have told us they would be willing to fund separately as and when required.

There are new areas of demand in procurement, for example ICT, so other funding streams must also be found. Our research suggests Scotland Excel frameworks deliver £1m of rebates per annum, and there is currently no sector-wide methodology for ensuring that rebate income is received and allocated appropriately within councils. We are proposing to take ownership of the rebate process to ensure every penny due from suppliers is paid. Our intention would be to retain a percentage of recovered monies and to return the remainder to councils.

It is clear from our engagement with local authorities that Scotland Excel is valued by the sector. We want to increase the value we bring to customers and, to achieve this, we need to ensure that our organisation is sustainable over the next three years. And we want to begin to plan how we can grow beyond this period, right up to the end of this decade and into the next. Every penny invested in Scotland Excel is money that is retained within the public sector to help protect essential frontline services through innovative procurement and shared service efficiencies.

Goal4: Outcomes supported	
Our people, policies, processes and technology optimise our value	Our customers are satisfied with our services and achieve a measurable return on their investment



# Operating Plan

**01 April 2015 – 31 March 2016**



## Introduction

Scotland Excel is the Centre of Procurement Expertise for the local government sector. Established in 2008, we have successfully delivered shared services for collaborative procurement, and have led initiatives to increase procurement capability across the sector through learning and development programmes, consultancy projects and the development of methodologies, tools and guidance to support good practice.

Our services aim to increase efficiency and ensure money is saved to protect front line public services. Our strategic approach to procurement has supported innovation in service delivery, helped to deliver national and local policies, and brought wider economic, environmental and social benefits to communities through sustainable procurement and supplier development.

We have now developed a new three year corporate strategy to underpin the next phase of growth for the organisation, and ensure our long term sustainability as a successful local government shared service. The strategy has been designed to meet current and future requirements of local authorities identified through extensive stakeholder engagement, consultation and research.

Our vision is to be the shared service partner of choice for the local government sector. We have developed a strategy map that will enable us to navigate a successful path towards this vision, by ensuring that everything we do delivers value to our customers and their communities. The map appears on page 3 of this document, and the full three year strategy is available to download from our website.

The strategy is based around four business goals which inform the direction of our objectives and activities:

- 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

This document is the first iteration of a rolling annual operating plan that records the high level activities and commitments we will deliver to achieve each of our four goals. It will be used to develop more detailed action plans and performance objectives for the organisation and employees. These will include agreed targets and KPIs against which we will measure progress against each year.

The operational plan will be reviewed and updated annually to reflect this progress against our commitments and respond to any changes in the external environment. We will also assess how well we have achieved the eight outcomes identified in the strategy map and take any action required to ensure our strategy remains on track.



# Strategy Map

## 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.

## Values

**Professional • Courageous • Respectful • Integrity**

## Outcomes

Our services support the effective and efficient delivery of public services	Our services support the implementation of national and local policy priorities	Our customers receive relevant communication and support	Our people, policies, processes and technology optimise our value
Our expertise supports continuous improvement in our sector's procurement performance	Our services help to deliver positive and sustainable outcomes for communities and service users	Our reputation demonstrates the value of collaboration	Our customers are satisfied with our services and achieve a measurable return on their investment

## Goals

<p>1: Supporting the delivery of better and more effective public services</p> <p><b>Strategic objectives:</b></p> <p>1.1 Deliver a range of collaborative procurement and supplier development services which support customers at a strategic and operational level</p> <p>1.2 Deliver a range of shared services which support customers in the development of their professional, organisational and commercial capability</p> <p>1.3 Deliver a range of new shared services which support the effectiveness and efficiency of customer operations</p>	<p>2: Being sustainable in everything we do</p> <p><b>Strategic objectives:</b></p> <p>2.1 Work with stakeholders to develop procurement strategies which support the delivery of national and local policy priorities</p> <p>2.2 Deliver positive and measurable social, economic and environmental impact to local communities</p> <p>2.3 Lead and support customers in the development and implementation of best practice in sustainable procurement</p>	<p>3: Placing customers at the heart of our business</p> <p><b>Strategic objectives:</b></p> <p>3.1 Work with customers to develop and implement bespoke plans for maximising the value of our services</p> <p>3.2 Develop robust communications strategies which support customer engagement and position Scotland Excel and its customers as leaders in public procurement /shared services</p> <p>3.3 Represent the views and needs of customers in the wider stakeholder environment</p>	<p>4: Becoming the partner of choice for delivering shared services</p> <p><b>Strategic objectives:</b></p> <p>4.1 Implement organisational development policies which support a highly skilled, motivated and engaged workforce</p> <p>4.2 Implement best practice processes and technology which support the efficient and effective delivery of services to customers</p> <p>4.3 Implement robust strategies, governance, risk management and funding models which demonstrate a measurable return on investment to customers and secure Scotland Excel's future</p>
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## Priorities for 2015-16

Summary of the key activities and commitments we have identified for this year:

<p><b>Goa1 1: Supporting the delivery of better and more effective public services</b></p> <ul style="list-style-type: none"> <li>• Continue to implement the contract delivery plan agreed with local authorities to March 2016</li> <li>• Agree future role for Scotland Excel in the management of the National Care Home Contract</li> <li>• Deliver methodology and system enhancements for the Contract and Supplier Management (CSM) programme</li> <li>• Deliver the Annual Supplier Excellence Awards and Supplier Development Event in June 2015</li> <li>• Manage sector rollout of the national Procurement and Commercial Improvement Programme (PCIPs)</li> <li>• Implement a sustainable model for delivering change management services</li> <li>• Develop a model for a 'procurement academy' to support professional capability and capacity</li> <li>• Investigate new shared service offerings which provide further efficiencies for members</li> </ul>	<p><b>Goa1 2: Being sustainable in everything we do</b></p> <ul style="list-style-type: none"> <li>• Support the implementation of new procurement regulations within Scotland Excel and across the sector</li> <li>• Develop plans with NHS National Services Scotland to meet procurement needs arising from health and social care integration</li> <li>• Continue to support national and local policy initiatives including workforce matters, ethical sourcing, health and nutrition and social care</li> <li>• Continue to deliver social value through collaborative frameworks and implement enhanced reporting of their local impact</li> <li>• Develop a model for working directly with councils to support local economic impact through collaborative frameworks</li> <li>• Ensure Scotland Excel's collaborative frameworks continue to support local government environmental duties and policies</li> <li>• Support councils with their sustainable procurement duties arising from new legislation</li> </ul>
<p><b>Goa1 3: Placing customers at the heart of our business</b></p> <ul style="list-style-type: none"> <li>• Implement a refreshed portfolio of personalised account management services for local authorities</li> <li>• Develop a stakeholder engagement strategy and plan that puts customers at the centre of all business activity</li> <li>• Specify systems and processes for managing customer relationships and enabling self service of information and support</li> <li>• Develop and implement a corporate communications strategy that enhances and protects our corporate reputation</li> <li>• Implement a new model for associate members which delivers mutual benefits for Scotland Excel and the membership base</li> <li>• Develop and strengthen relationships with a wide range of external stakeholders to represent and champion the views of our sector</li> </ul>	<p><b>Goa1 4: Becoming the partner of choice for delivering shared services</b></p> <ul style="list-style-type: none"> <li>• Implement an organisational development strategy to support staff development, performance and engagement</li> <li>• Manage Scotland Excel's transformation programme to support the delivery of the corporate strategy and operational plans</li> <li>• Develop a rolling plan for reviewing and evaluating key business processes</li> <li>• Embark on a programme of ICT and systems development to support the delivery of the corporate strategy and operational plans</li> <li>• Review governance, risk management and policies to create a robust framework for delivering the organisation's activities</li> <li>• Develop a strategy for gathering, analysing and distributing business intelligence</li> <li>• Develop and implement a sustainable funding and delivery model for Scotland Excel</li> </ul>

## 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	Commitment
(a) Develop and implement a contract plan aligned to the strategic priorities of member authorities	<ul style="list-style-type: none"> <li>• Deliver a rolling schedule of new contract opportunities identified and agreed with local authority stakeholders</li> <li>• Ensure renewed contracts continue to focus on current strategic priorities</li> <li>• Develop and implement a flexible workforce model that allows the pursuit of emerging opportunities to expand the contract portfolio</li> </ul>
(b) Develop and implement a strategy and plan for the delivery of contract and supplier management	<ul style="list-style-type: none"> <li>• Review and enhance Scotland Excel's contract and supplier management (CSM) methodology to provide more detailed intelligence on contract and supplier performance</li> <li>• Develop and deliver enhancements to the technology which supports CSM to enhance reporting capabilities and improve efficiency</li> <li>• Deliver a rolling CSM survey and reporting schedule, aligned to the spend patterns and priority level of each contract, to measure contract and supplier performance</li> </ul>
(c) Develop and implement a strategy and plan for improving supplier performance	<ul style="list-style-type: none"> <li>• Deliver an integrated programme of supplier development activity as part of Scotland Excel's CSM model</li> <li>• Deliver the 2016 Scotland Excel Supplier Excellence Awards and development event</li> <li>• Identify and work with key suppliers within each category to explore the potential for developing long term partnerships which add value to the solutions they provide to councils</li> </ul>
(d) Manage the rollout of a new national procurement capability assessment to the local government sector	<ul style="list-style-type: none"> <li>• Develop and deliver an engagement programme to ensure that all local authorities are aware of, understand and are prepared for the new assessments</li> <li>• Identify and train a pool of Scotland Excel assessors to undertake the new assessments</li> <li>• Complete assessments for all 32 local authorities by May 2016</li> </ul>

(e) Develop and implement a programme to lead and support the development of procurement and commercial capability	<ul style="list-style-type: none"> <li>• Develop and implement a sustainable funding and resourcing model to support the ongoing delivery of procurement capability and change services to the sector, considering the use of external partners where appropriate</li> <li>• Develop and deliver a programme of procurement capability and change services, providing customers with a clear menu of inclusive and chargeable services</li> <li>• Deliver an annual conference which supports change and capability within the sector</li> </ul>
(f) Develop and implement a 'procurement academy' to support professional capability and encourage new entrants to public procurement	<ul style="list-style-type: none"> <li>• Develop and implement a strategy and model for the delivery of sector training needs, partnering with educational and professional institutes to deliver national/professional qualifications</li> <li>• Develop and implement a strategy to encourage and support new entrants to public procurement, including graduate trainees and modern apprentices</li> <li>• Develop and implement eLearning capability for the delivery of training, considering the use of external partners where appropriate</li> </ul>
(g) Develop and implement a shared service offering for councils which meets their requirements in a changing public sector landscape	<ul style="list-style-type: none"> <li>• Develop and implement a strategy for delivering additional shared services, aligned to customer needs, ensuring that each new service has a clear value proposition and can be delivered effectively and sustainably by Scotland Excel</li> <li>• Develop plans for reinvesting new streams of funding arising from the development of additional services to support the continuous growth of the organisation and infrastructure</li> </ul>

## Goal 1 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	Commitment
(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 and policies to support Scotland Excel and our customers in meeting duties arising from the introduction of new procurement legislation</li> <li>• Develop and implement plans to mitigate risks and/or secure opportunities arising from the local planning aspects of the Community Empowerment Bill</li> <li>• Develop and implement plans to mitigate risks and/or secure opportunities from health and social care integration arising from the Public Bodies (Joint Working) Act</li> <li>• Continue to support councils with meeting their duties arising from the Waste (Scotland) Regulations through the development and delivery of waste services frameworks</li> </ul>
(b) Ensure Scotland Excel's collaborative frameworks support local and national government policy priorities	<ul style="list-style-type: none"> <li>• Develop and implement guidance for including employment and workforce matters in collaborative tenders, (e.g. Living Wage, zero hours contracts)</li> <li>• Shape markets to increase payment of the Living Wage across the Scotland Excel contract portfolio</li> <li>• Identify and create guidance for other policy areas that can be supported through collaborative tenders, (e.g. fairly traded products, health and nutrition, organic produce)</li> <li>• Continue to develop social care frameworks around national outcomes, (e.g. GIRFEC, Keys to Life)</li> <li>• Develop and implement plans to mitigate risks and/or secure opportunities arising from the Construction Review</li> </ul>
(c) Ensure Scotland Excel's collaborative frameworks support positive local economic outcomes	<ul style="list-style-type: none"> <li>• Develop and implement a plan to support participation by local companies in collaborative tenders, providing regular reports to councils on the economic impact delivered for their area</li> <li>• Continue to incorporate community benefits in collaborative tenders to support employment, training and social inclusion at a local level</li> <li>• Continue to develop Scotland Excel's community benefits tracking system and provide regular reports to local authorities on the impact in their local area</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 to implement Scotland Excel's waste procurement strategy to support local authority compliance with climate change targets and efforts to recover value from waste</li> <li>• Develop and implement guidance for assessing and mitigating the environmental impact of collaborative contracts</li> </ul>
<p>(e) Champion the development and dissemination of best practice in sustainable procurement</p>	<ul style="list-style-type: none"> <li>• Develop and implement plans to support local authorities with meeting their sustainability duties arising from the introduction of new procurement legislation</li> <li>• Continue to work with partners to develop, deliver and promote tools and guidance which support sustainable procurement practices, (e.g. Flexible Framework)</li> <li>• Develop and implement a process for monitoring, reviewing and reporting on macro-environmental factors affecting public procurement, sharing intelligence and guidance with local authorities</li> </ul>

## Goal 1 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	Commitment
(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>• Deliver a rolling programme of account management meetings, information and services in line with plans agreed and reviewed annually with each local authority</li> <li>• Identify, initiate and support engagement opportunities within local authorities to facilitate awareness, understanding and uptake of Scotland Excel services across council departments</li> <li>• Gather, analyse and report on customer intelligence to support Scotland Excel's business decisions and ensure services remain in line with customer requirements</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>• Develop and implement customer service principles for all aspects of our services, ensuring that they are embodied by all Scotland Excel staff</li> <li>• Specify and deliver a system/process for managing customer information/preferences, ensuring that all stakeholders receive relevant and timely communication/contact appropriate to their needs</li> <li>• Specify and deliver an online platform for managing collaboration with customers, increasing their visibility of all contract activities, facilitating interaction and enabling self-service</li> <li>• Specify and deliver a system/process for managing customer complaints, including regular analysis of data to identify common issues and eliminate root causes of dissatisfaction</li> <li>• Monitor customer feedback and satisfaction levels, identifying and responding to opportunities for improvement</li> </ul>
(c) Develop and implement a corporate communications strategy that enhances and protects Scotland Excel's corporate reputation	<ul style="list-style-type: none"> <li>• Deliver a rolling programme of campaigns, events and activities which market Scotland Excel's services and promote the impact of our work to a wide range of stakeholders</li> <li>• Maintain and enhance Scotland Excel's website as the primary source of accurate and up-to-date corporate news and information</li> <li>• Identify, monitor and manage all communications risks arising from Scotland Excel's collaborative contracts and/or other business activities</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>• Review the existing associate member model to segment the customer base and identify cost/value streams</li> <li>• Develop and market a segmented membership offering for existing associate members, with clear costs, benefits and transparency around contract usage</li> <li>• Develop and implement a strategy to identify and secure new associate members to increase contract spend, achieve better pricing/benefits for all members, and generate funding for reinvestment in Scotland Excel</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>• Establish appropriate local authority forums to share information, reach consensus on sector views and secure a mandate to lead/influence on behalf of the sector where appropriate</li> <li>• Represent and champion the views and requirements of the sector within the Public Procurement Reform Programme, and strengthen positive working partnerships with other Centres of Procurement Expertise</li> <li>• Develop and maintain relationships with key national/local bodies or groups that can influence public policy, (e.g. COSLA, Improvement Service, Scottish Care, CCPS, FSB, Chambers of Commerce)</li> <li>• Develop relationships and build influence with key partners and representative bodies for public service areas supported by collaborative procurement, (e.g. SFT, SCOTS, Social Work Scotland, Zero Waste Scotland)</li> </ul>



## Goal1 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	Commitment
(a) Develop and implement a strategy to support staff recruitment, retention, development, performance and engagement	<ul style="list-style-type: none"> <li>Develop and implement rolling workforce forecasts and plans to ensure that Scotland Excel always has the right mix of people and skills to deliver its corporate strategy and operational plans</li> <li>Develop and implement a recruitment management strategy, including the implementation of a new careers microsite and effective candidate management processes</li> <li>Develop and implement an employee performance management policy and process which ensures that all job descriptions, competencies and behaviours are clearly aligned with Scotland Excel's vision, mission, values and plans</li> <li>Develop and implement employee development plans which are clearly aligned to identified corporate and personal training needs, offer a route to career progression, support staff retention and ensure effective succession planning</li> <li>Develop and implement an employee engagement and reward strategy to support staff motivation, retention, communication and wellbeing</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>Manage Scotland Excel's transformation programme to support the delivery of the 2015-18 corporate strategy and operational plans</li> <li>Develop and implement a programme of ICT and systems development to support the delivery of business activities identified in the 2015-18 corporate strategy, operational plans and the transformation programme</li> <li>Establish an information ICT infrastructure to support organisational flexibility and growth, and provide efficient and effective support for all technologies utilised</li> <li>Create a quality assurance forum and develop a rolling plan for reviewing and evaluating key business processes</li> <li>Continue to build relationships with academic, business and professional partners which support the development and sharing of innovation and best practice</li> <li>Retain Investors in People (IIP) and Chartered Institute of Procurement and Supply (CIPS) accreditation, and seek accreditation for other areas of the business as appropriate</li> </ul>

<p>(c) Ensure that Scotland Excel delivers its plans through effective governance, risk management and policies</p>	<ul style="list-style-type: none"> <li>• Review and update Scotland Excel's governance model to ensure that it provides the optimum level of oversight of the organisation's performance and business activities</li> <li>• Review and report on identified corporate and contract risks in line with Scotland Excel's risk management methodology and plan</li> <li>• Develop and implement a rolling plan for reviewing Scotland Excel's corporate policies to ensure they provide an appropriate and supportive framework for business activities and performance</li> <li>• Review Scotland Excel's performance monitoring and reporting procedures to facilitate the provision of regular reports on all aspects of business performance</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>• Complete a review of all internal and external data, information and intelligence sources used to make business decisions and/or support services to customers</li> <li>• Develop a plan for managing data, information and intelligence across the organisation, ensuring that all staff have access to the knowledge they require to deliver their goals</li> <li>• Develop a proposal for offering a business intelligence service to local authority customers, ensuring it has a clear value proposition and can be delivered effectively and sustainably by Scotland Excel</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>• Develop and implement a transparent funding model, based around core and chargeable services, to finance the organisation between 2015 and 2018</li> <li>• Review Scotland Excel's business delivery model, ensuring that all fixed and operational costs return optimal efficiency and value for money</li> <li>• Develop and implement a model for securing and managing rebates from collaborative contracts on behalf of councils to support reinvestment in Scotland Excel's future growth</li> <li>• Complete ongoing reviews of the funding and business delivery models, incorporating costs and revenues from the launch of new shared services as appropriate</li> </ul>

## Measuring performance

To ensure that we are meeting our goals and objectives, and delivering the desired outcomes from our corporate strategy, we will use a range of indicators and measures to monitor our performance and report our progress. Specific KPIs and/or targets to ensure the delivery of our activities and commitments will be set within project, team and individual performance plans.

Outcome	Indicators of success
Our services support the effective and efficient delivery of public services	<ul style="list-style-type: none"> <li>• Spend and savings statistics</li> <li>• Contract and supplier management scorecards</li> <li>• Contract development timeframes</li> <li>• Council contract participation rates</li> <li>• Innovation case studies</li> </ul>
Our expertise supports continuous improvement in procurement performance	<ul style="list-style-type: none"> <li>• Procurement capability scores</li> <li>• Learning and development participation statistics</li> </ul>
Our services support the implementation of national and local policy priorities	<ul style="list-style-type: none"> <li>• Contract performance statistics</li> <li>• Community benefits case studies</li> <li>• Stakeholder feedback</li> </ul>
Our services help to deliver positive and sustainable outcomes for communities and service users	<ul style="list-style-type: none"> <li>• Community benefits case studies</li> <li>• Local economic impact statistics</li> <li>• SME participation in collaborative frameworks</li> </ul>
Our customers receive relevant communication and support	<ul style="list-style-type: none"> <li>• Account management coverage</li> <li>• Customer satisfaction survey results</li> <li>• Web usage statistics</li> </ul>
Our reputation demonstrates the value of collaboration	<ul style="list-style-type: none"> <li>• Media articles published</li> <li>• Invitations to speak at events and conferences</li> <li>• Web usage statistics</li> </ul>
Our people, policies, processes and technology optimise our value	<ul style="list-style-type: none"> <li>• Skills and qualifications of staff</li> <li>• Staff engagement survey results</li> <li>• ICT/process efficiencies</li> <li>• Customer satisfaction survey results</li> <li>• Professional accreditations</li> </ul>
Our customers are satisfied with our services and achieve a measurable return on their investment	<ul style="list-style-type: none"> <li>• Customer satisfaction survey results</li> <li>• Spend and savings statistics</li> <li>• Local economic impact statistics</li> </ul>



## Scotland Excel Joint Committee

**To: Joint Committee**

**On: 12 June 2015**

**Report by Director**

### **Report on Budget Allocation**

#### **1. Introduction**

As part of the corporate governance of Scotland Excel, the Financial Regulations as approved at the June 2014 Joint Committee, set out the responsibilities under the financial codes and practice notes for the management of budget allocations. The Financial Regulations set out the requirement for the Joint Committee to consider and approve transferring sums over £50,000 from one budget allocation to another.

#### **2. Background**

The 2015 / 16 budget for Scotland Excel was approved at the November Joint Committee and at that time members were shown how the budget was allocated over a number of headings in the Core and Procurement Improvement areas of funding.

Having reviewed the budget allocations internally, it is considered appropriate to move budget allocations to accurately reflect how and where some areas of work are funded. As such, it is proposed that consultants employed on a temporary basis to provide technical expertise to support areas of contract development, should be funded under the “other development costs” in Procurement Improvement Activity. In addition, staff currently funded from that area of the budget who provide the learning, development and external consultancy roles should be funded under the core staffing costs.

These changes in budget allocation do not change the overall core and temporary costs as the changes reflect an increase in core staffing, decrease in consultant budgets and increase in development budget and decrease in temporary staff budget each of £100,000. The approved allocation of funds, together with the proposed budget reflecting the movement in funds is shown in appendix 1

As the change proposed is a movement of £100,000 between the budgets the approval of the Joint Committee is required.

#### **3. Recommendation**

Members of the Joint Committee are invited to note the contents of the report and approve the transfer between budget allocations.



	2015/16 Approved	2015/16 Proposed Changes
<b><u>Core Operational Expenditure</u></b>		
Employee Costs	2,502,800	2,602,800
Property Costs	176,500	176,500
Supplies and Services	87,500	87,500
Contractors	100,000	0
Administration Costs	314,400	314,400
Payments to other Bodies	33,000	33,000
Required Saving	0	0
Total Core Operating Expenditure	<b>3,214,200</b>	<b>3,214,200</b>
<b><u>Core Operational Income</u></b>		
Council Requisitions	3,184,200	3,184,200
Other Income	30,000	30,000
Total Core Operating Income	<b>3,214,200</b>	<b>3,214,200</b>
Core Operating Deficit/(Surplus) (a)	<b>0</b>	<b>0</b>

<b><u>Procurement Improvement Activity</u></b>		
Temporary Staffing Requirements	255,500	155,500
Other Development Costs	250,000	350,000
	<b>505,500</b>	<b>505,500</b>
Total Temporary Costs (b)	<b>505,500</b>	<b>505,500</b>

<b><u>Reserve Funding</u></b>		
Total Reserves	<b>733,567</b>	<b>733,567</b>
Budgeted Drawdown (a) + (b)	(505,500)	(505,500)
Budgeted Balance	228,067	228,067
Estimated Balance	<b>228,067</b>	<b>228,067</b>





## Scotland Excel Joint Committee

To: Joint Committee

On: 12 June 2015

### Report by Director

#### Update on Rebate Development Activity

##### 1. Introduction

The inclusion of volume rebate clauses within Scotland Excel framework agreements has been utilised to varying degrees to date. In order to have a greater understanding of the impact of this, a review project was initiated as part of the broader transformation activity currently being undertaken across the organisation. Specifically, the project remit was to review the effectiveness of the current rebates position, and to assess the opportunity to use this process as a method of funding some of the additional activity that Scotland Excel may undertake as part of the business development process.

##### 2. Background

A detailed analysis was carried out across the contract portfolio as at Jan 2015 to ascertain:

- How widely rebates are applied across contracts
- The benefits currently being attracted via rebates
- Where there is any potential to increase the benefits attracted through contract development activity

The analysis has shown that there are rebates built into the conditions of 17 current contracts of which 8 are attracting rebate payments consistently. These rebates can be broadly categorised as either for “sole supply” (Council specific) or “spend threshold” (calculated on aggregated Council spend to maximise collaborative opportunities). These can be further sub-divided into specific requirements and has resulted in some fragmentation in the application of rebates across the organisation.

A detailed investigation of the rebate figures over the last 2 financial years has confirmed that rebates of over £1.2m have been accrued and paid in each year. The rebate mechanism used is variable across contracts, suppliers and Councils; as an example, some sole supply rebates are applied as “discount at source” based on direct agreements between suppliers and councils. Given the direct nature of these relationships and agreements, it has been difficult for Scotland Excel to gain a detailed understanding of what is effectively a dynamic situation, and the investigation has therefore been time consuming and complex. However, calculations show that in 2013/14 there was no discrepancy between the rebates earned by Councils and those subsequently paid.

A notable finding is that greater Council benefits were earned through those contracts assessed by Scotland Excel as requiring the highest level of management through our contract management process. This level of detailed management has allowed Scotland Excel to support Councils in developing informed spend patterns that allow them to maximise the financial rebate benefit available to them.

### **3. Opportunity development**

The project has identified a number of opportunities and it is proposed that Scotland Excel pursue these fully in order to increase the potential benefits of applying rebates through our contract portfolio.

- A review of the current rebate development process to build in the required controls from early in the strategy development stage and maximise the potential benefits to contract users throughout the life of the contract.
- Ensure that review of rebates is an integral part of contract governance within the organisation through the creation of additional gateway requirements for both contract development and management.
- Determine the best application of rebates and assess where source discounts are currently being applied and are likely to provide better benefits for Councils moving forward. Similarly, identify those contracts where little value will be added and remove these from the scope of this project.
- It has been identified that additional benefits may be attracted where guidance can be provided to Councils to support them in maximising the cost savings opportunities offered by contracts on an ongoing basis - through partnership working to analyse and influence spend through Councils' own figures. In order for this to be fully applied, Scotland Excel would propose adopting the process entirely on behalf of Councils.
- Given that any increase in management activity is likely to produce a similar increase in rebate income for Councils, it is anticipated that this would provide an additional income stream that could be shared with Councils and used to support the provision of additional services by Scotland Excel from the next financial year.

### **4. Dependencies**

In order to implement the new processes outlined in this paper, Council engagement and involvement would be initiated via Commercial UIG's, Contract Teams and the Scotland Excel Account Managers and any roll out would be done in line with Council's own requirements. There may be initial concerns from Stakeholders in terms of their current "sole supply" and other direct arrangements. As such, it would be the intention at the outset to engage with our stakeholders effectively to ensure that a clear understanding of the business case for change, and the benefits that could be delivered.

Supplier engagement would be carried out at contract management level, and further resources would be required to support this in the short and medium term.

Current resources will be able to meet some of the opportunities identified and it is anticipated that the requirements of the Council engagement, process review and governance areas will be met as part of our "business as usual" approach. The development of the rebates application process, supplier engagement and the direct Council support activity it is believed would require additional resource.

Further development activity will continue through the remainder of the financial year with a view to developing a proposal in conjunction with, and with the agreement of, our key stakeholders for implementation from April 2016.

### **5. Recommendations**

Members of the Joint Committee are requested to note the progress made to date and support the plans described to further develop the opportunity assessment for the volume rebate inclusion within a wider range of contracts.

# Scotland Excel

**To: Scotland Excel Joint Committee**

**On: 12<sup>th</sup> June 2015**

**Report  
by  
The Clerk**

## **Membership of the Chief Executive Officers Management Group**

### **1. Summary**

- 1.1 The membership of the Scotland Excel Chief Executive Officers Management group is renewed annually.
- 1.2 The purpose of this report is to seek the Joint Committee's approval to the continuation of the existing membership of the Chief Executive Officers Management Group for the period up to the Joint Committee meeting in June 2016.

### **2. Recommendations**

- 2.1 It is recommended that the Joint Committee approves:-
  - (a) that the membership of the Chief Executive Officers Management Group shall be as set out in paragraph 3.3 of the report; and
  - (b) that the membership of the Management Group be next reviewed at the meeting of the Joint Committee to be held in June 2016.

### **3. Background**

- 3.1 Paragraph 4.1 of the Scotland Excel Terms and Conditions, signed by every Member Authority provides for there to be a Management Group comprising 6 Chief Executives for the Member Authorities or their nominees, the nominees to be of at least Chief Officer grade.
- 3.2 The Chief Executive of Renfrewshire Council, as the Chief Executive of the lead authority for the Joint Committee is a standing member of the Management Group. The remaining five members of the group are to be appointed by the Joint Committee. The current membership of the group was approved by the Joint Committee at its meeting in June 2014.

3.3 The existing members of the group have all indicated their willingness to continue as members until June 2016. It is also believed that the existing membership is representative of all member authorities both in respect of geographic location and size of authority. Therefore, it is proposed that the membership of the group comprises:-

- |    |                            |  |
|----|----------------------------|--|
| 1. | Chief Executive or Nominee | Renfrewshire Council (ex officio member) |
| 2. | Chief Executive or Nominee | City of Edinburgh Council                |
| 3. | Chief Executive or Nominee | Highland Council                         |
| 4. | Chief Executive or Nominee | West Lothian Council                     |
| 5. | Chief Executive or Nominee | Scottish Borders Council                 |
| 6. | Chief Executive or Nominee | North Lanarkshire Council                |

3.4 Whilst the existing membership is representative of all member authorities both in respect of geographic location and size of authority, it is intended that over the next year both the membership and remit of the Group will be reviewed. Such changes would require amendments to the governance arrangements and procedural documentation for Scotland Excel and this would require the approval of the Scotland Excel Joint Committee.

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## Scotland Excel

**To: Scotland Excel Joint Committee**

**On: 12<sup>th</sup> June 2015**

**Report  
by  
The Clerk**

### **Membership of the Executive Sub-Committee**

#### **1. Summary**

- 1.1. The membership of the Scotland Excel Executive Sub-Committee is renewed annually.
- 1.2. The purpose of this report is to seek the Joint Committee's approval to the continued appointment of the existing membership of the Scotland Excel Sub-Committee for a further period to June 2016.

#### **2. Recommendations**

- 2.1 It is recommended that the Joint Committee agrees that:-
  - (a) members of the Executive Sub-Committee shall come from those Councils listed in paragraph 3.3 of this report; and
  - (b) membership of the Executive Sub-Committee be next reviewed at the meeting of the Joint Committee in June 2016.

#### **3. Background**

- 3.1 Clause 3.4 of the Terms and Conditions document signed by all other Member Council's provides that:-

"The Joint Committee shall appoint an Executive Sub-Committee. The role and functions of the Executive Sub-Committee shall be determined by the Joint Committee."

- 3.2 At the meeting of the Joint Committee in June 2014 the number of members on the Sub-Committee was increased and the Procedural Standing Orders amended to provide 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 shall reflect the geographic diversity of the Constituent Authorities.
- 3.3 It is proposed that the existing membership of the Executive Sub-Committee is continued until June 2016 which means that the Executive Sub-Committee will comprise of Elected Members from the following Councils:-
  - 1. Renfrewshire Council
  - 2. Angus Council
  - 3. Aberdeenshire Council
  - 4. Comhairle nan Eilean Sar

5. Fife Council
6. Glasgow City Council
7. Highland Council
8. North Ayrshire Council
9. City of Edinburgh Council
10. South Lanarkshire Council
11. Shetland Islands Council
12. Dumfries & Galloway Council

- 3.4 The main function of the Executive Sub-Committee is to consider and decide upon the award of contracts. The proposal to continue with the existing membership will ensure that the knowledge and experience built up over the few years is not lost and can be used to scrutinise the contract award reports in advance of the local government elections. The membership will be reviewed at the Joint Committee in June 2016.
-

## **SCOTLAND EXCEL**

**To:** Scotland Excel Joint Committee

**On:** 12 June 2014

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**Report by:** The Treasurer

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**Heading:** Scotland Excel Unaudited Annual Accounts 2014-15

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### **1. Summary**

- 1.1. The attached Annual Accounts for the year ended 31 March 2015 have been completed and forwarded to Audit Scotland for audit.
- 1.2. The Accounts show a deficit for the year of £401,539 against a budgeted deficit of £453,383. Further comments on the Accounts are shown on Pages 4 to 5 of the report.
- 1.3. In accordance with the Local Authority Accounts (Scotland) Regulations 2014, and in a change to previous practice, the unaudited accounts have only been signed by the Treasurer as proper officer. The audited accounts will be signed by the Convener and Director, as well as the Treasurer, in accordance with the new guidelines.

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### **2. Recommendations**

- 2.1. The Joint Committee is asked to note the Accounts and that, once the audit has been completed, the audited Accounts will be further presented to the Executive Sub Committee.
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# Scotland Excel

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Annual Financial Statements 2014/15

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## **Management Commentary**

### **Introduction**

The requirements governing the format and content of local authorities' annual accounts (under s106 of the Local Government (Scotland) Act 1973 joint boards and committees are classed as local authorities) are contained in The Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

### **History and Statutory Background**

Scotland Excel was launched in April 2008 to establish a centre of procurement expertise for the local government sector in Scotland. Its remit is to work collaboratively with members and suppliers to raise procurement standards, secure best value for customers and to improve the efficiency and effectiveness of public sector procurement in Scotland.

### **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.

### **Values**

The following principles, which are shared across Scotland Excel, underpin our approach and are integral to our success.

**Excellence:** We practice excellence in everything that we do - in our procurement activities and our service to customers.

**Innovation:** We will be innovative across all areas - in the strategies we develop and how we share best practice.

**Commitment:** We are committed to our employees and our customers - in working sustainably to deliver best value.

### **Strategic Aims**

Scotland Excel has five strategic aims which shape our business plans, objectives and activities.

**Best Value:** Develop and implement new collaborative contracts, actively managing supplier relationships, and providing high quality business information and reports which support decision making at a national and local level.

**Procurement Capability:** Deliver a range of best practise projects, initiatives and activities to raise procurement capability across our sector.

**Stakeholder Engagement:** Engage with local authority stakeholders across all aspects of our business to ensure that our policies, plans and activities are aligned to the strategic priorities of our sector.

**Scotland Excel  
Annual Accounts 2014/15**

Corporate Social Responsibility: Adopt a proactive approach to corporate social responsibility and sustainable practices by taking a holistic view of the social, economic and environmental implications of procurement choices.

Organisational Development: Progress the development of Scotland Excel through the continuous improvement of staff skills, systems and internal process.

A copy of the current three year business plan can be found at the address below.

<http://www.scotland-excel.org.uk/home/AboutUs/StrategyAndGovernance/StrategicAims.aspx>

## **Financial Performance**

### **Revenue**

The Comprehensive Income and Expenditure Account on page 15 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 £401,539 for the financial year 2014/15, compared to a budgeted deficit of £455,383; returning an underspend of £53,844. 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 £5,100.

	Budget £	Actual £	Variance £
Employee Costs	2,720,600	2,795,687	(75,087)
Property Costs	176,500	177,476	(976)
Supplies and Services	182,500	119,258	63,242
Contractors & Others	249,000	254,008	(5,008)
Administrative Costs	308,000	353,045	(45,045)
Payments to Other Bodies	33,000	122,151	(89,151)
<b>Total Expenditure</b>	<b>3,669,600</b>	<b>3,821,625</b>	<b>(152,025)</b>
Requisition Income	(3,184,217)	(3,184,217)	-
Other Income	(30,000)	(235,869)	205,869
<b>Total Income</b>	<b>(3,214,217)</b>	<b>(3,420,086)</b>	<b>205,869</b>
<b>(Surplus)/Deficit for Year</b>	<b>455,383</b>	<b>401,539</b>	<b>53,844</b>

The overspend in Employee Costs is due to voluntary redundancy/early retirement packages as agreed by the Joint Committee. The recruitment of a temporary employee, whose costs are fully recovered and included in Other Income, has contributed to the overspend. The overspend has been partially offset by vacancies within Procurement.

The underspend in Supplies and Services is due to the planned systems development programme not being completed by the end of the financial year.

The overspend in Administrative Costs is a result of recruitment and advertising costs and legal fees associated with a supplier challenge to a contract award.

The overspend in Payments to Other Bodies relates to external training courses arranged by Scotland Excel for Local Authority employees, which is fully recovered within Other income

The over recovery of Other Income is due to the recovery of training fees and reimbursement of the temporary employee costs mentioned above.

## **Scotland Excel Annual Accounts 2014/15**

### **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 £733,567.

### **Provisions, Contingencies and Write-offs**

The Joint Committee is not aware of any eventualities which may have a material effect on the financial position and has made no provisions for such eventualities.

The Joint Committee has included a contingent liability and 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 £3.460 million, a deterioration of £1.798 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.

### **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**

Local government is actively managing an ongoing reduction in available resources which is anticipated to continue over at least the medium term. In response to this, Scotland Excel has taken proactive measures to reorganise itself into a more streamlined organisation which has allowed the requisitions from member authorities to be held in 2015-16 at the same level as 2014-15

The balance of Scottish Government grant funding made available to set up Scotland Excel continues to be used to ensure the organisation is fit for purpose; and to fund procurement reform activity.

### **Conclusion**

We would wish to take this opportunity to acknowledge the team effort required to produce the accounts and to record my thanks to both the Director and her staff, and to my staff 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.

## **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 one of its officers has the responsibility for the administration of those affairs. The Director of Finance and Resources at Renfrewshire Council is the designated Officer and operates as the Treasurer for Scotland Excel; and
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

### **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 and complied with the Code of Practice;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities; and
- signed and dated the Annual Accounts.

This statement of accounts presents a "true and fair view" of the financial position of the Joint Committee at the accounting date and its income and expenditure for the year ended 31st March 2015.

**Alan Russell CPFA**  
Treasurer  
2 June 2015

## **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 Authority 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 Authorities 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 Council'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 Management Group 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 or irregularities are either prevented or would be detected in a timely manner. It is based on a framework of regular 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,

## **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 satisfactory 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.

## **Continuous Improvement**

The annual review of corporate governance arrangements and their effectiveness has identified the following areas for improvement to be progressed during 2015/16

Scotland Excel will, through the Senior Management Team and the Executive Sub Committee, carry out a review of the management and reporting of risk in the organisation. The resultant risk register will reflect the new business and operating plans for the organisation and new areas of contract development as appropriate.



**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.

## 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

The Remuneration Policy of the Joint Committee is based on that agreed as part of the establishment of the Authorities Buying Consortium by Strathclyde Regional Council in 1996/7. It was agreed that the Director of the Authorities Buying Consortium receive a fixed salary set at SCP 35 (Grade CO8) of the Scottish Joint Negotiating Committee for Chief Officials pay scales, equivalent to 68.72% of the salary of the Chief Executive of Renfrewshire Council. At the Authorities Buying Consortium Joint Committee meeting of 25th October 2002 it was agreed to continue the existing percentage salary relationship. Following the retirement of the existing Director, 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.

2013/14	Senior Employees		2014/15			
Total	Name	Post Held	Salary, fees and allowances (i)	Expenses allowance chargeable to UK income tax	Other (ii)	Total
£			£	£	£	£
95,290	Dorothy Cowie	Director (until 31/08/14)	40,343	-	-	40,343
-	Julie Welsh	Director (from 01/09/14)	54,253	-	-	54,253
59,188	Irene McCulloch	Head of Professional Services (until 30/01/15)	57,367	-	32,488	89,855
72,732	Hugh Carr	Head of Strategic Procurement	73,459	-	-	73,459
<b>227,211</b>	<b>Total</b>		<b>225,422</b>	<b>-</b>	<b>32,488</b>	<b>257,910</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;

(ii) "other" includes any payments made by Scotland Excel by way of remuneration to, or in respect of, the person that do not otherwise fall within this paragraph, other than payments relating to pensions.

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 2015, 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).

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For local government employees this is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. The scheme's normal retirement age is 65.

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.

2013/14	Member contribution rates on earnings in the bands below	2014/15
Up to £19,800	5.5%	Up to £20,335
£19,801 to £24,200	7.25%	£20,336 to £24,853
£24,201 to £33,200	8.5%	£24,854 to £34,096
£33,201 to £44,200	9.5%	£34,097 to £45,393
Over £44,201	12%	Over £45,394

If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

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 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

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						
Name	Post Held	Accrued Pension benefits as at 31 March 2015		Change in accrued pension benefits since 31 March 2014		Pension contributions made by Scotland Excel during 2014-2015
		Pension	Lump Sum	Pension	Lump Sum	(i)
		£m	£m	£m	£m	£
Dorothy Cowie	Director (until 31/08/14)	0.044	0.107	+0.001	+0.001	7,383
Julie Welsh	Director (from 01/09/14)	0.008	0.001	+0.002	+0.000	10,517
Irene McCulloch	Head of Professional Services (until 30/01/15)	0.018	0.109	-0.001	+0.067	9,392
Hugh Carr	Head of Strategic Procurement	0.004	0.000	+0.000	+0.000	14,178
<b>Total</b>		<b>0.074</b>	<b>0.217</b>	<b>+0.002</b>	<b>+0.068</b>	<b>41,470</b>

**Scotland Excel  
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**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 2014/15, in bands of £5,000.

2013/14 Number of employees	Remuneration Band	2014/15 Number of employees
-	£50,000 - £54,999	2
1	£55,000 - 59,999	
-	£60,000 - £64,999	-
-	£65,000 - 69,999	-
1	£70,000 - £74,999	1
-	£75,000 - £79,999	-
-	£80,000 - £84,999	-
-	£85,000 - £89,999	1
1	£90,000 - £94,999	-
-	£95,000 - £99,999	-
<hr/> 3		<hr/> 4

**5. Exit Packages**

Scotland Excel has agreed four exit packages in 2014-15 as detailed in the table below. The exit packages agreed were all on a voluntary basis with no compulsory redundancies.

2013/14		Exit package cost	2014/15	
Number of departures agreed	Total cost of exit packages in each band £m		Number of departures agreed	Total cost of exit packages in each band £m
-	-	£0 - £20,000	2	0.027
-	-	£20,001 - £40,000	1	0.032
-	-	£40,001 - £60,000	1	0.042
-	-	£60,001 - £80,000	-	-
-	-	£80,001 - £100,000	-	-
-	-	£100,001 - £150,000	-	-
-	-	£150,001 - £200,000	-	-
-	-	£200,001 - £250,000	-	-
-	-	£250,001 - £300,000	-	-
-	-	£300,001 - £350,000	-	-
<hr/> -	<hr/> -		<hr/> 4	<hr/> 0.101

## Independent Auditors Report

### Annual Accounts 2014-15

Under audit arrangements approved by the Accounts Commission, the auditor with responsibility for the audit of the accounts for Scotland Excel for the year ended 31 March 2015 is:

Anne McGregor  
Senior Audit Manager  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow, G2 1BT

#### Statement

The Audit of the accounts is not yet complete ie the figures are subject to audit. The certified accounts will be presented to the Joint Committee for approval after the audit is complete.

## Movement in Reserves Statement for the year ended 31 March 2015

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**.

		Usable reserves		Unusable reserves	
		Revenue Reserve	Pension Reserve	Employee Statutory Adjustment Account	Total Reserves
	Note	£	£	£	£
<b>Balance at 31 March 2013 carried forward</b>		-	(1,226,000)	(56,518)	(1,282,518)
<i>Movement in reserves during 2013-14</i>					
Surplus or (deficit) on the provision of services		(158,360)			(158,360)
Other comprehensive income and expenditure	15a	-	(317,000)		(317,000)
<b>Total comprehensive income and expenditure</b>		<b>(158,360)</b>	<b>(317,000)</b>	<b>-</b>	<b>(475,360)</b>
Adjustments between accounting basis and funding basis under regulations	6b & 6c	120,602	(119,000)	(1,602)	0
Transfer from Creditors	6a	1,172,864			1,172,864
<b>Net increase or (decrease) before transfers to other statutory reserves</b>		<b>1,135,106</b>	<b>(436,000)</b>	<b>(1,602)</b>	<b>697,504</b>
Transfers to or (from) other statutory reserves		-	-	-	-
Transfer to creditors	6a	(1,135,106)	-	-	(1,135,106)
<b>Increase or (decrease) in 2013-14</b>		<b>-</b>	<b>(436,000)</b>	<b>(1,602)</b>	<b>(437,602)</b>
<b>Balance at 31 March 2014 carried forward</b>		<b>-</b>	<b>(1,662,000)</b>	<b>(58,120)</b>	<b>(1,720,120)</b>
<i>Movement in reserves during 2014-15</i>					
Surplus or (deficit) on the provision of services		(599,639)			(599,639)
Other comprehensive income and expenditure	15a		(1,605,000)		(1,605,000)
<b>Total comprehensive income and expenditure</b>		<b>(599,639)</b>	<b>(1,605,000)</b>	<b>-</b>	<b>(2,204,639)</b>
Adjustments between accounting basis and funding basis under regulations	6b & 6c	198,100	(193,000)	(5,100)	-
Transfer from Creditors	6a	1,135,106			1,135,106
<b>Net increase or (decrease) before transfers to other statutory reserves</b>		<b>733,567</b>	<b>(1,798,000)</b>	<b>(5,100)</b>	<b>(1,069,533)</b>
Transfers to or (from) other statutory reserves					-
Transfer to creditors	6a	(733,567)			(733,567)
<b>Increase or (decrease) in 2014-15</b>		<b>-</b>	<b>(1,798,000)</b>	<b>(5,100)</b>	<b>(1,803,100)</b>
<b>Balance at 31 March 2015 carried forward</b>		<b>-</b>	<b>(3,460,000)</b>	<b>(63,220)</b>	<b>(3,523,220)</b>

## **Comprehensive Income and Expenditure Statement for the year ended 31 March 2015**

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>2013/14</b>			<b>2014/15</b>	
£		Note	£	
2,662,994	Employee Costs		2,919,787	
170,738	Property Costs		177,476	
67,693	Supplies & Services		119,258	
299,099	Contractors		254,008	
234,575	Administration Costs		353,045	
102,733	Payments to Other Bodies		122,151	
<b>3,537,832</b>	<b>Cost of Services</b>		<b>3,945,725</b>	
(237,317)	Sales, Fees & Charges		(226,270)	
42,062	Financing & Investment Income and Expenditure	8	64,401	
(3,184,217)	Requisitions from Members Authorities	13	(3,184,217)	
<b>158,360</b>	<b>(Surplus) or deficit on the provision of services</b>		<b>599,639</b>	
317,000	Actuarial (Gains) or losses on pension assets and liabilities	15a	1,605,000	
<b>317,000</b>	<b>Other Comprehensive Income &amp; Expenditure</b>		<b>1,605,000</b>	
<b>475,360</b>	<b>Total Comprehensive Income &amp; Expenditure</b>		<b>2,204,639</b>	

## Balance Sheet as at 31 March 2015

The **balance sheet** shows the value as at 31 March 2015 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.

31st March 2014 £		Note	31st March 2015 £
	<b><u>Current Assets</u></b>		
1,233,271	Funds held by Renfrewshire Council		958,439
70,108	Debtors and Prepayments	10	34,700
150	Cash in Hand		150
<hr/> 1,303,529			<hr/> 993,289
	<b><u>less Current Liabilities</u></b>		
(1,361,649)	Creditors And Accruals	11	(1,056,509)
<hr/> (58,120)	<b>Net Assets Excluding Pension (Liability)/Asset</b>		<hr/> (63,220)
	<b><u>Long Term Liabilities</u></b>		
(1,662,000)	Pension (liability)/Asset	15c	(3,460,000)
<hr/> (1,720,120)	<b>Net (Liabilities)/Asset Including Pension</b>		<hr/> (3,523,220)
	<b><u>Represented by:</u></b>		
	<b>Usable Reserves - Revenue</b>		
1,135,106	Balance due to Scottish Government and related parties		733,567
(1,135,106)	Transfer to Creditors		(733,567)
	<b>Unusable Reserves</b>		
(58,120)	Employee Statutory Adjustment Account	6c	(63,220)
(1,662,000)	Pension Reserve	6b	(3,460,000)
<hr/> (1,720,120)			<hr/> (3,523,220)

The unaudited accounts were issued on the 2 June 2015, Balance Sheet signed by:

**Alan Russell CPFA**  
Treasurer  
2 June 2015



## **Cash flow Statement for the year ended 31 March 2015**

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.

<b>2013/14</b>		<b>2014/15</b>
£		£
	<b>Operating Activities</b>	
	<b>Cash Inflows</b>	
(3,391,132)	Sale of goods and rendering of services	(3,435,027)
(14,938)	Interest received	(9,599)
<b>(3,406,070)</b>	<b>Cash inflows generated from operating activities</b>	<b>(3,444,626)</b>
	<b>Cash Outflows</b>	
2,217,646	Cash paid to and on behalf of employees	2,342,746
963,510	Cash paid to suppliers of goods and services	1,013,720
352,751	Other payments for operating activities	362,992
<b>3,533,907</b>	<b>Cash outflows generated from operating activities</b>	<b>3,719,458</b>
<b>127,837</b>	<b>Net (increase)/decrease in cash and cash equivalents</b>	<b>274,832</b>
1,361,258	Cash and cash equivalents at the beginning of the reporting period - short term deposits with Renfrewshire Council	1,233,421
1,233,421	Cash and cash equivalents at the end of the reporting period - short term deposits with Renfrewshire Council	958,589
<b>127,837</b>	<b>Net cash outflow in cash and cash equivalents in year</b>	<b>274,832</b>

## **Note 1 Summary of Significant Accounting Policies**

The Financial Statements for the year ended 31 March 2015 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.

- 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. 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

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classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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 the balance of start-up funding made available to the Joint Committee through a Scottish Government grant and any balance of requisition income from members of the Joint Committee.

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.

Government Grant	The Joint Committee received Scottish Government grant support to fund set-up costs in 2007. The grant has been used according to the grant conditions, and the remaining balance will continue to be used to ensure that Scotland Excel provides appropriate procurement reform support to local authorities in Scotland.
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## **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 2015 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 £1.784 million. However, the assumptions interact in complex ways. During 2014/15, the appointed actuaries advised that the net pension liability had decreased by £1.605 million as a result of estimates being corrected.

## **Note 5 Events after the balance sheet date**

Events taking place after the authorised 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 2015, 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**

<b>2013/14</b>		<b>2014/15</b>
£		£
(1,172,864)	Balance as at 1 April	(1,135,106)
(119,000)	Transfer to pension reserve	(193,000)
(1,602)	Transfer to employee statutory adjustment account	(5,100)
158,360	(Surplus) or Deficit on the provision of services (from the Comprehensive Income & Expenditure Account)	599,639
<b>(1,135,106)</b>	<b>Balance as at 31 March</b>	<b>(733,567)</b>

This represents the excess of member authority requisitions over expenditure in any one year and is shown as payable to the member authorities

### **b. Pension Reserve**

<b>2013/14</b>		<b>2014/15</b>
£		£
(1,226,000)	Balance as at 1 April	(1,662,000)
(317,000)	Actuarial Gains and Losses (see note 15)	(1,605,000)
(119,000)	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	(193,000)
<b>(1,662,000)</b>	<b>Balance as at 31 March</b>	<b>(3,460,000)</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.



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**c. Employee Statutory Adjustment Account**

2013/14		2014/15
£		£
56,518	Balance as at 1 April	58,120
(56,518)	Reversal of prior year accrual for short-term accumulating compensated absences	(58,120)
58,120	Recognition of the accrual for short-term accumulating compensating absences at 31 March	63,220
<b>58,120</b>	<b>Balance as at 31 March</b>	<b>63,220</b>

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 £198,100 less 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.

2013/14		2014/15
£		£
	<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>	
(463,000)	Net charges made for retirement benefits in accordance with IAS19	(535,000)
(1,602)	Net charges for employment short-term accumulating absences	(5,100)
<b>(464,602)</b>		<b>(540,100)</b>
	<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>	
<b>344,000</b>	Employers contributions payable to the Strathclyde Pension Fund	<b>342,000</b>
<b>(120,602)</b>	<b>Net additional amount required to be debited or credited to the Revenue Reserves balance for the year</b>	<b>(198,100)</b>



## Note 8 Financing & Investment Income

2013/14		2014/15
£		£
(14,938)	Interest on Balances	(9,599)
57,000	Pension Interest Cost	74,000
<b>42,062</b>	<b>Total Financing and Investment (Income)/Cost</b>	<b>64,401</b>

## 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 (2013/14 £87,320).

2013/14		2014/15
£		£
	Future Minimum Lease Payments	
87,320	- not later than one year	87,320
250,716	- later than one year and not later than five years	163,396
-	- later than five years	-
<b>338,036</b>	<b>Total</b>	<b>250,716</b>

## Note 10 Debtors

31st March 2014		31st March 2015
£		£
-	Central government bodies	-
-	Other local authorities	-
70,108	Other Entities and Individuals	34,700
<b>70,108</b>	<b>Total short term debtors</b>	<b>34,700</b>

## Note 11 Creditors

<b>31st March 2014</b>		<b>31st March 2015</b>
£		£
589,490	Central government bodies	288,091
561,277	Other local authorities	464,780
58,120	Short Term Accumulating Absences	63,220
125,850	Accrued Payrolls	140,945
26,913	Other entities and individuals	99,473
<b><u>1,361,649</u></b>	<b>Total short term creditors</b>	<b><u>1,056,509</u></b>

## Note 12 Transfer to Creditors

<b>2013/14</b>		<b>2014/15</b>
£		£
<b><u>1,135,106</u></b>	Grant has been provided by the Scottish Government to fund the initial start up of the Joint Committee. £286,563 of the £4,500,000 advanced remains unused at 31 <sup>st</sup> March 2015, with the balance owed to related parties – see note 13.	<b><u>733,567</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. The Joint Committee in turn pays Renfrewshire Council for support services.

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The amount paid in respect of these services for the year ended 31 March 2015 was £185,000 (2013/14 £174,500).

2013/14		Percentage	2014/15
£	Council		£
124,108	Aberdeen City	3.9%	124,108
135,624	Aberdeenshire	4.3%	135,624
73,910	Angus	2.3%	73,910
65,691	Argyll & Bute	2.1%	65,691
43,592	Clackmannanshire	1.4%	43,592
94,018	Dumfries & Galloway	3.0%	94,018
91,930	Dundee City	2.9%	91,930
79,994	East Ayrshire	2.5%	79,994
73,631	East Dunbartonshire	2.3%	73,631
65,585	East Lothian	2.1%	65,585
64,871	East Renfrewshire	2.0%	64,871
246,599	Edinburgh (City of)	7.7%	246,599
32,658	Eilean Siar	1.0%	32,658
93,365	Falkirk	2.9%	93,365
197,793	Fife	6.2%	197,793
311,813	Glasgow City	9.8%	311,813
125,364	Highland	3.9%	125,364
61,512	Inverclyde	1.9%	61,512
59,820	Midlothian	1.9%	59,820
63,746	Moray	2.0%	63,746
88,354	North Ayrshire	2.8%	88,354
182,483	North Lanarkshire	5.7%	182,483
29,218	Orkney	0.9%	29,218
88,333	Perth & Kinross	2.8%	88,333
106,061	Renfrewshire	3.3%	106,061
74,295	Scottish Borders	2.3%	74,295
30,515	Shetlands Council	1.0%	30,515
75,966	South Ayrshire	2.4%	75,966
172,952	South Lanarkshire	5.4%	172,952
63,194	Stirling	2.0%	63,194
66,208	West Dunbartonshire	2.1%	66,208
101,014	West Lothian	3.2%	101,014
<b>3,184,217</b>	<b>Total</b>	<b>100%</b>	<b>3,184,217</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 2014/15 were £5,720 (£5,660 in 2013/14). 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 2014/15:

2013/14 £		Note	2014/15 £
	<b>Comprehensive Income &amp; Expenditure Statement</b>		
	Cost of Services		
406,000	Current service cost	(i)	461,000
-	Past service cost/(gain)	(ii)	-
-	Settlements & curtailments	(iii)	-
<u>406,000</u>			<u>461,000</u>
	<b>Financing &amp; Investment Income &amp; Expenditure</b>		
<u>57,000</u>	Net Interest	(iv)	<u>74,000</u>
<b>463,000</b>	<b>Total post employment benefit charged to the Surplus or Deficit on the Provision of Services</b>		<b>535,000</b>
	<b>Other post employment benefit charged to the Comprehensive Income and Expenditure Statement</b>		
(175,000)	Return on assets excluding amounts included in net interest		(792,000)
<u>492,000</u>	Actuarial (gains) and losses arising on changes in financial assumptions		<u>2,397,000</u>
<b>317,000</b>	<b>Total Actuarial (gains) and losses</b>		<b>1,605,000</b>
<b>780,000</b>	<b>Total post employment benefit charged to the Comprehensive Income and Expenditure Statement</b>		<b>2,140,000</b>
	Movement in Reserves Statement	(v)	
	Reversal of net charges made to the Surplus or Deficit for the		
(436,000)	Provision of Services for post employment benefits according with the Code		(1,798,000)
<u><b>344,000</b></u>	<b>Employers Contributions paid to Strathclyde Pension Fund</b>		<u><b>342,000</b></u>

#### 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.

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- 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.
- 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 (£193,000).

The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2014/15 these amounted to £17,648 (2013/14 £16,107).

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, losses of £1.605 million are included in the Movement in Reserves Statement (2013/14 £0.317 million loss). The cumulative amount of actuarial losses is £(4.012) million (2013/14 £(2.407) million).

**15b. Assets and liabilities in relation to retirement benefits**

A reconciliation of the Joint Committee's share of the **present value** value of Strathclyde Pension Fund's **liabilities** is as follows:

2013/14		2014/15
£000		£000
8,873	Opening present value	10,210
406	Current service cost	461
409	Interest Cost	449
125	Employee Contributions	124
	Remeasurement (gains)/losses:	
492	Actuarial (gains)/losses arising from changes in financial assumptions	2,397
(95)	Benefits Paid	(92)
<b>10,210</b>	<b>Balance as at 31 March</b>	<b>13,549</b>

A reconciliation of the Joint Committee's share of the **fair** value of Strathclyde Pension Fund's **assets** is as follows:

2013/14		2014/15
£000		£000
7,647	Opening Fair Value	8,548
352	Interest Income	375
	Remeasurement gain/(loss):	
175	Return on assets excluding amounts included in net interest	792
344	Contributions from employer	342
125	Contributions from employee	124
(95)	Benefits Paid	(92)
<b>8,548</b>	<b>Closing fair value of scheme assets</b>	<b>10,089</b>

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**15c. Fund history**

	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000
Present Value of Liabilities	(7,685)	(6,881)	(8,873)	(10,210)	(13,549)
Fair value of assets	7,704	6,243	7,647	8,548	10,089
<b>Surplus/(deficit) in the Fund</b>	<b>19</b>	<b>(638)</b>	<b>(1,226)</b>	<b>(1,662)</b>	<b>(3,460)</b>

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching (ALM) strategy.

The total liability of £3.460 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 2011.

The principal assumptions used by the actuary have been:

31st March 2014	Year Ended:	31st March 2015
<b>Mortality assumptions</b>		
	Longevity at 65 for current pensioners	
21.0 years	• Men	22.1 years
23.4 years	• Women	23.6 years
	Longevity at 65 for Future pensioners	
23.3 years	• Men	24.8 years
25.3 years	• Women	26.2 years
5.1%	Rate of increase in salaries*	4.3%
2.8%	Rate of increase in pensions	2.4%
4.3%	Rate for discounting scheme liabilities	3.2%
	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%

\* Salary increases are assumed at 1% p.a. until 31 March 2015 and reverting to the long term assumption thereafter

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The pension scheme's assets consist of the following categories, by proportion of the total assets held:

<b>31st March 2014</b>			<b>31st March 2015</b>
<b>£000</b>		<b>Percentage</b>	<b>£000</b>
	<b>Equity Securities</b>		
787	Consumer	9.4%	953
692	Manufacturing	7.5%	761
313	Energy and Utilities	3.0%	300
572	Financial Institutions	6.9%	701
293	Health and Care	4.1%	410
466	Information Technology	5.7%	580
<b>3,123</b>	<b>Total Equity</b>	<b>36.7%</b>	<b>3,705</b>
	<b>Private Equity</b>		
806	All	9.7%	982
<b>806</b>	<b>Total Private Equity</b>	<b>9.7%</b>	<b>982</b>
	<b>Real Estate</b>		
599	UK Property	9.1%	922
-	Overseas Property	0.0%	-
<b>599</b>	<b>Total Real Estate</b>	<b>9.1%</b>	<b>922</b>
	<b>Investment Funds &amp; Unit Trusts</b>		
2,602	Equities	28.7%	2,895
992	Bonds	12.7%	1,278
3	Commodities	0.0%	4
12	Infrastructure	0.3%	34
-	Other	0.2%	18
<b>3,609</b>	<b>Total Investment Funds &amp; Unit Trusts</b>	<b>41.9%</b>	<b>4,229</b>
	<b>Derivatives</b>		
2	Other	0.0%	3
<b>2</b>	<b>Total Derivatives</b>	<b>0.0%</b>	<b>3</b>
	<b>Cash &amp; Cash Equivalents</b>		
409	All	2.5%	248
<b>409</b>	<b>Total Cash &amp; Cash Equivalents</b>	<b>2.5%</b>	<b>248</b>
<b>8,548</b>	<b>Total</b>	<b>100%</b>	<b>10,089</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 2015-16 and 2016-17. This rate may vary thereafter following triennial valuation carried out as at 31 March 2014.

The fund will require to assess the impact for future accruals and contributions from impending changes to the LGPS such as the move from 1 April 2015 to a career average revalued earning (CARE) scheme.

The total contributions expected to be made by the Joint Committee to the Strathclyde Pension Fund in the forthcoming year to 31 March 2016 is £0.370 million.

## **Note 16 Contingent Liabilities and Assets**

Following the awarding of a new Framework contract, a legal challenge has been notified. Scotland Excel has recognised a contingent liability for potential costs and damages should the court rule in favour of the pursuer.

Similarly, a contingent asset has been recognised for the recovery of costs relating to defending the action should court rule in favour of Scotland Excel.



## **SCOTLAND EXCEL**

**To:** Scotland Excel Joint Committee

**On:** 12 June 2015

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**Report by:** The Treasurer and the Clerk

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**Heading:** Local Authority Accounts (Scotland) Regulations 2014

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### **1. Summary**

- 1.1. The Local Authority Accounts (Scotland) Regulations 2014 came into force from 10 October 2014 and make a number of changes to the current requirements relating to the preparation, contents and consideration of the Annual Accounts for all local authorities and joint committees.
- 1.2 Under the Regulations, a local authority (under the regulations the definition of a local authority includes joint committees) or committee of that authority whose remit includes audit or governance functions must meet to consider the unaudited Annual Accounts no later than 31<sup>st</sup> August each year, and must aim to approve the audited Annual Accounts for signature no later than 30<sup>th</sup> September each year.
- 1.3 The purpose of this report is to seek approval for changes to be made to the Scheme of Delegation and Finance Regulations of Scotland Excel which would enable Scotland Excel to comply with the requirements of the Regulations.

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### **2. Recommendations**

- 2.1. The Joint Committee is asked to approve the amendments to the Scheme of Delegation and Finance Regulations as detailed at paragraphs 3.4 and 3.5 of this report.
-

### 3. Background

- 3.1 Under the Standing Orders the Joint Committee of Scotland Excel meets twice each year, normally in June and December. Under existing arrangements, the unaudited annual accounts of Scotland Excel are considered at the June meeting and the audited annual accounts are considered and approved at the December meeting.
- 3.2 The Local Authority Accounts (Scotland) Regulations 2014 were laid before the Scottish Parliament on 7 July 2014 and came into force on 10 October 2014. The Regulations apply to the statutory Annual Accounts commencing with the financial year 2014-15. Under the Regulations a local authority (under the regulations the definition of a local authority includes joint committees) or committee of that authority whose remit includes audit or governance functions must meet to consider the unaudited Annual Accounts no later than 31 August each year, and must aim to approve the audited Annual Accounts for signature no later than 30 September each year.
- 3.3 The existing arrangements would prevent Scotland Excel meeting the requirement to approve the audited accounts for signature no later than 30 September each year.
- 3.4 It is proposed that an adjustment is made to paragraph 4.3 of the Scotland Excel Scheme of Delegation to delegate the consideration and approval of the audited Annual Accounts to the Executive Sub-Committee:

#### Current Paragraph

- 4.3 The matters initially delegated to the Executive Sub-Committee are as follows:-
- a) to approve or endorse as appropriate executive actions recommended by the Director
  - b) to deal with urgent matters relating to staffing or to the structure of Scotland Excel
  - c) the selection process for appointments to the posts of Director or Heads of Service
  - d) to approve the award and extension of contracts or groups of contract in terms of the Standing Orders Relating to Contracts. to consider and determine:-
    - (i) urgent matters relating to contract continuity which cannot be dealt with by the Joint Committee;
    - (ii) approval or homologation of matters where urgency precludes full Joint Committee consideration; and
    - (iii) any other matter referred to the Executive Sub-Committee by the Joint Committee.

#### Proposed Revision

4.3 The matters initially delegated to the Executive sub-committee are as follows:-

- a) **to consider and approve for signature the audited Annual Accounts of Scotland Excel**
- b) to approve or endorse as appropriate executive actions recommended by the Director
- c) to deal with urgent matters relating to staffing or to the structure of Scotland Excel
- d) the selection process for appointments to the posts of Director or Heads of Service
- e) to approve the award and extension of contracts or groups of contract in terms of the Standing Orders Relating to Contracts. to consider and determine:-
  - (i) urgent matters relating to contract continuity which cannot be dealt with by the Joint Committee;
  - (ii) approval or homologation of matters where urgency precludes full Joint Committee consideration; and
  - (iii) any other matter referred to the Executive Sub-Committee by the Joint Committee.

3.5 Similarly, it is proposed that the undernoted adjustment is made to paragraph 3.19 of the Scotland Excel Financial Regulations Scheme of Delegation to expand the responsibilities of the Executive Sub-Committee to include the consideration of reports by the external auditors in relation to the audited Annual Accounts:

#### Current Paragraph

3.19 The Joint Committee will consider reports by our external auditors, including reports on the audited annual accounts

#### Proposed Revision

3.19 The Joint Committee **or Executive Sub-Committee** will consider reports by our external auditors, including reports on the audited annual accounts

3.6 The Directors of Finance of all Scottish Local Authorities have been consulted on these proposals and no objections have been raised.

## **Implications of the Report**

1. **Financial** – none
2. **HR & Organisational Development** - none
3. **Community Planning** – none
4. **Legal** – The report seeks changes to Scotland Excel's constitutional documents to enable it to comply with the requirements of the Local Authority Accounts (Scotland) Regulations 2014.
5. **Property/Assets** - none
6. **Information Technology** - none.
7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only.
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – none
11. **Privacy Impact** - none

## **SCOTLAND EXCEL**

**To:** Scotland Excel Joint Committee

**On:** 12 June 2015

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**Report by:** The Treasurer

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**Heading:** Annual Audit Plan 2014-15

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### **1. Summary**

- 1.1 The Annual Audit Plan 2014-15 for the Joint Committee is submitted for Members' information. The Plan outlines Audit Scotland's planned activities in their audit of the 2014-15 financial year.
- 1.2 The Annual Audit Plan 2014-15 includes a section on Audit Issues and Risks. Within this section Audit Scotland have identified a risk of "Management override of controls". This risk is being included in the audit plans of all bodies which Audit Scotland are working with in light of updated international standards on auditing. The inclusion of this risk is not a reflection of increased risk within Scotland Excel. Audit Scotland have confirmed that they have not found any issues on this in previous years.

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### **2 Recommendations**

- 2.1 The Joint Committee is asked to note the Annual Audit Plan 2014-15 by Audit Scotland.
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# Scotland Excel Annual Audit Plan 2014/15

Prepared for Scotland Excel Joint Committee

March 2015



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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.



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# Summary

## Introduction

1. Our audit is focused on the identification and assessment of the risks of material misstatement in Scotland Excel Joint Committee's (Scotland Excel) financial statements.
2. This report summarises the key challenges and risks facing Scotland Excel and sets out the audit work that we propose to undertake in 2014/15. Our plan reflects:
  - the risks and priorities facing Scotland Excel
  - current national risks that are relevant to local circumstances
  - the impact of changing international auditing and accounting standards
  - our responsibilities under the Code of Audit Practice as approved by the Auditor General for Scotland
  - issues brought forward from previous audit reports.
- they give a true and fair view of the state of affairs of Scotland Excel as at 31 March 2015 and its income and expenditure for the year then ended
- the accounts have been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2015 Code of Practice on Local Authority Accounting in the United Kingdom (the Code)
- a review and assessment of Scotland Excel's governance and performance arrangements and financial position
- providing an annual audit report addressed to Scotland Excel and the Controller of Audit.

## Summary of planned audit activity

3. Our planned work in 2014/15 includes:
  - an audit of the financial statements and provision of an opinion on whether:

# Responsibilities

4. The audit of the financial statements does not relieve management or Scotland Excel, as the body charged with governance, of their responsibilities.

## Responsibility of the appointed auditor

5. Our responsibilities, as independent auditor, are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice, and guided by the auditing profession's ethical guidance.
6. Auditors in the public sector give an independent opinion on the financial statements. We also review and report on the arrangements set in place by the audited body to ensure the proper conduct of its financial affairs and to manage its performance and use of resources. In doing this, we aim to support improvement and accountability.

## Responsibility for the preparation of the accounts

7. It is the responsibility of the Treasurer, as the appointed "proper officer", to prepare the financial statements in accordance with relevant legislation and the Code of Practice

on Local Authority Accounting in the United Kingdom (the Code). This means:

- maintaining proper accounting records
- preparing financial statements which give a true and fair view of the state of affairs of Scotland Excel as at 31 March 2015 and its expenditure and income for the year then ended.

## Format of the accounts

8. The financial statements should be prepared in accordance with the Code which constitutes proper accounting practice.

# Audit Approach

## Our approach

9. Our audit approach is based on an understanding of the characteristics, responsibilities, principal activities, risks and governance arrangements of Scotland Excel. We also consider the key audit risks and challenges in the local government sector generally. This approach includes:
- understanding the business of Scotland Excel and the risk exposure which could impact on the financial statements
  - assessing the key systems of internal control, and considering how risks in these systems could impact on the financial statements
  - identifying major transaction streams, balances and areas of estimation and understanding how Scotland Excel will include these in the financial statements
  - assessing and addressing the risk of material misstatement in the financial statements
  - determining the nature, timing and extent of the audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements give a true and fair view.

10. We have also considered and documented the sources of assurance which will make best use of our resources and allow us to focus audit testing on higher risk areas during the audit of the financial statements. The main areas of assurance for the audit come from planned management action and reliance on systems of internal control. Management action being relied on for 2014/5 includes:
- comprehensive closedown procedures for the financial statements accompanied by a timetable issued to all relevant staff
  - clear responsibilities for preparation of financial statements and the provision of supporting working papers
  - delivery of unaudited financial statements to agreed timescales with a comprehensive working papers package
  - completion of the internal audit programme for 2014/15.
11. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an early assessment of the internal audit function. Internal audit is provided by the internal audit section within Renfrewshire council. Overall, we concluded that the internal audit service operates in accordance with Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.

12. As Scotland Excel uses financial ledger and systems hosted by Renfrewshire Council we plan to place formal reliance on aspects of the work of internal audit in the following areas, to support our audit opinion on the financial statements:
- Payroll
  - Treasury Management
13. In respect of our wider governance and performance audit work we also plan to review the findings and consider other areas of internal audit work on Scotland Excel including:
- Contract Monitoring Arrangements.

## Materiality

14. International Standard on Auditing 320 provides guidance on the concept of materiality. We consider materiality and its relationship to audit risk when planning the nature, timing and extent of our audit and conducting our audit procedures. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

15. Based on our knowledge and understanding of Scotland Excel we have set our planning materiality at 1% of gross expenditure. For 2014/15 planning materiality is £33,000.
16. We set a lower level, known as performance materiality, when defining our audit procedures. This level depends on

professional judgement and is informed by a number of factors including:

- extent of estimation and judgement within the financial statements
- nature and extent of prior year misstatements
- extent of audit testing coverage.

17. For 2014/15 performance materiality has been set at £16,000. We will report, to those charged with governance, all misstatements greater than £1,000.

18. In addition, an inaccuracy which would not normally be regarded as material in terms of monetary value may be important for other reasons (for example the failure to achieve a statutory requirement, or an item contrary to law). In the event of such an item arising, its materiality has to be viewed in a narrower context; such matters would normally fall to be covered in an explanatory paragraph in the independent auditor's report.

## Reporting arrangements

19. The Local Authority Accounts (Scotland) Regulations 2014 (the 2014 regulations) require that the unaudited annual accounts are submitted to the appointed external auditor no later than 30 June each year. Under section 106 of the Local Government (Scotland) Act 1973 joint boards and joint committees are classed as local authorities.

20. Scotland Excel is required to consider the unaudited annual accounts at a meeting by 31 August.
21. Local authorities must publish the unaudited accounts on their websites and give public notice of the inspection period.
22. The 2014 regulations require the local authority (or a committee whose remit includes audit or governance) to meet by 30 September to consider whether to approve the audited annual accounts for signature. Immediately after approval, the annual accounts require to be signed and dated by specified members and officers and then provided to the auditor. The Controller of Audit requires audit completion and issue of an independent auditor's report (opinion) by 30 September each year.
23. Due to the timetable of committee meetings for 2015 the approval of the accounts will be delegated to the Executive sub-committee.
24. Scotland Excel is required to publish on its website its signed audited annual accounts, and the audit certificate, by 31 October. The annual audit report is required to be published on the website by 31 December.
25. An agreed timetable is included at Exhibit 1 below which takes account of submission requirements and committee dates:

**Exhibit 1: Financial statements audit timetable**

Key stage	Date
Meetings with officers to clarify expectations of working papers and financial system reports	26 February 2015
Planned Scotland Excel approval of unaudited financial statements	12 June 2015
Submission of unaudited financial statements with working papers package	22 June 2015
Progress meetings with lead officers on emerging issues	As and when required.
Latest date for final clearance meeting with Treasurer	6 August 2015
Agreement of unsigned financial statements for Executive sub-committee agenda, and issue of combined ISA 260 report to those charged with governance and draft Annual Audit Report.	12 August 2015
Executive sub-committee meeting	28 August 2015
Independent auditor's report signed	31 August 2015
Issue of final annual audit report	31 August 2015

26. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officers to confirm factual



accuracy. A copy of all final agreed reports will be sent to the Director, Treasurer, internal audit and Audit Scotland's Performance Audit and Best Value Group.

27. We will provide an independent auditor's report to Scotland Excel and the Accounts Commission that the audit of the financial statements has been completed in accordance with applicable statutory requirements. As part of streamlining our audit approach, this year the Annual Audit Report will be combined with the ISA 260 report. As a result, the Annual Audit Report will be issued by 30 September which is one month earlier than previous years.

28. All annual audit reports produced are published on Audit Scotland's website: ([www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)).

29. Planned outputs for Scotland Excel are summarised at Appendix I.

## Quality control

30. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing,

quality and ethical standards and the Code of Audit Practice issued by Audit Scotland and approved by the Accounts Commission. To ensure that we achieve the required quality standards, Audit Scotland conducts peer reviews and internal quality reviews and has been subject to a programme of external reviews by the Institute of Chartered Accountants of Scotland (ICAS).

31. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We do, however, welcome feedback at any time and this may be directed to the engagement lead, Anne McGregor.

## Independence and objectivity

32. Auditors appointed by the Accounts Commission must comply with the Code of Audit Practice. When auditing the financial statements, auditors must also comply with professional standards issued by the Auditing Practices Board (APB) and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual "fit and proper" declaration for all members of staff. The arrangements are overseen by the Assistant Auditor General, who serves as Audit Scotland's Ethics Partner.

# Audit issues and risks

33. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Scotland Excel.

## Audit issues and risks

34. Based on our discussions with staff, attendance at committee meetings and a review of supporting information, we have identified the following main risk areas for your organisation.

## Financial statements

35. **Approval of the accounts:** Due to the timetable of committee meetings for 2015 the approval of the accounts will be delegated to the Executive sub-committee, however this will require an amendment to the scheme of delegation, which will require Scotland Excel Joint Committee approval.
36. **Management override of controls:** Internal Standards on Auditing 240, *The Auditor's responsibilities relating to fraud in an audit of financial statements* states that audit procedures should be responsive to risks related to management override of controls. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus an audit risk. We have not identified any audit issues on this in the past but each year have to address the



risk. We will design and perform audit procedures to address these risks at Scotland Excel.

**37. Annual Governance Statement:** Regulation 5 of the 2014 regulations requires authorities to undertake an annual review of their system of internal control and report this in an annual governance statement. In previous years Scotland Excel has prepared a statement on the system of internal financial control (SSIFC), as allowed under the Code. Governance statements include a number of additional disclosures in comparison to the SSIFC.

**38. Management Commentary:** The 2014 LA regulations also require from 2014/15 for the annual accounts to include a management commentary. The Code requires local authorities to publish an explanatory foreword and only encourages (but does not require) authorities to take into account the relevant provisions of the *Government financial reporting manual* (FReM) in respect of management commentaries. However separate guidance from the Scottish Government is currently being drafted which will align to the reporting requirements in the FReM.

**39. Staff costs:** In 2014/15 Scotland Excel's staff costs will cover exit packages, permanent and temporary staff costs. In previous years we have noted Scotland Excel has found it difficult to recruit permanent procurement and IT professionals

and been employing temporary / fixed term staff. In 2014/15 a small number of exit packages were approved.

**40.** The Code and the LG 2014 regulations require specific disclosures for exit packages for the remuneration report and agreements should be in place for all exit packages and temporary contracts.

## Financial position

**41.** In previous years we have noted that the funds available for procurement improvement activity were being gradually utilised and new models were needed to resource this type of work.

**42.** In 2014, Audit Scotland published its report on how well councils in Scotland manage procurement and Scotland Excel played a key part in the study. The report acknowledges that since 2006, Scottish Government and Scotland Excel initiatives have led to significant changes in councils' procurement practices, improved services and brought financial savings. The procurement capability assessments were assessed as being an effective process and councils considered them worthwhile.

**43.** The report made three recommendations for Scotland Excel:

- set realistic timescales for contracts development, particularly in new areas of contracting

# Fees and resources

- maintain and improve its sharing of knowledge and experience with the Scottish Futures Trust and with associated joint venture companies
  - work with councils and review and formalise arrangements to fund procurement improvement activity beyond 2016.
- 44.** Managing the on-going need to recruit and retain procurement professionals is key in delivering Scotland Excel's objectives. The Director is considering the options for funding reform activities in the next three year business plan 2015-2018. We will follow-up progress on the above actions and provide an update in the annual report on the audit.

## Summary assurance plan

- 45.** In most cases, actions to manage the above risks are either planned or already underway within the organisation. Details of the sources of assurance that we have received for each of these risks and any audit work we plan to undertake is also set out in Appendix II. In the period prior to the submission of the unaudited financial statements, we will liaise with senior officers on any new or emerging issues.

## Audit fee

- 46.** Over the past four years, Audit Scotland has reduced audit fees by 23.5% in real terms, exceeding our 20% target. Due to further refinement of our audit approach we have been able to restrict the increase in audit fees for 2014/15 to 1% which, in real terms, represents a 0.6% reduction at 2014 price levels.
- 47.** In determining the audit fee we have taken account of the risk exposure of Scotland Excel, the management assurances in place, and the level of reliance we plan to take from the work of internal audit. We have assumed receipt of a complete set of unaudited financial statements and comprehensive working papers package by 15 June 2015.
- 48.** The agreed audit fee for the 2014/15 audit of Scotland Excel is £5,720. Our fee covers:
- the costs of planning, delivering and reporting the annual audit including auditor's attendance at committees
  - your organisation's allocation of the cost of national performance audits and statutory reports by the Accounts Commission
  - a contribution towards functions that support the local audit process (e.g. technical support and coordination of

the National Fraud Initiative), support costs and auditors' travel and subsistence expenses.

49. Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

**Audit team**

50. Anne McGregor, Senior Audit Manager, Audit Services is your appointed auditor. The local audit team will be led by Andrew Kerr who will be responsible for day to day management of the audit and who will be your primary contact. Details of the experience and skills of our team are provided in Exhibit 2. The core team will call on other specialist and support staff as necessary.

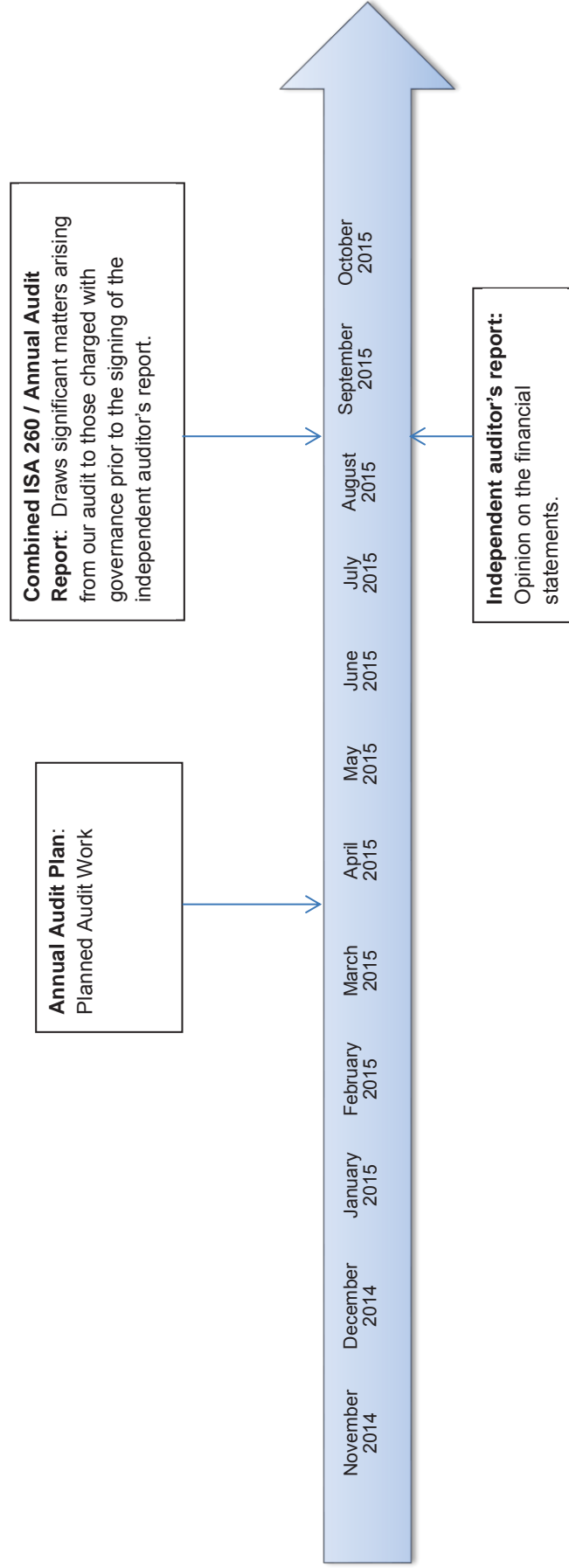
**Exhibit 2: Audit team**

Experience	
Name	
Anne McGregor, CA, Senior Audit Manager	Anne has over 15 years experience of public sector audit after working in the private sector for 7 years. Her public sector audit experience includes central and government and she has been

Experience	
Name	
Kenny McFall, CPFA, Senior Auditor	involved in a number of business improvement projects within Audit Scotland.  Kenny has 13 years experience of public sector audit with Audit Scotland, covering local government, central government and health sectors.
Andrew Kerr, Trainee Auditor	Andrew joined Audit Scotland in October 2013 and has been involved in local government and central government audits. He is currently studying towards his ICAS qualification.

# Appendix I: Planned audit outputs

The diagram below shows the key outputs planned for Scotland Excel in 2014/15.



# Appendix II: Significant audit risks

We undertake a risk-based audit whereby we focus on those areas where we have identified a risk of material misstatement in the accounts. This section shows how our audit approach focuses on the risks we have identified through our planning procedures. ISA 315 *Identifying and assessing the risks of material misstatement through understanding the entity and its environment* defines a significant risk as “an identified and assessed risk of material misstatement that, in the auditor’s judgement, requires special audit consideration.”

In this section we identify a range of risks facing Scotland Excel, the related source of assurance received and the audit work we propose to undertake to secure additional assurance. The management of risk is the responsibility of Scotland Excel and its officers, with the auditor’s role being to review the arrangements put in place by management. Planned audit work, therefore, will not necessarily address all residual risks.

Audit Risk		Source of assurance	Assurance procedure
<i>Audit risk of material misstatement in financial statements</i>			
<b>Approval of the accounts</b> Due to the timetable of committee meetings for 2015 the approval of the accounts will be delegated to the Executive sub-committee, however this will require an amendment to the scheme of delegation that still requires Joint Committee approval.	<ul style="list-style-type: none"> <li>Scotland Excel Joint Committee meet in June to delegate to the Executive sub-committee the ability to approve the 2014/15 audited accounts prior to them being signed.</li> </ul>		<ul style="list-style-type: none"> <li>Review revised scheme of delegation to ensure Executive sub-committee can approve the 2014/15 accounts.</li> <li>Continue to work with officers to deliver the audit to the revised timetable.</li> </ul>

Audit Risk	Source of assurance	Assurance procedure
<p><b>Management override of controls</b></p> <p>As stated in ISA 240, management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<p>N/A</p>	<ul style="list-style-type: none"> <li>• Detailed testing of journal entries</li> <li>• Review of accounting estimates for bias</li> <li>• Evaluating significant transactions that are outside the normal course of business.</li> </ul>
<p><b>Annual Governance Statement</b></p> <p>The LG 2014 regulations require the annual accounts to include a governance statement, when in the past Scotland Excel would prepare a statement on the system of internal financial control (SSIFC). The governance statement contains a number of additional disclosures compared to the SSIFC and there is a risk not all the required disclosures are made.</p>	<ul style="list-style-type: none"> <li>• Finance staff attend annual technical accounting updates to understand changes to the Code and other new developments.</li> <li>• Meeting held with Renfrewshire Council finance and internal audit to agree on work required to prepare annual governance statement.</li> </ul>	<ul style="list-style-type: none"> <li>• Review of disclosures in annual governance statement against the <i>Delivering good governance in local government</i>: framework.</li> <li>• Ensure disclosures are consistent with the information within the financial statements and internal audit reports.</li> </ul>

Audit Risk	Source of assurance	Assurance procedure
<p><b>Management Commentary</b></p> <p>The LG 2014 regulations require the annual accounts to include a management commentary, which will include a number of additional disclosures in comparison to the current explanatory foreword. The Scottish Government is providing guidelines on preparing the management commentary but these have not yet been issued.</p>	<ul style="list-style-type: none"> <li>Finance staff attend annual technical accounting updates to understand changes to the Code and other new developments.</li> <li>To share good practice, finance staff liaise with other local authorities in finance forums to discuss new accounting and disclosure requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure information in management commentary is consistent with that contained in the financial statement and complies with disclosure requirements.</li> </ul>
<p><b>Staff costs and changes</b></p> <p>2014/15 Scotland Excel's staff costs will cover exit packages, permanent and temporary staff costs.</p> <p>The Code and the LG 2014 regulations require specific disclosures for exit packages for the remuneration report and signed agreements should be in place for all exit packages and temporary contracts.</p> <p>There is a risk the different costs are not disclosed correctly or not supported by formal and signed agreements.</p>	<ul style="list-style-type: none"> <li>Finance staff will review all agreed packages to ensure they are accounted for in the correct reporting period and in line with the Code and other related guidance.</li> <li>Payments to temporary staff are supported by signed contracts.</li> </ul>	<ul style="list-style-type: none"> <li>Review of remuneration report to ensure that exit packages disclosures are complete, accurate and follow guidance.</li> <li>Review accounts to check that all cost to the council are included e.g. amounts paid to individuals and strain-on-the-fund costs</li> <li>We will undertake substantive testing on temporary staff in order to ensure that they are being paid the correct remuneration according to contracts / invoices.</li> <li>Review final breakdown of permanent versus temporary costs in the financial statements for large and unusual movements.</li> </ul>



Audit Risk	Source of assurance	Assurance procedure
<b>Audit risk from wider responsibilities under Audit Scotland's Code of Audit Practice</b>		
<p><b>Financial position</b></p> <p>In previous years we have noted that the funds available for procurement improvement activity were being gradually utilised and new models were needed to resource this type of work. In 2014, Audit Scotland published its report on how well councils in Scotland manage procurement. This reiterated the need to for Scotland Excel to work with councils to review and formalise arrangements to fund procurement improvement activity beyond 2016.</p> <p>There has been a change in Director following the report being published and a risk of delay in addressing the recommendations.</p>	<ul style="list-style-type: none"> <li>The Director is considering the action points as part of preparing the next three year business plan 2015-2018, which is due in June 2015</li> </ul>	<ul style="list-style-type: none"> <li>We will follow-up progress on the recommendations for Scotland Excel from Audit Scotland's report and provide an update in the annual report on the audit.</li> </ul>



Audit Risk	Source of assurance	Assurance procedure
<p><b>Staffing Vacancies</b></p> <p>There have been a number of staff changes in 2014/15. A new Director joined Scotland Excel and a small number of exit packages were approved for 2014/15. As in previous years Scotland Excel has had difficulties in recruiting permanent staff members for a number of vacancies and relied on temporary staff.</p> <p>There is a risk changes will further impact on the staffing pressures currently faced and delay contract development.</p>	<ul style="list-style-type: none"> <li>• A recruitment campaign for six permanent and two fixed term posts will be undertaken in 2015 and the costs of these posts are included in the 2015/16 approved budget</li> <li>• When the current recruitment campaign is complete the temporary employment arrangements with agency staff will be phased out. There may be some temporary employment specialist support in new and emerging contract development areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring of revenue budget monitoring reports for employee cost spend against budget.</li> <li>• Review business plans for work planned on contract development.</li> <li>• Report on position in final report on the audit.</li> </ul>



**SCOTLAND EXCEL**

**To: SCOTLAND EXCEL JOINT COMMITTEE**

**Date: 12 June 2015**

**Report by  
Chief Auditor**

**INTERNAL AUDIT ANNUAL REPORT 2014/15**

**1. SUMMARY**

- 1.1 The Public Sector Internal Audit Standards require the Chief Auditor to prepare a report, at least annually, to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan.
- 1.2 The annual report must also provide an annual audit opinion on the overall adequacy and effectiveness of Scotland Excel's internal control environment.
- 1.3 The Annual Report for Scotland Excel is attached at Appendix 1 and outlines the role of Internal Audit, the performance of the Internal Audit Team, the main findings from the internal audit work undertaken in 2014/15, and contains an audit assurance statement.

**2. RECOMMENDATIONS**

- 2.1 Members are invited to consider and note the contents of the Annual Report.
-



# **Scotland Excel Internal Audit Annual Report 2014-2015**

**Finance & Resources  
Internal Audit**

**June 2015**



## Scotland Excel

### Internal Audit Annual Report 2014/2015

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**Scotland Excel**  
**Internal Audit Annual Report**  
**1 April 2014 – 31 March 2015**

## **1. Introduction**

1.1 As host Authority, Renfrewshire Council provides an internal audit service to Scotland Excel. This includes:

- The compilation of an annual audit plan following consideration and evaluation of those areas of greatest risk in the organisation's operation, and consultation with the Director;
- Delivery of the planned audit assignments;
- Follow up of previous audit recommendations;
- Provision of any ongoing advice and support on audit and risk management related matters;
- Provision of an Annual Report and Assurance Statement, and presentation to elected members of Scotland Excel.

1.2 The Service operates in accordance with the Public Sector Internal Audit Standards which defines Internal Audit's role as:

“.....an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

1.3 In line with the Standards, the purpose of this Annual Report is to report on:

- The outcome of the planned Internal Audit reviews 2014/15 relating to Scotland Excel;
- The outcome of Internal Audit reviews of supporting Renfrewshire Council corporate systems;
- Internal audit performance;
- Planned audit work for 2015/16;
- The annual assurance statement which provides an opinion on the overall adequacy and effectiveness of the organisation's internal control environment.

## **2. Responsibilities of Management and Internal Audit**

2.1 It is the responsibility of management to ensure that for the areas under their control there is an adequate and effective system of internal control which



facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.

- 2.2 Internal Audit is not a substitute for effective control exercised by management as part of their responsibilities. Internal Audit's role is to independently assess the adequacy of the risk management, internal controls and governance arrangements put in place by management and to undertake sufficient work to evaluate and conclude on the adequacy of those controls for the period under review.

### **3. Internal Audit Activity during 2014/2015**

- 3.1 The Annual Report for 2014/2015 was submitted to the Authority on 05 December 2014.
- 3.2 The following work was undertaken in relation to 2014/15 in line with the audit plan:
- Review of the contract monitoring arrangements, focusing on the initiation stage of the procurement journey;
  - A review and update of the authority's financial regulations and codes has been undertaken, to ensure that any revisions made to the Renfrewshire Council financial regulations and codes are incorporated as appropriate; The Regulations were approved in December 2014
  - Follow up of previous audit work.
- 3.3 The findings arising from Internal Audit reviews are communicated to the Chief Officer's Management Group and the Executive Sub-Committee. A summary of the main findings are detailed in table 1 below.

**Table 1**

<b>Audit Area</b>	<b>Conclusion</b>
Contract Management Arrangements	<ul style="list-style-type: none"><li>• <b>Satisfactory Level of Assurance</b></li><li>• The systems in place for the management of contracts during the initiation stage of the procurement journey are satisfactory and no key risks were identified.</li></ul>

- 3.4 The implementation rate of audit recommendations is a measure of operational culture and effectiveness. During 2014/15, 7 recommendations relating to Scotland Excel's activities were followed up. All 7 (100%) have been fully implemented.
- 3.5 Internal Audit also carried out reviews of the main corporate finance systems operating within Renfrewshire Council which support Scotland Excel's activity. The main findings in relation to these are summarised in table 2 below and Renfrewshire Council management have agreed to implement the audit recommendations made in relation to each review:

**Table 2**

<b>Audit Area</b>	<b>Conclusion</b>
<i>System of Internal Financial Control</i>	
Payroll	<ul style="list-style-type: none"> <li>• <b>Satisfactory Level of Assurance</b></li> <li>• No key risks were identified. A few good practice recommendations were made, which once implemented, will strengthen the overall effectiveness of internal control.</li> </ul>
Treasury Management	<ul style="list-style-type: none"> <li>• <b>Satisfactory Level of Assurance</b></li> <li>• No key risks were identified. A few good practice recommendations were made, which once implemented, will strengthen the overall effectiveness of internal control.</li> </ul>

## **4. Review of Internal Audit Performance**

- 4.1 Internal Audit produces regular reports on its performance during the year against a range of measures set annually by the Director of Finance and Resources. These are set out in the following table.

**Table 3**

<b>Internal Audit Performance 2014/15</b>		
<b>Performance measure</b>	<b>Target 2014/15</b>	<b>Actual 2014/15</b>
% of audit assignments completed by target date	95%	96.8%
% of audit assignments completed within time budget	95%	96.8%
% of audit reports issued within three weeks of completion of audit field work	95%	96.2%
% completion of audit plan for the year*	95%	95.2%

\* this measures the completion percentage as at 31 March. 100% of the plan is ultimately delivered through the finalisation of the outstanding elements in the new financial year.

The figures in table 2 show that all targets have been achieved.

4.2 The Chief Auditor is required to develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit including conformance with the standards. The Chief Auditor undertook a self assessment against the standards during 2013/14 and throughout the year the improvement actions identified have been progressed, including the review of the risk assessment and planning methodology and the Chief Auditor's performance appraisal. All outstanding actions will be completed with the implementation of the upgraded audit management software.

#### 4.3 External Audit

External Audit's review of the internal audit service concluded that the internal audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place. Customer Satisfaction

#### 4.4 Customer Service

Internal Audit issues customer satisfaction surveys at the conclusion of assignments. These measure the level of satisfaction with the way in which the audit was conducted and with the audit report's findings and recommendations. A total of 28 surveys had been issued during the 2014/15 year, and 13 were returned. Returned survey forms showed that 100% of auditees were satisfied with the service provided against a target of 100%.

In April 2015, our Customer Services Excellence Standard accreditation was reviewed and our accreditation renewed as part of a wider Renfrewshire Council Corporate accreditation.

#### 4.5 Risk Management

The responsibility for co-ordinating risk management activity across the council and its associated bodies lies with internal audit. Risk management performance is detailed in Renfrewshire Council's risk management annual report.

### 5. Planned Audit Work for 2015/16

5.1 Following a risk based assessment of the activities of Scotland Excel and consultation with the Director, the following internal audit work has been agreed for 2015/16:

- A review of contract monitoring arrangements,
- Follow up of previous audit work;
- Ad-hoc internal audit and risk management advice.

5.2 An annual report for 2014/2015 will also be provided to the Joint Committee.

### 6. Audit Assurance Statement


6.1 Internal Audit has performed its work in accordance with the role defined in paragraph 1.2. The audit work performed has been reported to the Director, and to the Joint Committee in this annual report. Where areas for improvement in internal control have been identified appropriate recommendations have been made, and accepted for action by management.

6.2 In view of the continued challenges common to all public bodies, there will be a requirement for the council and the bodies for which it is host authority to exercise very close scrutiny over revenue spending, and this will continue to receive due internal audit attention.

6.3 It is not feasible for the system of internal control to be without any weakness. It is important to balance the risks involved in accepting systems limitations with the consequences if a problem emerges. Internal Audit recognises this and assesses this in its reporting mechanism. In this context, it is considered that the Scotland Excel's system of internal control is operating in a satisfactory manner as evidenced by:-

- The results of the audit work in 2014/15 in relation to the corporate systems which supported Scotland Excel's activities, and to specific work carried out in relation to those activities.
- Management action in response to audit recommendations.
- The regular review and updating of the Local Code of Corporate Governance by the Council in accordance with the CIPFA/SOLACE

framework for corporate governance requirements, and of the corporate governance arrangements within Scotland Excel.

Signed.   
Chief Auditor

Date 12 June 2015



## Scotland Excel Joint Committee

**To: Joint Committee**

**On: 12 June 2015**

### Report by Director

### Organisation Information Report

#### 1. Introduction

As part of the governance process members of the Joint Committee are advised on an annual basis of staff absence rates, special leave given to staff and hospitality granted by the organisation. This year the information has been combined into a single report to members.

#### 2. Scotland Excel Staff Absence

The Joint Committee has previously agreed that Scotland Excel should work to an absence rate of below 4%. This target aligns Scotland Excel with partner organisations, supports good practice in this area and demonstrates the ongoing commitment to absence management as a key efficiency target.

During the current year the average sickness absence rate for staff has been 1.2%, a total of 160 days across all staff. The organisation will continue to monitor this and ensure that, where required, staff are given appropriate support to maintain their attendance.

#### 3. Special Leave

Under item 6.2(w) of the Scheme of Delegation, the Director has the authority to permit any member of staff to absent themselves occasionally and temporarily during business hours to attend to duties or services of a civic honour, charitable, academic or social nature provided that these do not interfere with the efficient discharge of the functions of Scotland Excel and to grant special leave, in accordance with the lead authority's special leave policy.

Scotland Excel follows the HR policies and procedures of the lead authority, Renfrewshire Council. When approving requests for special leave, consideration is always given to the operational requirements of Scotland Excel together with requests that may have been previously granted and outstanding annual leave. Categories of special leave include some medical appointments, illness with family dependants, bereavements, civic duties and exam / study leave. A total of 63 days are recorded, 51.5 days paid leave and 11.5 days unpaid leave, against the undernoted categories.

Reason	Paid or Unpaid	Days
Support family dependants	Paid	8.5
Support family dependants	Unpaid	5
Bereavement	Paid	18.5
Study leave	Paid	7.5
Exam Leave	Paid	14
Jury Duty	Unpaid	6.5
Election Duties	Paid	3

#### **4. Hospitality**

Under Item 6.2(e) of the Scheme of Delegation, the Director has the authority to approve the provision of reasonable hospitality to a maximum of £1,000 in relation to one occasion where this is thought to be in the interests of Scotland Excel.

In the last financial year this provision was used once as part of the delivery of the Local Government Procurement Community Annual Event held at the Beardmore Hotel and Conference Centre, Clydebank in March 2015.

This event was attended by 83 delegates from 29 local authorities and as part of the two day event, Scotland Excel hosted an evening dinner for 48 local authority representatives. The cost of this dinner was £932.

#### **5. Recommendation**

The Joint Committee is requested to note the contents of report.



## Scotland Excel Joint Committee

To: Joint Committee

On: 12 June 2015

### Report by Director

#### UPDATE ON THE CONTRACT DELIVERY PLAN

#### 1. Introduction

This report provides a progress update on the 2015/2016 contract delivery plan.

#### 2. Progress to Date on the 2015/16 Contract Delivery Plan

As detailed in appendices 1 – 3, the 2015/ 2016 contract delivery plan comprises framework renewals, new developments, framework extensions and frameworks with ongoing contract management only.

The contract plan for this year continues to be very active, with 12 new opportunities planned and 6 contracts renewed. In addition, we expect to extend a further 10 contracts. As such, the value of the portfolio is expected to grow to in excess of £800m by March 2016.

The key growth area is construction, where delivery predictability has been constrained in the past due to a combination of resource availability and extended stakeholder consultation, and efforts will continue to ensure that we engage with the appropriate local authority representatives to ensure that contracts delivered align with council requirements. In addition, we will continue to ensure that focus is maintained on the high priority areas, supported as appropriate with additional resources, contained within the current budget.

It is also expected that development will continue within ICT, both in terms of new contract development and focused contract management within the current local authority supply base. Efforts in this area will be in alignment with the strategic priorities agreed through the local government ICT board.

#### 3. Conclusion

The group is asked to note the progress made to date.



## Appendix 1 - List of contracts to be renewed

2015/2016

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
Community Meals	3,500,000	Renew	Jun-15				2% - 4%		Renamed for Renewal. Current contract is named Prepared Meals.
Plumbing Materials	11,000,000	Renew	Oct-15				2% - 4%		Procurement strategy approved. Tender due for release by end June 2015.
Waste Disposal Equipment	1,500,000	Renew	Mar-16				2% - 4%		Market research underway. Along with opportunity assessment.
Fostering	24,000,000	Renew	Jan-16				n/a		Scoping discussion underway with stakeholder group.
Groceries & Provisions	24,000,000	Renew	Mar-16				2% - 4%		Scoping discussion underway with stakeholder group.
Electrical Materials	11,500,000	Renew	Mar-16				2% - 4%		



## Appendix 2 – List of new contracts to be developed and delivered in 2015/16

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
Care Homes for Adults With Learning Disabilities	31,000,000	New contract	Dec-12	May-15	May-15		N/A		Presented and approved at Exec Sub Committee 15/05/15
Energy Efficiency Contractors	40,000,000	New contract	Mar-14	Nov-15		Mar-16	2% - 4%		The breadth and range of council stakeholders with an interest in this scope is extensive. A stakeholder map is currently being finalised and preparations are underway for a stakeholder meeting. To respond to the complex scoping, as well as conduct the required stakeholder engagement, the project is now forecast for completion by Mar-16.
Building Related Engineering Consultancy	10,000,000	New contract	Nov-14	Jul-15		Aug-15	2% - 4%		Evaluation of tender responses is now underway. As there is no Executive Sub Committee in Jul-15, the project is now forecast to conclude in Aug-15.
Street Lighting Installation and Maintenance	20,000,000	New contract	Mar-14	Feb-15		Jan-16	2% - 4%		Due to the resignation of the allocated lead resources, the planned quality assurance review of all documentation produced has not been completed. Scotland Excel is currently undertaking a recruitment campaign to fill a number of vacant posts. Completion of the recruitment campaign directly impacts on the project timeline. The forecast completion date is now Jan-16.
Demolition	16,000,000	New contract	Mar-15	Jun-15		Aug-15	2% - 4%		The tender documentation is now in final draft and subject to review by council technical leads and legal representatives. Tender release date will be by end May. This project is now due for completion in Aug-15.
Outdoor Play Equipment	8,000,000	New contract	Mar-15	Aug-15		Nov-15	2% - 4%		Due to the resignation of the allocated lead resource, a revised timeline for this project has been created to allow the new project manager to become acquainted with the scope and stakeholders. The forecast completion date is now Nov-15.
Surveying and Construction Management	8,000,000	New contract	Mar-15	Dec-15		TBA	2% - 4%		Council stakeholders have requested a reprioritisation of this project, with the architectural services project now to be scheduled before work continues with surveying and construction management services. This recent reprioritisation means the project timelines need to be revisited once architectural services has been scoped.
Adult Supported Living	30,000,000	New contract	Dec-12	Jan-15		TBA	N/A		Initial scoping assessment underway. Project schedule will be determined once the scoping assessment has been completed.
Artificial Surfaces	8,000,000	New contract	Dec-15			TBA	2% - 4%		This project will follow after delivery of the outdoor play equipment procurement exercise. Project timelines will be assessed once the outdoor play equipment tender has been released.
Architectural Services	10,000,000	New contract	Feb-16			TBA	2% - 4%		Council stakeholders have requested this project be brought forward to support the City Deal initiatives. Project timelines can only be agreed once initial market research and stakeholder engagement has been conducted. need to be revisited once architectural services has been scoped.
Road Services	20,000,000	New contract	Mar-16				2% - 4%		Opportunity assessment required.
CRM	3,000,000	New contract	Jan-16			TBA	2% - 4%		This is a new project and initial scoping is underway.



### Appendix 3 – Contracts with extension options and contract management activity ongoing in 2015/16

#### Contracts with extension options in 2015/16

Contract Description	Est Annual Value
Bitumen Products	£ 16,500,000
Catering Sundries	£ 3,000,000
Domestic Furniture and Furnishings	£ 32,000,000
Education & Office Furniture	£ 5,000,000
Engineering Consultancy	£ 15,000,000
Library Books & Textbooks	£ 14,000,000
Organic Waste	£ 2,000,000
Personal Protective Equipment	£ 7,500,000
Trade Materials	£ 7,666,571
Vehicle Parts	£ 10,000,000

#### Contracts with no renewal or extension activity but with ongoing contract management in 2015/16

Contract Description	Est Annual Value
Agency Workers Social Care	£ 20,000,000
Asbestos	£ 8,000,000
Building and Timber Materials	£ 15,200,000
Children's Residential Care	£ 75,000,000
Educational Materials	£ 17,400,000
Frozen Foods	£ 13,000,000
Grounds Maintenance Equipment	£ 12,500,000
Heavy Plant	£ 12,500,000
Heavy Vehicles	£ 33,750,000
Household WEEE	£ -
Janitorial Products	£ 9,000,000
Light Vehicles	£ 25,000,000
Meats - Fresh, Prepared and Cooked (incl. Fresh Fish)	£ 7,000,000
Milk	£ 9,000,000
Online School Payments	£ 2,500,000
Presentation and Audio Visual Equipment	£ 6,000,000
Recyclable & Residual Waste	£ 25,000,000
Recycle/Refuse Containers	£ 8,000,000
Road Maintenance Materials	£ 2,500,000
Roadstone	£ 35,000,000
Salt for Winter Maintenance	£ 15,375,000
Secure Care	£ 20,000,000
Security Services & Equipment	£ 18,000,000
Signage Materials	£ 2,000,000
Street Lighting Materials	£ 35,000,000
Telecare & Telehealth Technologies	£ 3,400,000
Tyres	£ 6,000,000
Vehicle & Plant Hire	£ 20,000,000
Washroom Solutions	£ 3,500,000





## Scotland Excel Joint Committee

To: Joint Committee

On: 12 June 2015

Report by Director

### Spend Activity and Estimated Forecast Savings Report - Q3 2014/15

#### 1. Introduction

The purpose of this report is to provide the group with an update to spend activity and estimated savings achieved through the Scotland Excel collaborative contracts during Q3 2014/15. This report includes additional spend data provided by suppliers since the last meeting. The report covers four quarters from 1 January 2014 (Q4 2014/15) to 31 December 2014 (Q3 2014/15).

#### 2. Update

This report covers 53 contracts in quarter 4, 51 contracts in quarter 1, 53 contracts in quarter 2 and 51 contracts in the latest reporting period. Appendix 1 sets out the reported spend and estimated savings for each council. Appendix 2 shows the same spend and estimated savings totals but is split by contract and sorted in descending order of total actual spend. The total number of contracts available is 51 as the report includes legacy contracts and renewed contracts i.e. asbestos, building and timber materials, hygiene products, meats - fresh, prepared and cooked, milk, paint, presentation and audio visual equipment, road maintenance materials, salt, security, signage, street lighting materials, telecare equipment and washroom solutions.

The details included in the appendices form the basis of the business review reports that the Scotland Excel regional teams prepare and discuss with nominated procurement representatives in each council.

A supplier return rate of 87% has currently been achieved for Q3 which has been issued to Council procurement teams for review.

#### 3. Summary of Reporting (3 Years)

The table below shows spend and savings figures recorded over the last three years and the number of contracts included in our reporting database:

Period	Quarter	No. Contracts	Spend (£000's)	Est. Savings (£000's)
2011/2012	Q4	47	£68,749.6	£4,936.8
2012/2013	Q1	53	£59,590.5	£4,242.4
2012/2013	Q2	52	£61,998.0	£4,288.6
2012/2013	Q3	53	£69,031.8	£4,462.3
2012/2013	Q4	56	£84,385.5	£6,072.0
2013/2014	Q1	59	£71,241.5	£5,155.3
2013/2014	Q2	58	£74,224.9	£4,385.4
2013/2014	Q3	60	£75,835.5	£4,340.4
2013/2014	Q4	53	£83,561.1	£4,992.6
2014/2015	Q1	51	£72,531.2	£4,436.9
2014/2015	Q2	53	£72,267.5	£4,632.9
2014/2015	Q3	51	£80,501.7	£3,513.6
<b>TOTAL</b>			<b>£873,918.8</b>	<b>£55,459.2</b>

#### 4. Summary

The Joint Committee is invited to note the participation levels and associated benefits estimates.



# Contract Spend and Estimated Savings Report

## 1. Expenditure/Estimated Savings Summary -Year To Date as at: Q3 (Oct 2014 - Dec 2014)

### Appendix 1 (Expenditure Summary per Council)

Organisation	Contracts Available	Contracts Used	Participation	Quarter 4			Quarter 1			Quarter 2			Quarter 3			Total		
				Actual Spend (£)	Estimated Saving (£)		Actual Spend (£)	Estimated Saving (£)		Actual Spend (£)	Estimated Saving (£)		Actual Spend (£)	Estimated Saving (£)		Actual Spend (£)	Estimated Saving (£)	Actual v Forecast %
Aberdeen City Council	51	46	90%	4,022,205	216,371		3,175,653	175,523		3,745,765	196,779		3,998,203	210,298		14,941,826	798,971	105.9%
Aberdeenshire Council	51	46	90%	5,957,957	453,263		4,828,356	548,612		5,024,154	661,133		4,760,259	104,337		20,570,726	1,767,345	80.0%
Angus Council	51	35	69%	1,371,952	172,061		986,187	157,238		1,115,001	169,114		1,122,554	59,873		4,595,695	558,286	77.3%
Argyll & Bute Council	51	40	78%	1,600,910	90,950		1,890,722	102,309		1,411,372	78,735		1,808,086	83,764		6,711,090	355,758	79.4%
City of Edinburgh Council	51	39	76%	4,194,781	331,760		3,828,227	303,849		4,577,715	344,046		4,004,171	323,020		19,604,894	1,302,675	79.0%
City of Glasgow Council	51	37	73%	637,659	53,283		899,860	48,237		842,361	55,943		767,106	49,037		3,146,985	206,500	84.1%
Comhairle nan Eilean Siar	46	27	59%	454,792	31,377		490,459	27,670		251,774	17,590		363,155	12,319		1,560,180	88,957	61.2%
Dumfries & Galloway Council	51	39	76%	1,809,780	128,529		1,909,953	117,684		1,294,754	100,008		1,901,888	75,087		6,916,375	421,309	64.8%
Dumfries City Council	51	34	67%	1,754,967	60,117		2,211,040	63,468		2,186,490	27,481		1,614,973	36,650		7,767,470	187,717	82.9%
East Ayrshire Council	51	32	63%	1,323,306	78,764		1,058,529	64,977		1,265,877	39,767		1,315,703	31,352		4,963,415	214,859	76.2%
East Dunbartonshire	51	42	82%	1,726,349	109,988		1,476,699	89,117		1,298,993	63,576		1,893,457	60,439		6,395,498	323,120	55.9%
East Lothian Council	51	42	82%	1,416,865	111,380		1,484,729	94,019		1,237,318	82,763		1,607,376	79,227		5,746,288	367,389	65.4%
East Renfrewshire Council	51	39	76%	1,461,405	87,405		1,713,796	57,086		1,123,677	54,481		1,992,605	53,718		6,291,483	252,690	104.1%
Falkirk Council	51	39	76%	1,811,878	81,299		1,947,298	61,038		1,793,768	76,852		2,501,599	91,435		8,054,543	310,625	59.7%
Fife Council	51	36	71%	5,342,436	270,807		3,409,265	89,821		3,355,212	111,513		4,117,395	116,464		16,224,308	588,606	72.5%
Glasgow City Council	50	29	58%	3,737,655	290,623		3,822,026	364,734		3,570,639	303,483		2,606,538	198,641		13,736,859	1,157,480	56.3%
Highland Council	49	38	78%	2,634,931	103,861		2,681,039	131,408		2,965,632	162,963		2,947,125	103,757		11,228,727	501,989	56.7%
Inverclyde Council	51	40	78%	847,844	26,718		759,912	22,602		748,847	29,287		1,369,859	28,253		3,726,462	106,860	58.1%
Midlothian Council	51	40	78%	2,055,476	86,584		1,451,557	82,372		1,967,218	95,212		1,901,160	53,190		7,375,411	317,358	87.3%
North Ayrshire Council	51	40	78%	2,766,044	230,956		1,934,780	133,865		2,370,962	145,546		2,234,259	90,760		9,306,046	601,128	79.2%
North Lanarkshire Council	51	36	71%	4,583,361	261,857		2,949,053	195,974		5,073,260	333,583		5,237,377	305,290		17,843,050	1,096,703	101.4%
Orkney Islands Council	44	23	52%	473,962	26,851		506,597	78,374		349,473	51,414		198,264	8,863		1,528,296	165,502	93.4%
Perth & Kinross Council	51	38	75%	1,886,910	96,449		1,550,529	122,208		1,443,104	138,910		1,845,725	98,267		6,726,268	455,834	75.3%
Renfrewshire Council	51	44	86%	6,061,831	225,064		2,941,745	125,063		2,742,180	129,268		3,374,583	135,575		15,120,339	614,970	118.3%
Scottish Borders Council	51	41	80%	1,506,411	98,035		1,603,160	133,242		1,690,755	95,158		1,587,986	86,059		6,388,312	412,494	103.1%
Shetland Islands Council	45	26	58%	351,789	-15,757		285,205	17,987		263,842	20,219		424,123	14,457		1,324,959	36,906	54.1%
South Ayrshire Council	51	40	78%	1,662,561	133,959		1,999,758	130,459		1,563,830	115,156		1,709,628	112,757		6,935,777	492,331	82.4%
South Lanarkshire Council	51	41	80%	6,455,255	300,207		5,249,599	225,446		7,325,577	250,399		5,549,747	196,220		24,580,178	972,273	100.4%
Stirling Council	51	31	61%	690,702	42,286		609,785	42,076		623,562	35,798		805,201	43,486		2,729,251	163,646	56.1%
The Moray Council	51	39	76%	921,738	85,771		1,366,737	95,275		998,990	70,435		1,311,346	75,061		4,598,810	326,542	50.6%
West Dunbartonshire	51	44	86%	2,147,774	78,243		2,069,121	83,017		2,543,150	100,277		2,284,342	73,820		9,044,386	335,357	92.7%
West Lothian Council	51	46	90%	4,415,905	418,418		3,691,784	257,674		3,178,255	294,588		4,021,256	323,827		15,307,200	1,294,507	99.2%
Associate Members	44	25	57%	2,317,913	29,366		1,764,047	31,721		2,070,673	46,722		2,116,801	29,305		8,269,434	137,114	119.5%
Tayside Contracts	48	27	56%	3,155,759	195,775		3,983,950	162,719		3,253,284	134,691		2,207,824	148,950		12,600,817	642,135	82.4%
<b>Totals:</b>				<b>83,561,061</b>	<b>4,992,618</b>		<b>72,531,159</b>	<b>4,436,864</b>		<b>75,267,465</b>	<b>4,632,893</b>		<b>80,501,674</b>	<b>3,513,559</b>		<b>311,861,359</b>	<b>17,575,934</b>	<b>80.2%</b>

#### Notes:

1. Contracts Available - The number of contracts available to members during the full reporting period (inclusive of those contracts that may have expired within the reporting timeframe).
2. Contracts Used - The number of contracts which spend has been recorded against during the reporting period (inclusive of those contracts that may have expired within the reporting timeframe).
3. Actual Spend - Total actual spend (net of saving) on contracts during the reporting period compiled using spend data returns provided by contracted suppliers.
4. Saving - Calculated using the estimated forecast saving percentage figure attributed to each contract as per Executive Sub-Committee reports (or variation thereof subsequently agreed with the customer).
5. Forecast Spend - Estimated total spend anticipated in the reporting period.



# Contract Spend and Estimated Savings Report

## 2. Breakdown of Spend by Contract - Year To Date as at: Q3 (Oct 2014 - Dec 2014)

### Appendix 2 (Expenditure Summary per Contract)

Ref	Contract	Start Date	Quarter 4			Quarter 1			Quarter 2			Quarter 3			Total		
			Actual Spend (£)	Estimated Saving (£)		Actual Spend (£)	Estimated Saving (£)		Actual Spend (£)	Estimated Saving (£)		Actual Spend (£)	Estimated Saving (£)		Actual Spend (£)	Forecast Spend (£)	Actual v Forecast %
0213	Heavy Vehicles	13/01/2014	4,046,775	0		3,746,150	0		5,714,313	0		5,732,349	0		19,239,587	33,051,500	58.2%
0612	Light Vehicles	16/07/2013	8,222,525	167,807		2,797,890	57,100		3,226,774	65,853		4,708,857	96,099		18,956,045	20,484,940	92.5%
1411	Groceries & Provisions	01/05/2012	5,499,899	352,573		4,649,967	305,836		3,873,818	257,324		4,409,479	296,423		18,433,163	14,556,184	126.6%
1112	Secure Care	01/07/2013	3,835,647	-72,387		4,388,182	-81,967		4,254,656	-81,260		4,591,912	-91,293		17,070,396	18,197,457	93.8%
1212	Frozen Foods	01/07/2013	4,232,744	166,103		3,530,860	138,639		2,714,235	105,230		4,313,154	169,047		14,791,023	13,008,407	113.7%
0712	Educational Materials	01/04/2013	5,317,476	306,995		3,424,973	200,428		3,290,642	189,387		2,718,351	156,365		14,751,442	16,437,485	89.7%
0513	Library Books & Textbooks	01/11/2013	4,995,509	100,619		2,263,825	44,690		2,688,253	53,045		2,611,587	51,993		12,559,174	14,002,459	89.7%
0713	Vehicle & Plant Hire	05/12/2013	3,267,851	46,052		3,508,860	49,340		3,144,336	44,252		2,422,693	33,890		12,343,740	14,680,288	84.1%
1011	Domestic Furniture and Furnishings (SWF)	01/03/2013	2,407,566	281,599		2,518,147	295,293		3,643,462	439,719		3,365,458	406,604		11,934,633	14,233,214	61.4%
0313	Recycle/Refuse Containers	01/11/2013	2,928,638	659,918		2,560,544	512,101		3,328,006	731,456		1,872,139	202,413		10,689,327	6,571,208	162.7%
1511	Electrical Materials	01/04/2012	2,955,104	233,632		2,289,016	151,696		2,399,877	199,203		2,784,588	198,639		10,428,585	783,170	133.4%
0810	Hygiene Products	01/05/2011	2,646,617	216,970		2,993,032	255,493		2,170,346	167,877		2,512,335	195,252		10,322,330	835,592	140.4%
0112	Bitumen Products	01/03/2013	1,535,826	168,771		4,370,438	428,553		3,105,953	297,023		1,289,168	120,185		10,301,384	11,682,527	88.2%
1711	Plumbing Materials	01/04/2012	2,660,137	310,788		2,825,924	322,383		2,152,799	251,731		2,216,252	245,496		9,855,111	1,130,399	112.0%
1110	Street Lighting Materials	01/07/2011	2,656,922	-22,040		2,584,497	-23,040		3,320,635	-24,903		219,798	-2,603		8,781,852	7,772,553	113.0%
4010	Building and Timber Materials	01/04/2011	2,307,646	72,036		2,203,130	21,644		2,052,514	20,164		1,867,802	48,637		8,431,092	7,502,298	112.4%
2610	Fostering	28/03/2013	1,090,727	0		1,660,162	0		2,389,631	0		2,371,682	0		7,512,201	0	0
0212	Vehicle Parts	01/01/2013	2,160,799	113,726		1,952,819	102,780		1,925,921	101,364		1,353,253	71,224		7,392,785	389,094	91.0%
0412	Personal Protective Equipment	01/04/2013	1,853,853	183,475		1,694,355	174,161		1,575,698	164,073		1,861,575	168,887		6,985,481	690,597	140.5%
1210	Security	03/05/2011	1,623,231	206,120		1,684,005	213,522		1,863,063	228,303		1,605,119	196,997		6,775,419	844,941	63.9%
0312	Education & Office Furniture	01/03/2013	2,405,672	223,478		812,185	75,449		1,970,478	183,050		1,970,478	183,050		6,672,171	619,819	351.2%
0113	Tyres for Vehicles & Plant	01/11/2013	1,118,368	107,913		1,332,916	128,615		1,655,579	159,749		1,244,745	120,107		5,351,608	536,383	547.6%
1313	Milk	01/03/2014	655,570	-76,916		1,656,338	-194,438		1,106,792	-121,731		1,730,459	-198,846		5,149,159	6,665,929	77.2%
0311	Children's Residential Care	14/08/2014							0	0		4,633,806	-130,564		4,633,806	34,488,950	13.4%
0910	Meats - Fresh, Prepared & Cooked (incl. Fresh Fish)	01/10/2010	1,796,604	282,077		1,296,470	201,235		1,171,225	171,886					4,264,299	655,207	27.8%
2013	Salt	01/07/2014							1,509,170	-75,109		2,706,571	-74,253		4,215,741	149,362	7.9%
3510	Presentation & Audio Visual Equipment	01/04/2011	1,525,632	217,515		700,744	103,423		772,467	117,884		806,596	122,403		3,805,440	561,225	47.0%
1012	Organic Waste	01/04/2013	446,166	39,179		1,308,528	107,373		1,271,877	101,192		768,008	53,456		3,794,579	301,201	6.9%
1410	Asbestos	01/04/2011	1,017,096	69,545		901,115	61,615		1,070,360	73,187		788,924	53,944		3,777,495	258,290	47.8%
0211	Telecare Equipment	12/01/2012	921,647	95,597		789,713	76,736		825,191	84,088		823,817	79,401		3,360,368	335,821	3.0%
0413	Trade Materials (ironmongery, trade tools, paint)	03/03/2014	334,917	30,201		945,597	78,153		1,060,063	80,439		1,008,438	76,365		3,349,015	265,158	5.6%
0410	Salt	01/07/2010	1,988,557	-110,136		1,292,126	-56,266								3,280,682	-166,402	4.5%
1811	Catering Sundries	01/10/2012	735,279	40,604		683,389	36,218		542,237	28,463		1,078,986	58,440		3,039,890	163,726	2.4%
0111	Engineering Consultancy	18/03/2013	768,098	63,299		637,190	68,917		710,731	56,346		911,786	77,935		3,027,805	266,497	6.7%
1011b	Domestic Furniture and Furnishings (TA)	13/05/2013	304,441	35,705		487,315	48,106		1,379,256	110,558		633,732	55,937		2,804,744	250,306	4.2%
1010	Prepared Meals	15/09/2011	607,564	47,159		608,379	48,003		590,226	45,723		592,921	44,167		2,399,090	185,052	2.6%
1213	Agency Workers - Social Care	01/08/2014							193,708	0		1,838,426	0		2,032,134	0	0
1613	Street Lighting Materials	01/07/2014							0	0		1,457,759	49,806		1,457,759	5,237,561	27.8%
0710	Washroom Solutions	01/10/2010	388,821	265,764		581,317	324,074		449,550	303,658					1,419,688	899,496	84.6%
0214	Meats - Fresh, Prepared & Cooked (incl. Fresh Fish)	01/11/2014										1,407,839	106,534		1,407,839	1,390,607	101.2%
1709	Milk	01/03/2010	1,116,074	-21,282								1,116,074	-21,282		954,777	82,244	1.4%
0310	Road Maintenance Materials	01/06/2010	540,593	40,623		414,184	41,621								918,648	379,192	1.1%
0610	Signage	07/01/2011	320,223	136,999		264,753	110,352		259,978	114,176		73,693	17,665		918,648	379,192	1.1%
1311	Waste Disposal Equipment	01/03/2012	293,739	10,198		172,127	9,029		88,556	4,900		171,151	9,579		735,573	33,705	1.9%
0114	Washroom Solutions	01/10/2014										464,404	189,624		464,404	189,624	2.4%
1713	Road Maintenance Materials	01/07/2014							212,590	21,925		192,370	17,911		404,960	39,836	97.0%
0613	Roadstone	01/07/2014							79,143	7,863		171,399	24,607		250,542	32,470	3.4%





## Contract Spend and Estimated Savings Report

### 2. Breakdown of Spend by Contract -Year To Date as at: Q3 (Oct 2014 - Dec 2014)

Ref	Contract	Start Date	Quarter 4		Quarter 1		Quarter 2		Quarter 3		Total		
			Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual v Forecast %
0314	Signage	01/12/2014							197,814	12,037	197,814	12,037	62.8%
3810	Paint	02/05/2011	30,484	2,341							30,484	2,341	0
1413b	Recyclable & Residual Waste (Income)	07/07/2014					0	0	0	0	0	0	0.0%
1413	Recyclable & Residual Waste	07/07/2014					0	0	0	0	0	0	0.0%
2113	Online School Payments	27/11/2014							0	0	0	0	0.0%
0812	Household WEEE and Batteries	01/04/2013	0	0	0	0	0	0	0	0	0	0	80.2%
Totals:			83,561,061	4,992,618	72,531,159	4,436,864	75,267,465	4,632,893	80,501,674	3,513,559	311,861,359	17,575,934	388,691,153





## Scotland Excel Joint Committee

**To: Joint Committee**

**On: 12 June 2015**

### **Report by Director**

#### **Assessing Procurement Capability – Progress So Far and Plans for the Future**

#### **1. Introduction and Purpose**

As members will be aware, part of Scotland Excel's remit is to work with councils to help them improve procurement performance. Each year Scotland Excel and councils carry out an assessment of how procurement services are structured and organised across the organisation, using a nationally developed maturity model which is designed to assess public sector procurement performance in Scotland in a common format.

The assessment process, known as the Procurement Capability Assessment (PCA), combined with the willingness of councils to participate collectively in it, provides an opportunity for local government and the wider public sector to share identify and share good practice. The results of the assessments provide a helpful source of rich information to help individual, sectoral and national organisations develop plans to improve procurement performance.

The purpose of this report is to provide members with an update on the progress that has been made over the last six years of assessment and to outline the changes to the national assessment approach to ensure it meets future requirements.

#### **2. Background**

With an annual spend in excess of £5 billion, it is essential that local authorities in Scotland have in place arrangements that ensure the effective design, efficiency and management of contracts. The Procurement Capability Assessment (PCA) is a maturity model/framework used to assess how well public sector organisations in Scotland are executing their procurement responsibilities. The model assesses procurement performance against the following scale:-

0-24%	Non-Conformance
25-49%	Conformance
50-74%	Improved
75-100%	Superior

The upper reaches of the scale indicate leading practice in the public and private sectors and requires considerable commitment and work to achieve.

This framework was based originally on a private sector model, and re-designed in 2009 to reflect the main priorities underpinning the Review of Public Procurement in Scotland carried out by John F. McClelland CBE on behalf of the Scottish Government in March 2006.

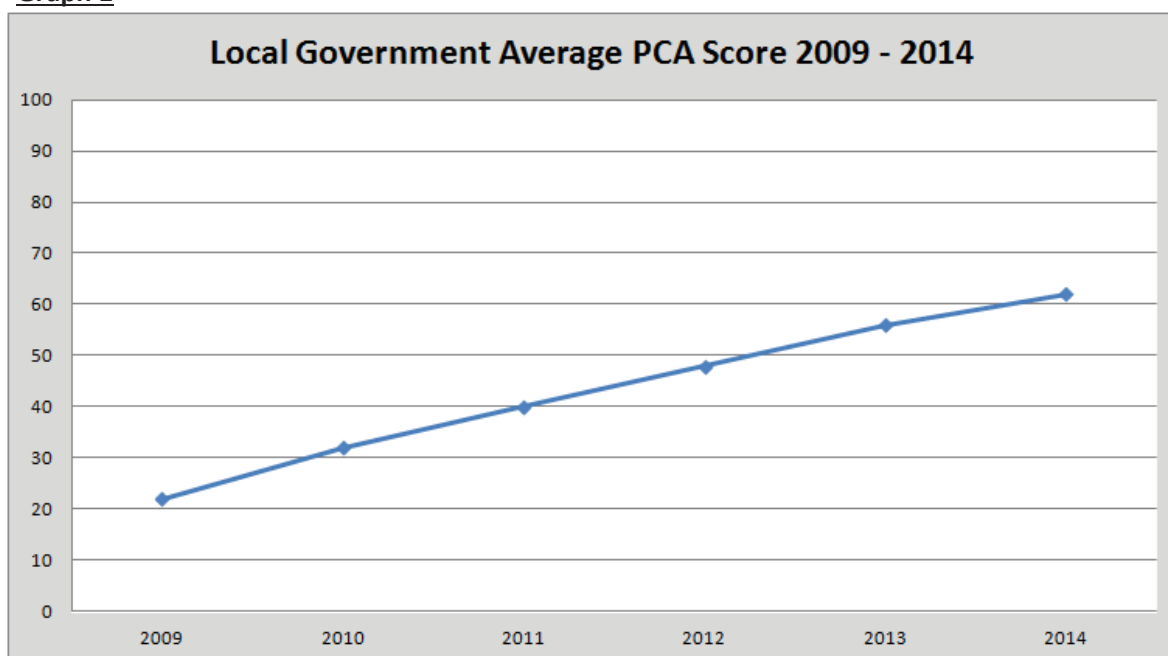
### 3. Progress Update

The “McClelland” priorities (including governance and structures; skills and capacity; systems; processes and procedures; performance measurement and targets; opportunities for improvement and the introduction of new techniques) have been the focus for annual PCA score reporting (see graph 1 below) and subsequent procurement improvement plans in the five year period since assessments began in 2009.

In 2014, 25 of the 32 local authorities requested a procurement capability assessment to be carried out in their organisation. The score for the remaining 7 local authorities remained static which resulted in an overall average score for the sector of 62%.

After completion of the 2014 assessments, the sector has 4 organisations at Superior level, 25 at Improved and 3 at Conformance level of performance. The average improvement was 6%.

**Graph 1**



The PCA is constructed of 8 sections each focussing on different aspects of procurement performance. In 2014 the section on contract and supplier management made the largest improvement (7%). This area was a particular weakness for public sector and the increase demonstrates the journey local authorities are on and continuing to take.

The past six years has been about driving change and establishing the basics of good procurement, getting strong procurement process, skills and people in place. These are essential for insuring the organisation achieves basic value for money and avoids legal and reputational risk. Local authorities have undertaken significant transformational changes in organisational procurement over the period and have delivered ongoing success and performance improvement as evidenced by the PCA results. The sector has however recognised that there is more to do and further scope for procurement professionals to support the wider aims of their organisations.

#### **4. What next for Procurement**

At the fifth annual Scotland Excel event in March 2015, the local government procurement community met to discuss performance, share best practice and consider “what next for procurement”. Scotland Excel and the community recognises that something entirely new is required, a more innovative approach to the strategic process of commissioning services, i.e. how we identify what services are required and then how we decide on the most effective way to meet those requirements. To support this ethos, Scotland Excel has been promoting the adoption of a “commercial excellence” approach to the strategic commissioning of goods and services. In many areas, this new approach may require a new role for procurement and service managers throughout the councils, involving new skills, expertise, practices and process. It will focus on more “commercial” thinking about service delivery, especially service innovation.

Scotland Excel has already supported a number of organisations in working towards commercial excellence including the support to Aberdeen City and Aberdeenshire’s Procurement Achieving Commercial Excellence (PACE) programme.

#### **5. Assessing Procurement Capability in the Future**

As members will be aware, a national PCA Working Group involving all sectors and Scottish Government has been developing a replacement for the PCA. The new assessment tool, the Procurement Capability Improvement Programme (PCIP) builds on the good work done to date with a continued focus on developing an approach which drives improvement and encourages the sharing of good practice. In order to continue to serve as a catalyst for change, the revised framework will continue to have a core questionnaire that will focus on ensuring strong and high-performing core procurement practices. The PCIP will also incorporate a ‘dashboard’ of quantitative measures that will be used by each council to understand how effectively they are performing (in procurement) in comparison with the sector, and public sector, as a whole.

Members should note that this new assessment tool will however provide a new scoring mechanism that is not comparable to scores achieved in previous PCAs. Scotland Excel will work with the community and stakeholders to ensure that this change is fully communicated.

It is anticipated that the assessments for local government will be conducted between January and June 2016. Assessments will be carried out every two years in future as opposed to the current annual model.

#### **6. Conclusion**

Members are asked to note this update on the good progress that has been made over the past six years in improving procurement performance within the local government sector and the steps that are being taken to enhance the assessment regime.

Members are also asked to note that the recommendation made in the Accounts Commission report on ‘Procurement in Councils (April 2014) that “Councils and Scotland Excel should review and formalise arrangements to fund procurement reform activity beyond 2016” is addressed in the three year strategy presented within this Joint Committee meeting.

