Scotland Excel

To: Joint Committee

On: 30 June 2017

**Report by
Director Scotland Excel**

Operating Plan Update 2016-17

1.   Purpose of the report

In June 2015, Scotland Excel's Joint Committee approved a new three year corporate strategy supported by a rolling annual operating plan. This report presents an update on our performance against operating plan activities and commitments during 2016-17.

2.   Reporting methodology

Progress reports are produced quarterly to track Scotland Excel's performance against operating plan activities. The reports summarise the progress made against the key priorities identified each year, and a use a 'traffic light' symbol to provide a quick guide to the status of each action:

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

The report which follows provides an update on activities undertaken during the full financial year to 31 March 2017. The report also tracks performance against ten key performance indicators (KPIs) included within the operating plan.

3.   Reporting schedule

Progress reports are produced at the end of each quarter and submitted to the Executive Sub-Committee at their next scheduled meeting. Half yearly and annual reports are also submitted to Joint Committee meetings.

4.   Recommendation

The members of the Joint Committee are invited to note the progress made by Scotland Excel in delivering its corporate strategy during 2016-17.

SCOTLAND EXCEL

Operating Plan

2016 – 2017

Year End Report

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

Strategic objectives

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

Activity	Year 2 Priorities	RAG status	Progress summary
(a) Develop and implement a contract plan aligned to the strategic priorities of member authorities	• Develop a contract delivery plan for joint committee approval in Dec 2016 • Manage a flexible workforce model to resource contract delivery • Develop a plan for delivering the adult supported living and care at home strategy • Develop a proposal to secure ongoing funding to support older people's care home services • Develop proposals for partnering with other procurement organisations as appropriate • Hold biannual Commercial UIGs and interim steering group meetings • Communicate strategies for all key category areas	**G**	• An update on the contract delivery plan was presented at December 2016 Joint Committee meeting. A new team was set up in Q4 to expand the portfolio through the development of 'small value' contracts which help reduce the workload of local authority procurement teams. • The procurement workforce planning tool is being reviewed monthly, with resources reallocated as required to support the contract delivery plan. • Following approval of Scottish Government funding, a high level work plan has been developed to deliver adult supported living and care at home strategies, and staff to resource the programme have been recruited. • Funding has been secured from 28 councils/ Health and Social Care Partnerships to continue support for older people's care home services for the next three years. • Work is underway to deliver the procurement of light and commercial vehicles through a partnership with Crown Commercial Services (CCS). The new arrangement begins in June 2017 and will be monitored closely to ensure it delivers the expected benefits. • Commercial UIGs and interim steering groups took place throughout 2016-17. In Q4, the steering group met twice to agree the terms of reference and delivery plan for the small value contracts team. • Eight category strategies have been published on the Scotland Excel website.

Action	Status	Progress
(b) Develop and implement a strategy and plan for the delivery of contract and supplier management • Implement a project to pilot the national CSM tool • Develop a plan to roll out CSM across the portfolio • Produce annual contract management reports for all contracts	G	• Following a successful pilot, Scotland Excel is adopting the contract and supplier management (CSM) tool which is available as part of the Scottish Government's national eCommerce portfolio. • A plan to roll out the new CSM programme across the portfolio has been developed, and implementation will be completed during 2017-18. • Annual contract management reports have been produced for all contracts, including a benchmark of savings against market indices and an updated risk matrix.
(c) Develop and implement a strategy and plan for improving supplier performance • Deliver an integrated programme of supplier development activity	A	• A supplier development programme will be rolled out in 2017-18 as part of the new CSM approach, with development activities tailored to the results of regular surveys undertaken as part of the CSM programme.
(d) Manage the rollout of a new national procurement capability assessment to the local government sector • Complete the rollout of the current PCIP programme • Analyse and report on PCIP results • Schedule PCIPs for members not participating in 2016 • Work with partners to agree the way forward for PCIPs	G	• 16 Procurement & Commercial Improvement Programme (PCIP) assessments were completed by November 2016 during the first phase of rollout to the local government sector. • The findings of the PCIP assessments were reported to the Joint Committee in December 2016, and are being used to inform the development of 2017-18 leading change and education programmes. • A second phase of PCIP assessments with the remaining 16 councils began in March and will be completed by July 2017. • It has been agreed that the national PCIP programme will be delivered on a two-year cycle. Local authorities will complete a second PCIP assessment by June 2019.
(e) Develop and implement a programme to lead and support the development of procurement and commercial capability • Agree and resource development requirements with sector stakeholders • Develop and deliver a development programme to March 2017 • Deliver an Annual Conference to support development in Q4	G	• Following a sector steering group meeting in May, it was agreed that each council would be offered three days of development support during 2016-17. • 32 requests for development support were completed during 2016-17, and a further four will be completed by July 2017. A number of lessons have been learned in relation to project scoping and resourcing which will inform the new programme being developed for 2017-18. • The Annual Conference took place at the Golden Jubilee Conference Hotel in Clydebank on 7-8 February 2017, and was attended by 69 local authority procurement delegates.

(f) Develop and implement a 'procurement academy' to support professional capability and encourage new entrants to public procurement	• Develop and implement a blended learning strategy • Finalise recommendations for delivering the social care commissioning PDA • Develop and implement plans for recruiting 2 interns and a modern apprentice during 2016-17	**G**	• A new learning and development strategy was approved by the Joint Committee in December 2016. Blended learning is being delivered through the Scotland Excel Academy online platform, supported by face-to-face workshops. • Following consultation with stakeholders, the social care commissioning professional development award (PDA) was superseded by a new Leading and Managing Strategic Commissioning programme. A 12 month pilot programme was initiated with Inverclyde Council in October 2016, and will be rolled out in 2017-18. • In 2016-17, Scotland Excel recruited and developed two graduate interns in procurement and a Modern Apprentice in business services.
(g) Develop and implement a shared service offering for councils which meets their requirements in a changing public sector landscape	• Develop a shared services strategy • Incorporate additional shared service income into annual funding proposals	**G**	• The development of a shared services strategy was deferred until 2017-18 to allow focus on several new shared service opportunities which were approved by the Joint Committee in December 2016. • Funding proposals for 2016-17 were approved by the Joint Committee in December 2016.

Goal 2: Being sustainable in everything we do

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

Activity	Year 2 Priorities	RAG status	Progress summary
(a) Develop and implement strategies for responding to procurement and/or public sector legislation	• Develop an action plan to ensure internal compliance with legislation • Identify legislative areas to be incorporated within L & D plans for the sector • Monitor risks/ opportunities arising from the Community Empowerment Act • Develop a plan for engaging with IJBs/NSS • Develop a plan for delivering waste category strategy recommendations	G	• An action plan to comply with new procurement legislation was developed. Activities have included an update to contract standing orders and the publication of the sustainable procurement strategy. • The European Single Procurement Document (ESPD) was identified as the key legislative area requiring support. • No major risks or opportunities have arisen from the Community Empowerment Act this year. Where service delivery or assets have transferred to community bodies, Scotland Excel has liaised with council procurement teams to manage any impact on the contract portfolio. • Scotland Excel has continued to engage with Integrated Joint Board Chief Officers. A further update on the care home services for older people project was provided to the Chief Officers network in February. • Scotland Excel has continued to work on contract renewals in line with the recommendations of the waste category strategy. A new organic waste contract is expected to be approved in June 2017.
(b) Ensure Scotland Excel's collaborative frameworks support local and national government policy priorities	• Continue to support fair working practices and other policy areas • Continue to support policy aspects of social care frameworks • Continue to represent the sector at the CRDG and support the roll out of recommendations	G	• Fair working practices and other policy areas continue to be considered as part of the contract development process. Contract terms now require compliance with the Equality Act which prohibits unfair treatment and promotes a fairer and more equal society. • New frameworks for fostering and secure care delivered in Q4 have incorporated the new National Care Standards and the requirement to provide continuing care for young people aged up to 21. • Scotland Excel has been working with Construction Review Delivery Group partners to identify cross-sector opportunities for national construction frameworks, and will continue this activity in 2017-18.

Objective	Actions	Status	Progress
(c) Ensure Scotland Excel's collaborative frameworks support positive local economic outcomes	• Continue to encourage local business participation through procurement processes, partnerships and events • Embed community benefits in procurement processes • Develop and implement a new reporting approach for community benefits • Consider opportunities for supported businesses and/or third sector in contract strategies	**G**	• Scotland Excel has continued to support local business participation in procurement opportunities. In 2016-17, staff took part in eleven 'Meet the Buyer' and supplier development events across Scotland. • All frameworks delivered in 2016-17 include community benefits provision. Further opportunities to include council-specific commitments will be explored in 2017-18 to expand the delivery of benefits across Scotland. • A new community benefits reporting template for suppliers was developed in 2016-17. Scotland Excel is now able to report against community benefit classifications in line with statutory guidance, including the monetary value of benefits provided. • In 2016-17, Scotland Excel secured sub-contracting commitments for supported businesses, and contract awards were made to third sector organisations directly or through consortia.
(d) Ensure Scotland Excel's collaborative frameworks support local government environmental duties and policies	• Continue work with partners to develop policies and programmes in support of a National Brokerage model • Continue to embed environmental considerations through procurement processes	**G**	• Scotland Excel has continued to work with partners to support the Scottish Materials Brokerage Service Project, ensuring that the waste category strategy aligns with the Household Waste Recycling Charter Code of Practice which supports the recovery of value from waste. • Opportunities to minimise environmental impact have been considered as part of the development process for all contracts in 2016-17. Suppliers have committed to a range of initiatives including recycling, reuse and reducing carbon footprint.
(e) Champion the development and dissemination of best practice in sustainable procurement	• Publish Scotland Excel's sustainable procurement strategy • Deliver stakeholder support for new legislative duties through L & D plans • Continue to represent the sector within the Scottish Government's Best Practice working group • Develop and implement a consistent approach to horizon scanning	**G**	• Scotland Excel's sustainable procurement strategy was approved by the Joint Committee in December 2016 and is available on the website. • Workshops to support the use of the ESPN were held for stakeholders in this year, and will continue in 2016-17 through the delivery of the learning and development strategy. • Scotland Excel has continued to represent the sector within the Scottish Government Best Practice Group. In 2016-17, the group developed guidance for new procurement legislation which has been incorporated into the Procurement Journey. • A programme of quarterly horizon scanning meetings for senior managers was implemented in 2016-17 to identify and discuss risks and opportunities arising from key events in the external environment.

Goal 3: Placing customers at the heart of our business

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

Activity	Year 2 Priorities	RAG status	Progress summary
(a) Develop and implement a portfolio of account management services that meet the collective and individual needs of local authority customers	• Implement phase 2 of account management improvements	**G**	• Service improvements and training implemented during 2016-17 have had a positive impact, with account management services scoring particularly highly in the recent customer satisfaction survey.
(b) Develop and implement a stakeholder engagement strategy that support the delivery of first class customer experience across all of our services	• Publish a stakeholder engagement strategy • Implement a survey and report on customer satisfaction • Initiate a customer care forum to support ongoing improvements to customer service • Develop a centralised contact data resource • Develop a 'future digital' strategy including options for an online customer collaboration platform	**R**	• The stakeholder engagement strategy was not completed in 2016-17 due to resource constraints, and will now be published in 2017-18. • Surveys were issued to c. 1,500 stakeholders in November including senior stakeholders, procurement officers and other local authority contacts. An initial analysis of responses indicates that satisfaction is generally very positive, and a report will be published early in 2017-18. • The cross-functional customer care forum was not initiated during 2016-17 due to the delayed delivery of the stakeholder engagement strategy. The forum will now be implemented in 2017-18. • A centralised list of c. 1,500 procurement and technical contacts has been created and updated regularly throughout the year. The new cloud-based ICT infrastructure to be implemented in 2017-18 will facilitate the ongoing management and maintenance of this data. • Development of a 'future digital' strategy has been postponed until 2017-18 to align with the implementation of the cloud-based ICT infrastructure.

Objective	Actions	Status	Progress
(c) Develop and implement a corporate communications strategy that enhances and protects Scotland Excel's corporate reputation	• Update the marketing and communications strategy and plan • Complete and launch the new Scotland Excel website • Continue to monitor and manage all communications risks arising from contracts/ business activities	A	• The marketing and communications strategy was not completed in 2016-17 due to resource constraints and change of direction towards increased media and public affairs activity. A strategy will be developed in 2017-18, accompanied by rolling plans for marketing and communications campaigns. • The new Scotland Excel website was launched in June 2016 and scored very highly in the recent customer satisfaction survey. • Scotland Excel has continued to mitigate communication risks through appropriate handling of media enquiries in line with policy.
(d) Develop and implement a model for associate members which delivers clear business and financial benefits to Scotland Excel and the membership base	• Review the associate member fee structure • Develop and implement an associate member strategy • Develop an associate membership offering for the social landlord sector	G	• A new associate member fee structure has been developed with a focus on the key target of housing associations. This is being piloted with members and will be formalised in 2017-18. • An associate member strategy was approved by the Joint Committee in December 2016. New member recruitment will initially focus on housing associations alongside the new government-funded programme being implementing for this sector. • The membership offering for housing associations is being reviewed along with the processes/procedures which support member experience. This will be completed in 2017-18 and will include enhancements for all levels of associate membership.
(e) Develop and implement a programme for engaging with the wider public sector to ensure Scotland Excel has the right partnerships in place to support the needs of its customers	• Host and/or attend forums to gather sector views and share information • Represent the sector within the national public procurement programme • Continue to review engagement plans for Scotland Excel's wider stakeholder landscape	G	• Scotland Excel has held and/or attended forums for sector stakeholders throughout 2016-17. These have included local authority steering groups for contract development, procurement capability, eCommerce and construction, and attendance at the Scottish Local Government Procurement Forum. • Scotland Excel has represented sector interests at national procurement/ commissioning meetings throughout 2016-17. These have included government forums for collaborative procurement, eCommerce, construction, best practice and professional development. • Scotland Excel has engaged with key stakeholders across a range of business areas during 2016-17. This will be formalised through the review of stakeholder engagement plans for each key partner following the completion of the stakeholder engagement strategy.

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

Strategic objectives

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

Activity	Year 2 Priorities	RAG status	Progress summary
(a) Develop and implement a strategy to support staff recruitment, retention, development, performance and engagement	• Develop and implement an organisation wide rolling resource plan • Develop a recruitment management strategy • Review the careers microsite and develop proposals for improvement/replacement • Develop plans to enhance employee performance management, training and development • Develop proposals for a new staff intranet	**A**	• The resource planning format used for procurement teams was piloted for the customer and business services function during 2016-17. Due to the diverse nature of activities undertaken within this function, a different format is required, and will be implemented early in 2017-18. • A successful recruitment campaign and event was delivered in February 2017 using a new proactive, multi-channel approach. Further works is required in 2017-18 to develop new processes which support the end-to-end recruitment process. • The careers microsite has been refreshed with new branding, content and a registration facility for vacancy notifications. Further development will be considered in 2017-18 to support the recruitment process. • A second phase of the organisational development project, initiated in November 2016, includes employee performance and development as part of its remit. The project will be completed during 2017-18. • A new staff intranet was launched in December 2016 and will continue to be developed in 2017-18 in response to staff feedback.
(b) Develop and implement programmes to support the continuous improvement of business performance, systems and processes	• Agree and deliver 2016-17 transformation projects • Develop a proposal for a spend data management and reporting tool		• Four projects were successfully closed in 2016-17. A second phase of organisational development was initiated and will be completed in 2017-18 along with the stakeholder engagement project. • Proposals for data management and reporting have progressed during 2016-17. Discussions are ongoing with a potential partner for data gathering, cleansing and warehousing, and a pilot of data analysis tools was completed. A full solution will be implemented in 2017-18.

Objective	Actions	Status	Achievements
	• Develop a proposal to migrate the ICT infrastructure to a cloud environment • Establish a Policy Review Group to support ongoing procurement policy and process improvements • Continue to develop academic, business and professional partnerships to support innovation and best practice • Develop an action plan to respond to IiP assessment recommendations	**G**	• Investigations in 2016-17 found that full migration to a cloud environment was not feasible in the short term due to cost. Scotland Excel is now working with Renfrewshire Council to implement a cloud-based infrastructure which will be completed in 2017-18. • Procurement policies and FAQ documents have continued to be reviewed throughout 2016-17 and are available for staff to download from the new intranet. • During 2016-17, Scotland Excel established collaborative partnerships with 7 Scottish business schools and 3 professional bodies to support the implementation of the learning and development strategy. • The recommendations of the Investors in People (IiP) report have been incorporated into phase 2 of the organisational development project which will be completed in 2017-18. A staff survey programme has been implemented to track the success of actions taken.
(c) Ensure that Scotland Excel delivers its plans through effective governance, risk management and policies	• Refresh CEOMG participation and remit • Continue to monitor and update the corporate risk management plan • Develop and implement a rolling plan for updating corporate policies • Produce quarterly performance management reports for governance meetings	**G**	• The first meeting of the refreshed Chief Executive Officers Management Group (CEOMG) took place in November 2016. The group now meets quarterly and has a new remit to provide strategic advice and direction for the organisation. • Scotland Excel's risk management plan has continued to be reviewed and updated by senior managers on a monthly basis. The register is presented at each Joint Committee meeting for review. • HR and corporate policies were reviewed and updated in 2016-17, and are available for staff to download from the new intranet. A rolling plan for future reviews will take effect from 2017-18. • A performance management reporting process was established in 2016-17 and quarterly reports have been issued throughout the year.
(d) Develop and implement a strategy for gathering, analysing and distributing business intelligence within Scotland Excel and across the sector	• Embed data management processes developed as part of the business intelligence project • Agree feasibility of offering external services in response to the findings of the business intelligence project	**G**	• Scotland Excel's management information (MI) tracker and checklist, developed as part of the business intelligence project, was embedded as standard practice during 2016-17. • Following consultation with stakeholders in 2016-17, agreement was reached that there was no opportunity to extend business intelligence services to the sector at this time.

(e) Develop and implement a clear, transparent and sustainable funding and delivery model for Scotland Excel	• Develop and agree 2017-18 funding proposals at the Dec joint committee • Develop proposals for a flexible associate/partnership resourcing model • Continue to explore options for funding models which support sustainability and growth over the longer term	G

• Funding proposals for 2017-18 were approved at the Joint Committee meeting in December 2016.
• Proposals for a flexible associate/partnership model to resource business requirements were developed in 2016-17 and will be implemented during 2017-18.
• Funding for the coming financial year includes additional resources for new and existing services from rebates, associate member income and partner projects. Proposals for longer term funding options will be developed in 2017-18 to support a new five year corporate strategy.

Report Key

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

Key Performance Indicators

KPI	Link to outcomes	Q4 Status
No. & value of contracts delivered v plan	Our services support the effective and efficient delivery of public services	• 26 contracts delivered, renewed or extended against 26 targeted • £749m portfolio value against £770m target
Percentage & value of savings v target (excluding social care)	Our customers are satisfied with our services and achieve a measurable return on their investment	• Average savings of 4.4% against a rolling 5% target (2015-18) • £4.41m estimated saving in the last recorded quarter (Jan-Mar 2017)
No. of PCIP assessments completed v schedule	Our expertise supports continuous improvement in procurement performance	• 16 assessments completed against 16 targeted
No. of Scottish suppliers & percentage SMEs	Our services help to deliver positive and sustainable outcomes for communities and service users	• 390 Scottish suppliers of which 77.2% are SMEs
No. of community benefits realised to date	Our services support the implementation of national and local policy priorities	• 203 jobs • 168 apprenticeships • 28 work placements • 58,105 hours work experience • 3,321 hours volunteering/mentoring • £153k value of other initiatives
Customer satisfaction statistics & trends[1]	Our customers are satisfied with our services and achieve a measurable return on their investment	• 82.4% of procurement stakeholders • 80.8% of senior stakeholders
Website usage statistics & trends	Our customers receive relevant communication and support	• 7,380 visitors in Q4 • 16,950 user sessions in Q4
Media coverage v target	Our reputation demonstrates the value of collaboration	• 47 media items against 25 targeted
Income from associate members v target	Our reputation demonstrates the value of collaboration	• £56.5k income against a £30k target
Staff turnover v headcount	Our people, policies, processes and technology optimise our value	• 8.9% annual staff turnover • 56 permanent staff

Report issued: June 2017

1 Percentage of respondents reporting their overall satisfaction as 'very good' or 'good' in the 2016-17 customer satisfaction survey