

Minute of Meeting Scotland Excel Joint Committee

Date	Time	Venue
Friday, 17 June 2016	10:45	City Chambers, Glasgow City Council, 80 George Square, Glasgow, G2 1DU

PRESENT

Councillors Milne (Aberdeen City Council); Shand (Aberdeenshire Council); Valentine (Angus Council); Rankin and Whyte (both City of Edinburgh Council); Macdonald (Comhairle Nan Eilean Siar Council); Roberts (East Ayrshire Council); McMillan (East Lothian Council); Wallace (East Renfrewshire Council); Murray (Falkirk Council); and Craik (Fife Council); Baillie MacLeod and Councillors McElroy (both Glasgow City Council); Fernie (Highland Council); Clocherty (Inverclyde Council); O'Rourke (North Lanarkshire Council); Stockan (Orkney Islands Council); Holmes (Renfrewshire Council); Mitchell (Scottish Borders Council); and Wardhaugh and Provost Logan (both South Lanarkshire Council).

CHAIR

Councillor Holmes, Convener, presided.

APOLOGIES

Councillors Howatson (Aberdeenshire Council); Dykes (Dumfries and Galloway Council); Bailie Sawers (Dundee City Council); and Councillors Bryant (Midlothian Council); Kellas (Perth and Kinross Council); Westlake (Shetland Islands Council); Reid (South Ayrshire Council); Wright (The Moray Council); Ryall (West Dunbartonshire Council); and McMillan (West Lothian Council).

IN ATTENDANCE

J Welsh, Director, S Brannagan, Head of Customer & Business Services, H Carr, Head of Strategic Procurement and L Jones, Personal Assistant to the Director (all Scotland Excel); and M Conaghan, Legal & Democratic Services Manager, K Campbell, Assistant Chief Auditor, D Forbes, Finance Manager, E Currie, Senior Committee Services Officer and K Brown, Committee Services Officer (all Renfrewshire Council).

ALSO IN ATTENDANCE

F McKinlay, Director and D Black, Audit Manager (both Audit Scotland).

DECLARATIONS OF INTEREST

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

1(a) MINUTE OF JOINT COMMITTEE

There was submitted the Minute of the meeting of the Joint Committee held on 27 November 2015.

DECIDED: That the Minute be approved.

1(b) MINUTES OF EXECUTIVE SUB-COMMITTEE

There were submitted the Minutes of the meetings of the Executive Sub-committee held on 27 November 2015, 4 March and 13 May 2016.

With reference to the sederunt of the Minute of the Executive Sub-committee held on 27 November 2015 it was noted that Councillor Howatson (Aberdeenshire Council) had been in attendance and not Councillor Shand as stated. With reference to items 3 and 4 of this Minute, Councillor Roberts sought clarification as to why it had been agreed that both Cordia (Services) LLP and City Building (Glasgow) LLP become associate members of Scotland Excel at no fee. The Director advised that a policy decision had been taken some time ago that ALEOs would not be charged a fee as a payment was received via Councils.

With reference to item 5 of the Minute of the Executive Sub-committee held on 4 March 2016, Councillor O'Rourke sought clarification as to when a report on the award of the demolition services contract would be submitted to a future meeting. The Head of Strategic Procurement advised that this report would be submitted to the meeting of the Executive Sub-committee to be held on 16 September 2016.

Baillie MacLeod sought clarification as to whether Scotland Excel had changed the powers of the Executive Sub-committee in relation to applications for associate membership of Scotland Excel. The Director undertook to advise Baillie MacLeod if the delegation to consider and approve requests for associate membership lay with the Executive Sub-committee or the Chief Executive Officers Management Group.

DECIDED:

(a) That the Minute of the Executive Sub-committee held on 27 November 2015, as amended, be approved;

(b) That the Minutes of the Executive Sub-committee held on 4 March and 13 May 2016 be approved; and

(c) That the Director advise Baillie MacLeod if the delegation to consider and approve requests for associate membership lay with the Executive Sub-committee or the Chief Executive Officers Management Group.

2 OPERATING PLAN UPDATE 2015/16

There was submitted a report by the Director of Scotland Excel relative to the progress made against operating plan activities and commitments during 2015/16.

The report intimated that in June 2015 the Joint Committee approved a new three-year strategy and rolling annual operating plan. From April 2016, quarterly reports were being produced to track Scotland Excel's performance against operating plan activities and these reports summarised the progress made against the priorities identified each year using a 'traffic light' symbol which provided a quick guide to the status of each action. Appendix 1 to the report provided an update on progress made during the full year to 31 March 2016. Future reports would contain updates on ten key performance indicators (KPIs) which were included within the 2016/17 operating plan.

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

It was proposed that the Director provide information to members (a) which highlighted what was being done to turn the red actions into amber or green actions; (b) on how Council savings were made up; (c) community benefits delivered by suppliers by Council area; and (d) to provide information in the operating plan relative to Scotland Excel being more proactive in working with providers of procurement courses and qualifications. This was agreed.

DECIDED:

(a) That the reporting methodology and schedule and the progress made by Scotland Excel in delivering its corporate strategy during 2015/16 be noted; and

(b) That the Director provide information to members (i) which highlighted what was being done to turn the red actions into amber or green actions; (ii) on how Council savings were made up; (iii) community benefits delivered by suppliers by Council area; and (iv) to provide information in the operating plan relative to Scotland Excel being more proactive in working with providers of procurement courses and qualifications.

3 OPERATING PLAN 2016/17

There was submitted a report by the Director of Scotland Excel relative to the proposed operating plan 2016/17.

The report intimated that in June 2015 the Joint Committee approved a new three-year strategy and rolling annual operating plan. The plan was reviewed and updated each year to ensure that it remained closely aligned with strategy and responded to any changes in the external environment. A copy of the updated operating plan proposed for 2016/17, which would guide the projects and activities undertaken by the organisation in 2016/17, was appended to the report.

DECIDED: That the updated operating plan for 2016/17 be approved.

SEDERUNT

Councillor Shand left the meeting during consideration of the following item.

4 ANNUAL AUDIT PLAN 2015/16

There was submitted a report by the Treasurer relative to the annual audit plan 2015/16 for the Joint Committee which outlined Audit Scotland's planned activities in their audit of the 2015/16 financial year.

The report highlighted that the annual audit plan 2015/16 included a section on Audit Issues and Risks and that within this section, Audit Scotland had identified a risk of 'management override of controls'. This risk had been included in the audit plans of all bodies which Audit Scotland worked with, in light of international standards on auditing. The inclusion of this risk was not a reflection of increased risk within Scotland Excel and Audit Scotland had confirmed that they had not found any issues on this in previous years.

DECIDED: That Audit Scotland's annual audit plan 2015/16 be noted.

5 INTERNAL AUDIT ANNUAL REPORT 2015/16

There was submitted a report by the Chief Auditor, Renfrewshire Council, relative to the Internal Audit annual report 2015/16. The report intimated that that the public sector internal audit standards required that the Chief Auditor prepare an annual report on the activities of internal audit to demonstrate performance. The report must also provide an audit opinion on the overall adequacy and effectiveness of the internal control system of the audited body.

The annual report for the Joint Committee was attached as an appendix to the report and outlined the role of internal audit, the performance of the internal audit team and the main findings from the internal audit work undertaken in 2015/16 and contained an audit assurance statement.

DECIDED: That the Internal Audit annual report for 2015/16 be noted.

SEDERUNT

Councillor Shand entered the meeting during consideration of the following item.

6 SCOTLAND EXCEL UNAUDITED ANNUAL ACCOUNTS 2015/16

There was submitted a report by the Treasurer relative to the unaudited annual accounts for the Joint Committee for 2015/16 which were attached to the report. The report intimated that the accounts for the year ended 31 March 2016 had been completed and forwarded to Audit Scotland for audit. The accounts showed a deficit for the year of £250,631 against a budgeted deficit of £505,500. Further comments in relation to the Accounts were detailed in pages 5 and 6 of the Annual Financial Statements 2015/16 document, a copy of which was appended to the report.

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

DECIDED: That the unaudited annual accounts for the year ended 31 March 2016 be noted and that the accounts be further presented to the Executive Sub-committee on completion of the audit.

7 **ACCOUNTS COMMISSION REPORT - PROCUREMENT IN COUNCILS**

There was submitted a report by the Director of Scotland Excel relative to the report published by the Accounts Commission in February 2016 titled Procurement in Councils – Impact Report, a copy of which was appended to the report.

Fraser McKinlay, Director and Douglas Black, Audit Manager, Audit Scotland gave a presentation to members on this matter and answered questions raised by members. Mr Black agreed to provide members with more detailed information in relation to the statement in page 5 of the report that ‘Councils are relying on procurement to generate savings to meet budget pressures, but some of their savings calculations may not be reliable or may be incomplete’.

DECIDED: That the Audit Commission report and the actions related to Scotland Excel be noted.

8 **PROCUREMENT COMMERCIAL IMPROVEMENT PROGRAMME (PCIP) UPDATE**

There was submitted an update report by the Director of Scotland Excel relative to the status of the procurement assessment programme within member Councils and the work undertaken by Scotland Excel to support Councils with the new Procurement Commercial Improvement Programme (PCIP) assessment methodology.

The report intimated that between 2009 and 2014 Scotland Excel had carried out Procurement Capability Assessments (PCA) across the sector to measure performance. The PCA was a nationally developed maturity model designed to assess public procurement performance in Scotland in a common format. By 2014 Councils had made significant improvements in its procurement performance with the sector average at 62% compared with an average of 22% in 2009.

The report advised that having recognised the need to further improve procurement capability, a national working group involving Scotland Excel, other centres of expertise and the Scottish Government developed a replacement for the PCA. The replacement PCIP built on the good work completed to date with a continued focus on driving improvement and encouraging the sharing of good practices.

DECIDED:

(a) That the progress made in introducing the new assessment regime be noted; and

(b) That it be noted that a full update report on the results would be submitted to the meeting of the Joint Committee to be held on 9 December 2016.

9 **MEMBERSHIP OF THE EXECUTIVE SUB-COMMITTEE**

There was submitted a report by the Clerk seeking approval for the continued appointment of the existing membership of the Scotland Excel Executive Sub-committee for a further period to the next Local Government Elections on 4 May 2017.

DECIDED:

(a) That it be agreed that the members of the Scotland Excel Executive Sub-committee should continue to come from the member Councils detailed in paragraph 3.3 of the report; and

(b) That it be agreed that existing members appointed to the Scotland Excel Executive Sub-committee should continue in post until the next Local Government Elections on 4 May 2017.

10 **REVIEW OF SCOTLAND EXCEL GOVERNANCE**

There was submitted a report by the Clerk seeking approval for the revised Scotland Excel Scheme of Delegations and Chief Executive Officers Management Group Procedures as set out in the appendices to the report.

With reference to the Chief Executive Officers Management Group Procedures it was noted that the reference to the Clerk in the Definitions section should be the Head of Corporate Governance of Renfrewshire Council or his nominee and not the Director of Corporate Services as stated.

Councillor Shand highlighted that section 5.3(g) of the Scheme of Delegation referred to City Deal objectives and that Aberdeenshire Council refer to this as City Region Deal. It was proposed that this section be amended to read City Deal/City Region Deal objectives and this was agreed.

DECIDED:

(a) That the revised Scotland Excel Scheme of Delegations and Chief Executive Officers Management Group Procedures as set out in the appendices to the report be approved;

(b) That authority be delegated to the Executive Sub-committee to appoint members to the Chief Executive Officers Management Group based upon nominations from the Society of Local Authority Chief Executives and Senior Managers (Solace);

(c) That it be noted that the membership of the Chief Executive Officers Management Group should be next reviewed by the Joint Committee at its meeting in November/December 2017; and

(d) That in relation to the Chief Executive Officers Management Group Procedures reference to the Clerk in the Definitions section be amended to read 'the Head of Corporate Governance of Renfrewshire Council or his nominee' and that in relation to the Scheme of Delegations, section 5.3(g) be amended to read 'Opportunities for Scotland Excel to support councils in delivering City Deal/City Region Deal objectives'.

11 **REVIEW OF STANDING ORDERS RELATING TO CONTRACTS**

There was submitted a report by the Clerk relative to the need to review the Standing Orders Relating to Contracts in light of recent legislation and guidance including the Public Contracts (Scotland) Regulations 2015; the Procurement (Scotland) Regulations 2016; the Concession Contracts (Scotland) Regulations 2016; and statutory guidance made under and in terms of the Procurement Reform (Scotland) Act 2014.

The report intimated that the review would take some time to complete and recommended that authority be delegated to the Executive Sub-committee to approve the changes required to the Standing Orders Relating to Contracts.

DECIDED:

(a) That the need to review the Standing Order Relating to Contracts in light of recent legislation and guidance including the Public Contracts (Scotland) Regulations 2015; the Procurement (Scotland) Regulations 2016; the Concession Contracts (Scotland) Regulations 2016; and statutory guidance made under and in terms of the Procurement Reform (Scotland) Act 2014 be noted;

(b) That authority be delegated to the Executive Sub-committee to approve the changes required to the Standing Orders Relating to Contracts as a result of this review;

(c) That it be agreed that the delegation to the Executive Sub-committee to approve the changes required to the Standing Orders Relating to Contracts be temporary and only for the purposes of this review; and

(d) That it be agreed that a report by the Clerk on the approved changes should be submitted to the next meeting of the Joint Committee to be held on 9 December 2016.

12 ORGANISATION INFORMATION REPORT

There was submitted a report by the Director of Scotland Excel relative to staff absence rates, special leave given to staff, and hospitality granted by the organisation in 2015/16.

DECIDED: That the report be noted.

13 DATE OF NEXT MEETING

DECIDED: That it be noted that the next meeting of the Joint Committee would be held at 10.45 am on 9 December 2016 within the City Chambers, Glasgow City Council.

Councillor Holmes advised that Scotland Excel had been awarded the Procurement Innovation or Initiative of the Year Award – Other Organisations at the recent National GO (Government Opportunities) Excellence in Public Procurement Awards Ceremony held in Manchester on 8 March 2016.