

## Minute of Meeting Scotland Excel Joint Committee

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

### Present

Councillor Alan Donnelly (Aberdeen City Council); Councillor Charles Buchan (substitute for Provost Bill Howatson) (Aberdeenshire Council); Councillor Les Sharp (Clackmannanshire Council); Provost Norman Macdonald (Comhairle Nan Eilean Siar Council); Councillor Stephen Thompson (Dumfries & Galloway Council); Councillor John Jamieson (East Dunbartonshire Council); Councillor John McMillan (East Lothian Council); Councillor Gary Bouse (Falkirk Council); Councillor Altany Craik and Councillor Ross Vettraino (both Fife Council); Bailie Norman MacLeod and Councillor Jane Morgan (both Glasgow City Council); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor Barbara Foulkes, (Orkney Islands Council); Councillor John Shaw (Renfrewshire Council); Councillor Amanda Westlake (Shetland Islands Council); Councillor Peter Henderson (South Ayrshire Council); Councillor Colette Stevenson (South Lanarkshire Council); Councillor Ian Dickson (West Dunbartonshire Council) and Councillor John McGinty (West Lothian Council).

### Chair

Councillor Shaw, Convener, presided.

### In Attendance

J Welsh, Director, H Carr, Head of Strategic Procurement, S Brannagan, Head of Customer & Business Services and E McKay, Category Manager (all Scotland Excel); M Conaghan, Legal & Democratic Services Manager, A MacArthur, Head of Finance, E Currie, Senior Committee Services Officer, M Ball, Senior Accountant and K O'Neill, Assistant Democratic Services Officer (all Renfrewshire Council).

## Apologies

Provost Bill Howatson (Aberdeenshire Council); Councillor Angus Macmillan Douglas (Angus Council); Councillor Rory Colville (Argyll and Bute Council); Councillor Graham Hutchison and Councillor Alasdair Rankin (both City of Edinburgh Council); Bailie Willie Sawers (Dundee City Council); Councillor Gordon Jenkins (East Ayrshire Council); Councillor Jim Clocherty (Inverclyde Council); Councillor Marc Macrae (Moray Council); Councillor Todd Ferguson (North Ayrshire Council); Councillor Ian Campbell (Perth & Kinross Council); Councillor Simon Mountford (Scottish Borders Council); and Councillor Eileen Logan (South Lanarkshire Council).

## 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 30 June 2017.

**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 30 June, 25 August, 15 September, 13 October and 17 November 2017.

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

## 2 Audited Annual Accounts 2016.2017

Under reference to item 2 of the Minute of the meeting of the Executive Sub-committee held on 15 September 2017 there was submitted a joint report by the Treasurer and the Director of Scotland Excel relative to the audited annual accounts for Scotland Excel for 2016/17.

The report intimated that the audit certificate issued by Audit Scotland provided an unqualified opinion that the annual accounts presented a true and fair view of the financial position of the Joint Committee as at 31 March 2017, in accordance with the accounting policies detailed in the accounts. A report on the 2016/17 audit by Audit Scotland was also attached to the report.

It was noted that the Executive Sub-committee had approved the audited annual accounts 2016/17 for signature.

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

### **3 Revenue Estimates 2018/2019**

There was submitted a joint report by the Treasurer and the Director of Scotland Excel relative to the revenue estimates for Scotland Excel including the requisition for the constituent authorities for financial year 2018/19 and indicative planning figures for 2019/20 and 2020/21.

Appendix 1 to the report detailed the revenue estimates 2018/19 and Appendix 2 to the report detailed the member authority requisition levels.

#### **DECIDED:**

(a) That the revenue estimates of Scotland Excel for the financial year 2018/19, as detailed in Appendix 1 to the report, be agreed;

(b) That the requisitions from constituent authorities, as detailed in Appendix 2 to the report, be agreed;

(c) That the indicative estimates for 2019/20 and 2020/21 be noted; and

(d) That the Director of Scotland Excel further explore the options for addressing the indicative funding gap over the medium term, as detailed in section 5 of the report, and submit a report to the next meeting of the Joint Committee.

#### **Sederunt**

Councillor Dickson entered the meeting during consideration of the following item of business.

### **4 Initial Options on the Future Governance Structure of Scotland Excel**

There was submitted a report by the Director of Scotland Excel relative to initial options for the future constitutional/governance structure of Scotland Excel with a view to generating sustainable future revenue streams to support new service development and allow member requisitions to be protected from inflationary increases.

The report intimated that in addition to Scotland Excel's current core functions, such sustainability may be created by enabling full commercialisation of Scotland Excel's consultancy services to other bodies and allowing Scotland Excel to access other funding streams to fund more short or longer term projects.

Initial research had identified four possible options being, maintaining the current model; widening the powers available under the current model; adding a trading company to the current or amended model; and converting the current model into an arm's length external organisation ("ALEO") of Scotland Excel's local authority members with a trading subsidiary and these were detailed in the report.

The Executive Sub-committee and the Chief Executive Officers Management Group had been consulted on this proposal and as a result Scotland Excel would concentrate further investigation on the first, second and third models. It was emphasised that these options were at the early stages of consideration and as such no conclusions had been made.

It was noted that a further report on the possible future governance arrangements would be submitted to the next meeting of the Joint Committee with a view to implementation.

**DECIDED:** That further investigation of the possible future governance structure of Scotland Excel be approved.

## **5 Lease**

There was submitted a report by the Director of Scotland Excel relative to the current property lease for Scotland Excel's premises in Renfrewshire House, Paisley which was due to expire in February 2018.

The report intimated that Scotland Excel had diversified its funding model to bring in funding from both the Scottish Government and a contract rebate leading to increased staff numbers and a number of initiatives were currently underway to increase available floor space. It was proposed that Scotland Excel extend its current lease with Renfrewshire Council to February 2019 and that a review of options for future accommodation be carried out. A report on this matter would be submitted to the meeting of the Joint Committee to be held in December 2018.

It was noted that recommendation 3ii of the report should read 'December 2018' and not 'December 2019'.

### **DECIDED:**

(a) That a one year extension to the lease to February 2019 be approved;

(b) That a property options appraisal and a recommendation for a new lease be provided to the Joint Committee in December 2018; and

(c) That authority be delegated to the Director of Scotland Excel to extend the current lease with Renfrewshire Council.

## **6 Associate Membership Proposal**

There was submitted a report by the Director of Scotland Excel relative to an update on associate membership and the proposal of a new fee structure for housing association associate members.

The report intimated that the Associate Membership Strategy had been agreed at the meeting of the Joint Committee held on 9 December 2016. Housing associations (Registered Social Landlords) had been identified at a potential market for membership and had been the primary focus for new membership in 2017.

The strategy recommended a review of fee structures and resulted in a pilot fee structure of a minimum fee of £500 irrespective of housing stock levels; £1.50 per unit where number was greater than the minimum level; and a maximum fee of £30,000. The maximum fee level ensured that no housing association paid more than council members and therefore would not seek membership rights and powers.

It was noted that no allowance for inflationary increases currently existed within associate membership and it was proposed that general, non-housing association fees should also be reviewed and any annual increases considered across all fees.

**DECIDED:** That the progress made on associate members be noted and that the proposed fee structure be approved.

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

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

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

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

**DECIDED:** That the Director's decision to approve the application by ng homes to become an associate member of Scotland Excel, at an annual membership fee of £8,160, under delegated authority be noted.

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

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

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

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

## 9 Operating Plan 2017/2018

There was submitted a report by the Director of Scotland Excel relative to the progress made against operating plan activities and commitments during 2017/18.

The report intimated that in June 2015 the Joint Committee approved a new three-year corporate strategy and rolling annual operating plan. Quarterly reports were being produced to track Scotland Excel's performance against operating plan activities and these reports summarised the progress made against the key priorities identified each year using a 'traffic light' symbol which provided a quick guide to the status of each action. Appendix 1 to the report provided an update on progress undertaken during the first half of 2017/18 and updates on ten key performance indicators (KPIs) included within the plan.

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

**DECIDED:** That the progress made by Scotland Excel in delivery of the 2017/18 operating plan be noted.

## 10 Community Benefits and Fair Work Practices Update

There was submitted a report by the Director of Scotland Excel providing an update on the community benefits facilitated and delivered from the Scotland Excel portfolio of framework agreements for the period to 30 September 2017 together with an update on Fair Work Practices.

The report intimated that the requirement to include community benefits in the delivery of goods and services was an integral element within Scotland Excel frameworks. Community benefits were reviewed with suppliers at contract management review meetings and reported to local authority procurement managers at quarterly business review meetings. The system used to capture and record community benefits had been updated to address the requirements of the statutory guidance made under the Procurement Reform (Scotland) Act 2014 and to further support the drive to deliver sustainable procurement.

Table 1 to the report detailed a summary of the social value added across the portfolio since 2013. The appendix to the report detailed the community benefits by council for the period April to September 2017.

The next community benefits data collection, analysis and review cycle would be completed in line with management information processes to cover the period to the end of March 2018. The results would be reviewed with the supply base and where appropriate would be incorporated into supplier performance objectives.

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

## 11 Procurement Commercial Improvement Programme (PCIP) Results

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

It was noted that all 32 councils had now undertaken a PCIP assessment.

**DECIDED:** That the progress of the 2017 Procurement and Commercial Improvement Programme be noted.

## 12 Scotland Excel Risk Register

There was submitted a report by the Director of Scotland Excel relative to the risk register maintained to assess risks and threats that could impact on delivery of Scotland Excel's organisational objectives and to identify actions that were being taken to mitigate such risks. A copy of the Risk Management Plan was appended to the report.

The report intimated that the risk register had been reviewed and had identified the current risks to the organisation. The risks would continue to be monitored and reviewed on a quarterly basis by the Senior Management Team and be reported on a six-monthly basis to the Executive Sub-committee and the Joint Committee.

It was proposed that the Director of Scotland Excel submit a report to the next meeting of the Joint Committee regarding Brexit; that the section entitled 'Summary report on previous year's risk position' which was missing from the Risk Management Plan be added and issued to members for information; that information be provided to members on who forms the User Intelligence Groups and how invitees are selected for each UIG; that the titles of each risk be added to the report; and that risk 11 be updated to refer to the Business Development Tool. This was agreed.

### **DECIDED:**

(a) That the report and progress made to date be noted;

(b) That the Director of Scotland Excel submit a report to the next meeting of the Joint Committee regarding Brexit;

(c) That the section entitled 'Summary report on previous year's risk position' which was missing from the Risk Management Plan be added and issued to members for information;

(d) That information be provided to members on who forms the User Intelligence Groups and how invitees are selected for each UIG;

(e) That the titles of each risk be added to the report; and

(f) That risk 11 be updated to refer to the Business Development Tool.

## 13 Fife Proposal

There was submitted a report by the Director of Scotland Excel relative to the status of a transformation project proposal that Scotland Excel had been asked to submit to Fife Council.

The report intimated that Fife Council approached Scotland Excel in August 2017 with regard to potential involvement in their organisation-wide transformation programme. Fife Council sought a new approach to transformation support by working more extensively with a public sector partner rather than a private sector partner.

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

Scotland Excel believed that this approach by Fife Council should be recognised as sector leading whereby an existing public sector shared service was involved in a significant transformation programme. Scotland Excel believed this would ensure talent, knowledge and experience was retained within the public sector with an option to extend to other members.

The proposal supported the strategic aims of Scotland Excel to work in partnership with members and other bodies to deliver innovative services and solutions. It also sought to support the work of addressing the financial challenges within Fife council and allowed the lessons learned to be shared across the wider local government sector.

Fife council would review Scotland Excel's proposal and, if accepted, it was anticipated that it would commence in April 2018.

It was proposed that the Director of Scotland Excel submit an update report to the next meeting of the Joint Committee. This was agreed.

### **DECIDED:**

(a) That the programme be supported should Scotland Excel be successful with its proposal; and

(b) That the Director of Scotland Excel submit an update report to the next meeting of the Joint Committee.

## 14(a) Affordable Housing Project Update Report

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

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

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

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

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

**DECIDED:** That the progress made on the Affordable Housing Programme be noted.

#### **14(b) Procurement of Social Care Services Update Report**

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

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

An initial meeting with commissioners attracted representation from 24 health and social care partnerships. Scotland Excel had established two sub-groups, one for Supported Living Services and one for Care at Home and using a process entitled "Working Together for Change" both sub-groups had considered the commissioning and procurement of these services.

It was proposed that information relating to quality of care be added to the document 'What success looks like' which formed the appendix to the report. This was agreed.

**DECIDED:**

(a) That the progress made in the Procurement of Social Care Services Project be noted; and

(b) That information relating to quality of care be added to the document 'What success looks like' which formed the appendix to the report.

## **15 Meetings of Scotland Excel Joint Committee 2018**

There was submitted a report by the Clerk relative to proposed meeting dates for the Joint Committee during 2018.

It was noted that the date referred to in paragraph 3.4 of the report should read 17 November 2017.

### **DECIDED:**

(a) That meetings of the Joint Committee be held at 10.45 am on 29 June and 7 December 2018 within the City Chambers, Glasgow City Council; and

(b) That it be noted that the date referred to in paragraph 3.4 of the report should read 17 November 2017.