

## **Minute of Meeting**

### **Scotland Excel Executive Sub-committee**

<b>Date</b>	<b>Time</b>	<b>Venue</b>
Friday, 27 March 2020	10:45	By Video Conference,

#### **Present**

Provost Bill Howatson (Aberdeenshire Council); Councillor Paul Di Mascio (North Lanarkshire Council); and Councillor John Shaw (Renfrewshire Council).

#### **Chair**

Councillor Shaw, Convener, presided.

#### **In Attendance**

J Welsh, Director, H Carr, Head of Strategic Procurement, S Brannagan, Head of Customer and Business Services, L Campbell, Corporate Services Manager and L Muir, Senior Procurement Specialist (all Scotland Excel); M Conaghan, Legal and Democratic Services Manager, C McCourt, Finance Business Partner and E Currie, Senior Committee Services Officer (all Renfrewshire Council); and M Ferris, Senior Audit Manager (Audit Scotland).

#### **Apologies**

Councillor Graham Hutchison (City of Edinburgh Council); Provost Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Stephen Thompson (Dumfries and Galloway Council); and Councillor Alister Mackinnon (Highland Council).

#### **Declarations of Interest**

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

#### **Additional Item**

The Convener intimated that there was an additional item of business in relation to Covid-19 Emergency Governance Arrangements which had not been included in the notice calling the meeting. The Convener, being of the opinion that the item which is dealt with at item 8 below, was urgent in view of the need to advise members of the position, authorised its consideration.

## **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 item 8 of the agenda after the additional item of business.

### **1 Minute**

There was submitted the Minute of the meeting of the Executive Sub-committee held on 28 February 2020.

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

### **2 Audit Scotland Annual Audit Plan 2019/20**

There was submitted a report by the Treasurer relative to Audit Scotland's annual audit plan 2019/20 for the Joint Committee which outlined Audit Scotland's planned activities in their audit for the 2019/20 financial year, a copy of which was appended to the report.

The report intimated that, based on analysis of the risks facing the Joint Committee, Audit Scotland had submitted an audit plan which outlined its approach to the audit of the Joint Committee's 2019/20 annual accounts to assess whether the accounts provided a true and fair view of the Joint Committee's financial position and also whether the accounts had been prepared in accordance with proper accounting practice, the 2019 Code of Practice on Local Authority Accounting in the UK.

The annual audit plan outlined the responsibilities of the Joint Committee, Treasurer and Audit Scotland; an assessment of key challenges and risks; the approach and timetable for completion of the audit; and included a section on Audit Risks which had been included in the audit plans of many bodies which Audit Scotland worked with. The inclusion of this section was not a reflection of any specific risk within the Joint Committee.

The Senior Audit Manager, Audit Scotland, focussed on three sections of the audit plan being the risks identified in Exhibit 1, materiality and the audit fee.

**DECIDED:** That Audit Scotland's annual audit plan 2019/20 be noted.

### **3 Contract Authorisation: Supply Only and Supply and Distribution of Groceries and Provisions**

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework agreement for the supply only and the supply and distribution of groceries and provisions which would operate from 1 May 2020 until 30 April 2022, with an option to extend for up to two one-year periods until 30 April 2024.

The framework provided councils with a mechanism to procure a range of dairy and chilled products, dried goods, ambient products, crisps, confectionery, soft drinks and water. The renewal incorporated a number of enhancements including the option for manufacturers to bid directly and it was anticipated that this would create brand flexibility, enhance locally sourced produce and increase the inclusion of sustainable products.

The report summarised the outcome of the procurement process for this national framework agreement.

The framework had been divided into five lots as detailed in figure 1 of the report and had been advertised at a value of up to £30 million per annum. Appendix 1 to the report detailed the participation, spend and savings summary of those 30 councils participating in the framework together with Tayside Contracts. It was noted that Orkney Islands Council had its own arrangements in place and Shetland Islands Council did not confirm their intention to participate in the framework.

Tender responses had been received from 17 tenderers and Appendix 2 to the report provided a summary of the offers received. The commercial offer submitted by two tenderers was uncompetitive when compared to other offers for the lot and they were therefore unsuccessful.

Based on the criteria and scoring methodology set out in the tender document, a full evaluation of compliant offers had been carried out and Appendix 3 to the report detailed the scoring achieved by each bidder.

Based on the evaluation undertaken, and in line with the criteria and weightings set out in the report, it was recommended that a framework arrangement be awarded to 15 suppliers as outlined in Appendix 3 to the report.

Appendix 4 to the report detailed the Real Living Wage status of bidders.

**DECIDED:** That the award of the framework agreement for the supply only and supply and distribution of groceries and provisions, as detailed in Appendix 3 to the report, be approved.

## **4 Outline of the Scotland Excel approach to Contract and Supplier Management**

There was submitted a report by the Director of Scotland Excel relative to Scotland Excel's approach to contract and supplier management.

The report intimated that regular contract reviews maintained the relationship between Scotland Excel and the supply base; supported active engagement to monitor contract and supplier performance; and maintained an awareness of market developments and their impact across the sector. During the mobilisation stages of new contracts, contract owners met with suppliers to discuss performance requirements and Scotland Excel's contract and supplier management approach in detail. A contract specific management plan was then developed with contract owners considering, as a minimum, contract classification (and therefore risk and value); contract type; supply base stability; macro environment; and PESTLES issues. These management action plans were monitored through scheduled reviews and the performance elements were assessed.

The contract segmentation tool considered a range of 14 criteria and, once completed, automatically generated a total score out of 100, the higher the output score the higher the classification of contract and supplier management activity. There were five segmentation classifications rated from class A to E and these were detailed in table 1 of the report.

Management information was collected quarterly from suppliers which enabled Scotland Excel to highlight potential areas of additional savings and areas where contracts did not accurately reflect customer needs. This data was shared with customers via UIG's and quarterly account management reviews. At a high level, feedback to customers on performance monitoring was provided via commercial UIG's, together with spend, savings and overall business and contract performance.

The contract management process was underpinned by gathering data from a broad selection of stakeholders and questionnaire returns. Suppliers were informed of relevant feedback from Councils and were held accountable for delivery of actions arising from this feedback.

**DECIDED:** That the report be noted and the current approach to contract supplier management be endorsed.

## **5 Associate Strategy**

There was submitted a report by the Director of Scotland Excel relative to Scotland Excel's Associate Member Strategy, a copy of which was appended to the report.

The report intimated that the Associate Member Strategy had been refreshed as a number of key changes had occurred since it was first published in 2016.

Scotland Excel had over 80 associate members which were split into five categories of Council Arms Length External Organisations (ALEOs); housing associations; third sector; non-departmental public bodies/reciprocal arrangements; and other organisations. The report detailed the focus on growth of membership in each of these categories.

Scotland Excel had explored its existing fee structure and future options for development and the strategy set out options together with a recommendation that Scotland Excel retained future rebates associated with associate spend which would be implemented over a period of time with a review of appropriate documentation and notification to suppliers and associate members.

**DECIDED:**

(a) That the strategic direction set out in the strategy be noted; and

(b) That the move to implementing a model whereby associate member rebates were retained by Scotland Excel to support organisational sustainability be approved.

## **6(a) Request for Associate Membership: Angus Housing Association Limited**

There was submitted a report by the Director of Scotland Excel advising that Angus Housing Association Limited had submitted an application to become an associate member of Scotland Excel.

The report provided details of the organisation and the legislative position in relation to the application.

**DECIDED:** That the application by Angus Housing Association Limited to become an

associate member of Scotland Excel, at an annual membership fee of £3,000, be approved subject to completion and signing of the agreement documentation.

#### **6(b) Request for Associate Membership: Edinburgh International Festival Society**

There was submitted a report by the Director of Scotland Excel advising that Edinburgh International Festival Society had submitted an application to become an associate member of Scotland Excel.

The report provided details of the organisation and the legislative position in relation to the application.

**DECIDED:** That the application by Edinburgh International Festival Society to become an associate member of Scotland Excel, at an annual membership fee of £500, be approved subject to completion and signing of the agreement documentation

#### **6(c) Request for Associate membership: Scottish Canals**

There was submitted a report by the Director of Scotland Excel advising that Scottish Canals had submitted an application to become an associate member of Scotland Excel.

The report provided details of the organisation and the legislative position in relation to the application.

**DECIDED:** That the application by Scottish Canals to become an associate member of Scotland Excel, at no annual fee, be approved subject to completion and signing of the agreement documentation.

#### **6(d) Request for Associate Membership: Scottish Fire and Rescue Service**

There was submitted a report by the Director of Scotland Excel advising that the Scottish Fire and Rescue Service had submitted an application to become an associate member of Scotland Excel.

The report provided details of the organisation and the legislative position in relation to the application.

**DECIDED:** That the application by the Scottish Fire and Rescue Service to become an associate member of Scotland Excel, at an annual membership fee of £5,000, be approved subject to completion and signing of the agreement documentation.

#### **6(e) Request for Associate Membership: Trust Housing Association Limited**

There was submitted a report by the Director of Scotland Excel advising that Trust Housing Association Limited had submitted an application to become an associate member of Scotland Excel.

The report provided details of the organisation and the legislative position in relation to the application.

**DECIDED:** That the application by Trust Housing Association Limited to become an associate member of Scotland Excel, at an annual membership fee of £5,325, be approved subject to completion and signing of the agreement documentation.

## **6(f) Request for Associate Membership: University of Edinburgh**

There was submitted a report by the Director of Scotland Excel advising that the University of Edinburgh had submitted an application to become an associate member of Scotland Excel.

The report provided details of the organisation and the legislative position in relation to the application.

**DECIDED:** That the application by the University of Edinburgh to become an associate member of Scotland Excel, at no annual fee, be approved subject to completion and signing of the agreement documentation.

## **7 Review of Job Title for Director of Scotland Excel**

There was submitted a report by the Clerk seeking approval to the post title of Director of Scotland Excel being changed to Chief Executive of Scotland Excel.

The report intimated that the post of Director of Scotland Excel had been created when the organisation was established in 2008 and, at that time, the job title reflected the title of the most senior officer's post in the predecessor organisation, the Authorities Buying Consortium, on which Scotland Excel's governance was initially based.

The role of the Director was set out in Scotland Excel's governance documents and was defined as the officer appointed by the joint committee to have overall responsibility for the operational performance of Scotland Excel. There had been significant changes to the landscape in which Scotland Excel operated since its inception in 2008, and this had demanded that the Director operated at a much more strategic level, engaging national and local stakeholders in the development of Scotland Excel, the promotion of excellence in strategic procurement in local government and a much more proactive relationship with industry and suppliers.

The original focus of the Director's role had been primarily to get the organisation set up and running effectively but the role was now key in supporting and leading emerging policy agendas for both local and national government. The proposed revision of the job title more accurately reflected the strategic nature of the role and the level of stakeholder engagement and influencing required. The change in title of the post would not involve a regrading of the post.

**DECIDED:** That the post of Director of Scotland Excel be retitled as Chief Executive of Scotland Excel.

## **8 Covid-19 Emergency Governance Arrangements**

There was submitted a report by the Director of Scotland Excel relative to Covid-19.

The report intimated that the UK Government had issued detailed guidance in relation to measures that should be taken to restrict the spread of the Covid-19 virus. These

measures included restrictions on unnecessary travel and meetings and advice for specified groups of citizens who were seen as being at greater risk from infection. In view of this guidance, and to support measures to prevent the spread of the virus, the report sought approval for delegations to the Director to enable decisions to be taken without there being a requirement for the Executive Sub-committee.

Scotland Excel was currently operating a full service via remote working for all employees in line with government guidance with the specific focus being working with suppliers to ensure that the goods and services required to support essential frontline services continued to be available to councils. Regular updates were being provided to councils in relation to supplier stock levels for essential items and advice on alternative sources of supply where possible. This was an ever-changing picture and everything was being done to make sure council procurement teams had access to all information available at the time.

Condition 6.1(c) of Scotland Excel's Standing Orders Relating to Contracts required a signature to validate contract processes where the contract was subject to standing orders, unless where the Clerk and Director agreed otherwise. Both the Clerk and the Director of Scotland Excel had agreed to dispense with condition 6.1(c) of Scotland Excel's Standing Orders Relating to Contracts and this change would allow award letters to be issued electronically and thereby facilitate staff working from home maintaining social distancing and self-isolation.

Members thanked all staff members of Scotland Excel for the work being undertaken in ensuring the organisation operated as 'business as usual' and noted that the organisation was well placed to allow all staff to work remotely.

**DECIDED:**

(a) That delegated authority be granted to the Director, in consultation with the Chair and/or Vice Chair of the Executive Sub-committee, to cancel, if necessary, the planned meeting of the Executive Sub-committee scheduled to be held on 29 May 2020 and any subsequent meeting;

(b) That delegated authority be granted to the Director, in consultation with the Chair and/or Vice Chair, to make all decisions required relating to the functions of the Executive Sub-committee in advance of the next meeting of the Executive Sub-committee taking place;

(c) That it be agreed that temporary associate membership, at no fee, be granted to any public body or third sector organisation that the Director felt would benefit efforts to tackle the current crisis; and

(d) That the actions taken to protect Scotland Excel staff and to support councils at this time be noted.

## **9 Date of Next Meeting**

**DECIDED:** That it be noted that the next meeting of the Executive Sub-committee was scheduled to be held at 10.45 am on 29 May 2020 unless cancelled by the Director of Scotland Excel.