

## Minute of Meeting Scotland Excel Joint Committee

Date	Time	Venue
Friday, 21 June 2019	10:45	City Chambers, Glasgow City Council, 80 George Square, Glasgow, G2 1DU

### Present

Provost Bill Howatson (Aberdeenshire Council); Councillor Alasdair Rankin (City of Edinburgh Council); Councillor Donald Balsille (Clackmannanshire Council); Provost Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Stephen Thompson (Dumfries & Galloway Council); Councillor Gordon Jenkins (East Ayrshire Council); Councillor John Jamieson (East Dunbartonshire Council); Councillor Tony Buchanan (East Renfrewshire Council); Councillor Gary Bouse (Falkirk Council); Councillor Altany Craik and Councillor Ross Vettrano (both Fife Council); Bailie Norman MacLeod (Glasgow City Council); Councillor Alister Mackinnon (Highland Council); Councillor Aaron McLean (Moray Council); Councillor Paul Di Mascio and Councillor Allan Graham (both North Lanarkshire Council); Councillor Anne Jarvis (Perth & Kinross Council); Councillor John Shaw (Renfrewshire Council); Councillor Amanda Hawick (Shetland Islands 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 and S Brannagan, Head of Customer & Business Services (all Scotland Excel); M Conaghan, Legal & Democratic Services Manager, K Campbell, Assistant Chief Auditor, C McCourt, Finance Business Partner, A McNaughton, Senior Committee Services Officer and K O'Neill, Assistant Democratic Services Officer (all Renfrewshire Council).

## Apologies

Councillor Alastair Bews (Aberdeenshire Council); Councillor Alan Donnelly and Councillor John Reynolds (both Aberdeen City Council); Councillor Rory Colville (Argyll and Bute Council); Councillor Angus Douglas (Angus Council); Councillor Graham Hutchison and Councillor Matthew Reiss (both City of Edinburgh Council); Baillie Willie Sawers (Dundee City Council); Councillor John McMillan (East Lothian Council); Councillor Jim Clocherty (Inverclyde Council); Councillor Derek Milligan (Midlothian Council); Councillor Barbara Foulkes (Orkney Council); Councillor Donald L Reid (North Ayrshire Council); Councillor Simon Mountford (Scottish Borders Council); Councillor Peter Henderson (South Ayrshire Council) and Councillor Alison Laurie (Stirling Council).

## Declarations of Interest

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

### 1 Minute of Joint Committee

There was submitted the Minute of the meeting of the Joint Committee held on 7 December 2018.

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

### 2 Minutes of Executive Sub-Committee

There were submitted the Minutes of the meetings of the Executive Sub-committee held on 7 December 2018 and 25 January, 22 March, 26 April and 31 May 2019.

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

### 3 Membership of Executive Sub-committee

There was submitted a report by the Clerk relative to the membership of the Executive Sub-committee seeking approval for the appointment of members to the Executive Sub-committee for the period to June 2020.

The report indicated that the Procedural Standing Orders provided that the Executive Sub-committee should comprise a maximum of 13 members including the Convener and Vice Convener of the Joint Committee. Where possible the membership of the Executive Sub-committee should reflect the geographic diversity of the constituent authorities.

**DECIDED:**

(a) That it be agreed that the Executive Sub-committee continue to comprise of elected members from Renfrewshire Council (Convener), North Lanarkshire Council (Vice Convener), Aberdeenshire Council, Angus Council, City of Edinburgh Council, Comhairle nan Eilean Siar, Dumfries and Galloway Council, Fife Council, Glasgow City Council, Highland Council, North Ayrshire Council, Shetland Islands Council and South Lanarkshire Council; and

(b) That membership of the Executive Sub-committee be next reviewed at the meeting of the Joint Committee to be held in June 2020.

## **Sederunt**

Councillor Jarvis and Councillor Rankin entered the meeting prior to consideration to the following item of business.

### **4 Scotland Excel Unaudited Annual Accounts 2018-19**

There was submitted a report by the Treasurer relative to the unaudited annual accounts for the Joint Committee for 2018/19 which were attached to the report.

The report intimated that the accounts for the year ended 31 March 2019 had been completed and forwarded to Audit Scotland for audit. The accounts indicated that Scotland Excel's core activities resulted in a draw on reserves of £93,288 in 2018/19 compared to a budgeted draw on reserves of £90,000 and projects returned income of £422,404 over expenditure. This produced a combined underspend for the year of £329,116 which had been added to usable reserves, which were committed as outlined in note 6 to the accounts.

The management commentary within the accounts provided an overview of Scotland Excel's performance during 2018/19 along with risk information and its outlook for the future.

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 regulations.

#### **DECIDED:**

- (a) That the unaudited annual accounts for 2018/19 be noted;
- (b) That the annual governance statement be approved; and
- (c) That the transfer of £55,000 of project balances to the revenue reserve be approved.

## **Sederunt**

Councillor Bouse entered the meeting prior to consideration to the following item of business.

### **5 Internal Audit Report Summary - Contract Management (Award Arrangements)**

There was submitted a report by the Chief Auditor, Renfrewshire Council, relative to Internal Audit's report summary on the arrangements in place to award contracts.

The report intimated that in line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Joint Committee. Internal Audit had undertaken a review of the arrangements in place to award contracts and the report provided a summary of the work undertaken, the audit

findings and the action being taken by management to address the recommendations made.

The appendix to the report provided a summary of the overall assurance rating for the engagement and the number of recommendations in each category and the committee summary for the engagement.

**DECIDED:** That the Internal Audit summary for the Internal Audit review of Contract Management (Award Arrangements) be noted.

## **6 Internal Audit Annual Report 2018/19**

There was submitted a report by the Chief Auditor, Renfrewshire Council, relative to the Internal Audit annual report on Scotland Excel 2018/19.

The report intimated that the Public Sector Internal Audit Standards required that the Chief Auditor prepare an annual report on the internal audit activity's purpose, authority and responsibility as well as performance relative to its plan. The report must also provide an audit opinion on the overall adequacy and effectiveness of the internal control environment of the audited body.

The annual report for the Joint Committee formed the appendix to the report and outlined the role of internal audit, the performance of the internal audit team; the main findings from the internal audit work undertaken in 2018/19 and contained an audit assurance statement.

**DECIDED:** That the Internal Audit annual report 2018/19 be noted.

## **7 Funding Model Update**

There was submitted a report by the Director of Scotland Excel providing an update on the progress made on generating additional funding which covered the period April to June 2019.

The report intimated that reports on the revenue estimates 2018/19 and the funding model review presented to the Joint Committee on 8 December 2017 and 29 June 2018, respectively, highlighted the challenging future financial landscape for local government and the impact on Scotland Excel. It was recognised that over the medium term, local government in Scotland was likely to face further reduction in available resources and in this context, Scotland Excel continued to seek operational savings to manage its financial position flexibly to maintain the aim of minimising the level of requisition required and develop value propositions for member authorities to ensure that best value was achieved.

Funding opportunities had been approved by the Joint Committee and were progressing, with three projects contributing surpluses within the current financial year. The report provided updates in relation to each of the funding streams and the transparent funding mechanism that provided a very competitive offering whilst also supporting value for money for member councils. The report intimated that further updates, including delivery against income targets, would be presented to future meetings of the Joint Committee and the Executive Sub-committee.

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

## **8 Operating Plan Update 2018/19**

There was submitted a report by the Director of Scotland Excel relative to the progress made against operating plan activities during 2018/19.

The report intimated that in June 2018 the Joint Committee approved a new five-year corporate strategy which was supported by annual operating plans. Quarterly reports were produced to track Scotland Excel's performance against operating plan commitments 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. This guide had been revised in 2018/19 and now included symbols to indicate projects or activities which had not yet started and projects or activities which had been completed.

The appendix to the report provided the year-end update report on progress undertaken and updates on 13 key performance indicators (KPIs) included within the plan.

The majority of commitments in the operating plan were progressing in line with plans and were indicated as green within the report. Most of these related to major projects which spanned multiple years or were ongoing business activities which were strategically important to the organisation and which would appear in operating plans throughout the five-year period of the current strategy.

It was noted that seven activities were progressing more slowly than anticipated, predominantly due to external factors and Scotland Excel would deliver these commitments during 2019/20 and take action to mitigate the impact of any external factors which delayed progress; seven commitments were completed during 2018/19; and nine commitments would commence during 2019/20.

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. Members were advised that more information on the reasons for delays on activity progress would be provided in future operating plans.

### **DECIDED:**

(a) That Scotland Excel's performance in the delivery of the operating plan 2018/19 be noted; and

(b) That it be noted that future operating plans would include more information on reasons for delays in activities.

## **9 Operating Plan 2019/20**

There was submitted a report by the Director of Scotland Excel relative to the operating plan 2019/20, a copy of which was appended to the report.

The report intimated that Scotland Excel followed a robust strategic planning process to develop its corporate strategy and operating plans. The future vision of the organisation was supported by a mission statement based on business capabilities and the corporate values shared by all staff. Goals informed the direction of business activity and each goal was further articulated through high level strategic objectives.

The annual operating plan outlined the organisation's commitment to the actions and activities it would undertake each year to meet the strategic objectives and progress towards achieving its vision. The plan was used to develop detailed action plans for the organisation which were cascaded to employees as annual performance objectives.

Progress reports would be produced quarterly and half-yearly and annual reports would be submitted to the Joint Committee with reports for the interim quarters submitted to the Executive Sub-committee. Reports would also track performance against strategy outcomes using 13 key performance indicators.

**DECIDED:** That the proposed operating plan 2019/20 be approved.

## **10 Annual Procurement Report**

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

The report intimated that where a public organisation was required to prepare a procurement strategy or review an existing one, it must also publish an annual procurement report. The Procurement Reform (Scotland) Act 2014 set out what, as a minimum, each annual procurement report must contain. Annual procurement reports must be published as soon as reasonably practicable after the end of the financial year and should be relevant and proportionate; provide transparency of purchasing activities; and address all matters contained in the organisations' procurement strategy.

Scottish Ministers would produce an annual report on procurement activity in Scotland based on information contained in the annual procurement reports from public organisations.

**DECIDED:** That the content of the annual procurement report, as appended to the report, be noted and published on Scotland Excel's website.

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

There was submitted a report by the Director of Scotland Excel relative to progress against the 2019/20 contract delivery plan.

The report intimated that the contract delivery plan comprised framework renewals, new developments, framework extensions and frameworks with ongoing contract management only and Appendices 1 to 3 to the report provided further details.

The report highlighted that contract delivery remained active with 68 current frameworks in the Scotland Excel contract portfolio, 11 of which were to be renewed before 31 March 2020; a further 11 new frameworks would be added to the contract portfolio by 31 March 2020; and a further 19 frameworks on the current portfolio had extension options that were likely to be exercised in 2019/20, seven of which had already been approved.

The report advised that the estimated forecast value of the Scotland Excel framework portfolio by 31 March 2020 would be approximately £1.9 billion.

It was noted that overall, efficiencies delivered to date were 1.0% which was below the 2% to 4% forecast savings range. This figure was based on a single contract delivered in 2019/20.

Scotland Excel was exploring the benefits of further collaborative procurement across high spend, critical service areas of adult social care and construction; had finalised the procurement strategy for care and support services; would continue to work with a range of partners to implement the procurement strategy; would continue to work with key stakeholders to deliver a new sourcing strategy for care home services for older people; had taken over operational contract management of care home services for older people from CoSLA on 1 April 2019; would continue work in conjunction with the Digital Office to procure a replacement Social Work Case Management system.

The first-generation new build residential construction framework was progressing well and the second stage of the two-stage tender procedure had been issued in March 2019 and remained on course for going live in September 2019.

There was a plan to create a framework to replace the expired online school payments framework with enhanced content to cover cashless catering and include peripherals such as ordering hardware, biometric recognition and enhanced reporting functionality.

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

## **12 Community Benefits and Fair Work Practices Update**

There was submitted a report by the Director of Scotland Excel highlighting the community benefits delivered as a result of the Scotland Excel framework portfolio in the period 1 October 2018 to 31 March 2019 together with an update on fair work practices which would give an analysis of suppliers and providers Living Wage status.

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 business review meetings. The system 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 2018/19.

In relation to fair work practices, including the Living Wage, the report intimated that Scotland Excel commenced formal consideration within tenders in early 2015 and that the respective position on bidders' work practices had been outlined within contract approval reports submitted to the Executive Sub-committee. The report detailed the overall position across Scotland Excel's portfolio.

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 September 2019. 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.

## **Sederunt**

Provost Howatson left the meeting during consideration of the following item of business.

### **13 Procurement Commercial Improvement Programme (PCIP) Update**

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 Commercial Improvement Programme (PCIP).

The report intimated that PCIP, a maturity model designed to assess Scottish public sector procurement performance in a common format, was introduced in 2015 and was a continuation of the work undertaken by the Procurement Capability Assessment carried out on an annual basis since 2008. The focus of PCIP was on the policies and procedures driving procurement performance and the results they delivered.

The first round of PCIP assessments with all 32 councils were carried out in 2016/17 following which a 'lessons learned' and consultation exercise was carried out with key stakeholders. The outcome was that councils would be offered two assessment routes in 2018/19, being either the full assessment route or a streamlined focussed assessment route with any council that scored below 50% in 2016/17 being automatically subject to the full assessment route.

Following selection of the assessment routes, 25 councils were subject to focussed assessment and seven were subject to the full assessment. As of 31 May 2019, 30 of the 32 assessments had been completed and the full programme would be completed by September 2019.

The report provided a summary of the profile of the number of councils and the performance band and a breakdown of the average scores across the local government sector for each section of the PCIP assessment for 2016/17 and 2018/19.

The focussed assessment approach delivered in 2018/19 had been well received by councils and Scotland Excel would work with councils, Scottish Government and other centres of excellence to share lessons and ensure that future programmes maintained value and met the needs and aspirations of the local government sector.

**DECIDED:** That the progress of the 2018/19 PCIP programme be noted.

### **14 Special Leave and Hospitality**

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 2018/19.

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

## **15 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 6 December 2019 within the City Chambers, Glasgow City Council.