Notice of Meeting and Agenda
Scotland Excel Joint Committee

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

KENNETH GRAHAM
Clerk

Membership

Councillor Alan Donnelly and Councillor John Reynolds (both Aberdeen City Council); Councillor Bill Howatson and Councillor Alastair Bews (Aberdeenshire Council); Councillor Angus Macmillan Douglas (Angus Council); Councillor Rory Colville (Argyll and Bute Council); Councillor Alasdair Rankin and Councillor Graham Hutchison (both City of Edinburgh Council); Councillor Donald Balsillie (Clackmannanshire Council); Provost Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Stephen Thompson (Dumfries and Galloway Council); Bailie Willie Sawers (Dundee City Council); Councillor Gordon Jenkins (East Ayrshire Council); Councillor John Jamieson (East Dunbartonshire Council); Councillor John McMillan (East Lothian Council); Councillor Tony Buchanan (East Renfrewshire Council); Councillor Gary Bouse (Falkirk Council); Councillor Altany Craik and Councillor Ross Vettraino (Fife Council); Bailie Norman MacLeod and Councillor Martin McElroy (both Glasgow City Council); Councillor Alister Mackinnon and Councillor Matthew Reiss (Highland Council); Councillor Jim Clocherty (Inverclyde Council); Councillor Derek Milligan (Midlothian Council); Councillor Aaron McLean (Moray Council); Councillor Donald L Reid (North Ayrshire Council); Councillor Paul Di Mascio and Councillor Allan Graham (North Lanarkshire Council); Councillor Barbara Foulkes (Orkney Islands); Councillor Colin Stewart (Perth and Kinross Council); Councillor John Shaw (Renfrewshire Council); Councillor Simon Mountford (Scottish Borders Council); Councillor Amanda Hawick (Shetland Islands Council); Councillor Peter Henderson (South Ayrshire Council); Councillor Eileen Logan and Councillor Collette Stevenson (South Lanarkshire Council); Councillor Alison Laurie (Stirling Council); Councillor Ian Dickson (West Dunbartsonshire Council); Councillor John McGinty (West Lothian Council).

Councillor John Shaw (Convener): Councillor Paul Di Mascio (Vice Convener).

Further Information

This is a meeting which is open to members of the public.

A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at http://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx
For further information, please either email
democratic-services@renfrewshire.gov.uk or telephone 0141 618 7112.

Members of the Press and Public

Members of the press and public wishing to attend the meeting should report to the customer service centre where they will be met and directed to the meeting.

Items of business

Apologies

Apologies from members.

Declarations of Interest

Members are asked to declare an interest in any item(s) on the agenda and to provide a brief explanation of the nature of the interest.

15   **Date of Next Meeting**

Note that the next meeting of the Joint Committee will be held at 10.45am on 6 December 2019 within City Chambers, Glasgow City Council, Glasgow.

Minute of Meeting
Scotland Excel Joint Committee

Date	Time	Venue
Friday, 07 December 2018	10:45	City Chambers, Glasgow City Council, 80 George Square, Glasgow, G2 1DU

Present

Councillor Alan Donnelly and Councillor John Reynolds (both Aberdeen City Council); Provost Bill Howatson (Aberdeenshire Council); Councillor Ellen Morton (substitute for Councillor Rory Colville) (Argyll and Bute Council); Provost Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Stephen Thompson (Dumfries & Galloway Council); Councillor John Jamieson (East Dunbartonshire Council); Councillor Gary Bouse (Falkirk Council); Councillor Altany Craik and Councillor Ross Vettraino (both Falkirk Council); Bailie Norman MacLeod and Councillor Martin McElroy (both Glasgow City Council); Councillor Aaron McLean (Moray Council); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor Barbara Foulkes (Orkney Council); Councillor John Shaw (Renfrewshire Council); Councillor Simon Mountford (Scottish Borders Council); Councillor Amanda Hawick (Shetland Islands Council); Councillor Collette Stevenson (South Lanarkshire Council); and Councillor John McGinty (West Lothian Council).

Chair

Councillor Shaw, Convener, presided.

In Attendance

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

Apologies

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); Councillor Phil Fairlie (Clackmannanshire Council); Baillie Willie Sawers (Dundee City Council); Councillor Gordon Jenkins (East Ayrshire Council); Councillor Tony Buchanan (East Renfrewshire Council); Councillor Alister Mackinnon and Councillor Matthew Reiss (both Highland Council); Councillor Jim Clocherty (Inverclyde Council); Councillor Colin Stewart (Perth & Kinross Council); and Councillor Peter Henderson (South Ayrshire Council).

Declarations of Interest

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

Sederunt

Councillor Jamieson and Councillor McElroy entered the meeting during consideration of the following item of business.

1   Minute of Joint Committee

There was submitted the Minute of the meeting of the Joint Committee held on 29 June 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 29 June, 25 August, 28 September, 26 October and 23 November 2018.

DECIDED: That the Minutes be noted.

Sederunt

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

3   Directors Update

The Director of Scotland Excel gave a presentation to members providing an overview of what Scotland Excel was delivering for member councils; an update on Scottish Government and other projects; and an update on income streams and the funding position.

DECIDED: That the presentation be noted.

4   Revenue Estimates 2019/2020

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 of the constituent authorities for financial year 2019/20 and indicative planning figures for 2020/21 and 2021/22.

An amended Appendix 1 had been issued to members which detailed the revenue estimates for 2019/20 and Appendix 2 to the report detailed the member authority requisition levels.

The report provided information on the assumptions that the budget had been based on; a financial overview for Scotland Excel; the Scotland Excel funding model; and member authority requisitions for 2019/20.

It was proposed that the Director of Scotland Excel provide meet with Councillor Vettraino to discuss the budget assumption that there would be an increase in ICT costs due to the migration to a cloud-based environment, the introduction of virtual servers and the move to Microsoft Office 365. This was agreed.

DECIDED:

(a) That the revenue estimates of Scotland Excel for the financial year 2019/20, as detailed in the amended Appendix 1 issued to members, 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 2020/21 and 2021/22 be noted;

(d) That the update to the funding model outlined in section 6 of the report be noted; and

(e) That the Director of Scotland Excel meet with Councillor Vettraino to discuss the budget assumption that there would be an increase in ICT costs due to the migration to a cloud-based environment, the introduction of virtual servers and the move to Microsoft Office 365.

5   Update on Contract Delivery Plan

There was submitted a report by the Director of Scotland Excel relative to the progress against the 2018/19 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 63 current frameworks in the Scotland Excel contract portfolio, six of which were to be renewed before 31 March 2019; a further three new frameworks would be added to the contract portfolio by 31 March 2019; and a further ten frameworks on the current portfolio had extension options that were likely to be exercised in 2018/19, eight of which had already been approved.

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 deliver a new sourcing strategy for care home services for older people; working in partnership with the Digital Office had released a prior information notice (PIN) for market engagement across a range of projects to drive digital transformation across Scotland; and had released a further prior information notice (PIN) to notify the market place regarding a replacement Social Work Case Care Management System.

It was noted that overall, efficiencies delivered to date were 4.4% which was above the 2% to 4% forecast savings range.

It was proposed that the Director of Scotland Excel provide information to members on the percentage uptake by councils in relation to the 63 contracts in the Scotland Excel portfolio. This was agreed.

DECIDED:

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

(b) That the Director of Scotland Excel provide information to members on the percentage uptake by councils in relation to the 63 contracts in the Scotland Excel portfolio.

6   Operating Plan Update 2018/19

There was submitted a report by the Director of Scotland Excel relative to the half-year progress report for the Operating Plan 2018/19, a copy of which was appended to the report.

The report summarised the progress made against operating plan commitments and used a 'traffic light' symbol to provide a guide to the status of each activity. This guide had been revised to include symbols to indicate projects or activities which had not yet started and projects or activities which had been completed.

The report also tracked performance against thirteen key performance indicators linked to strategic outcomes.

DECIDED: That Scotland Excel's performance in the delivery of the Operating Plan 2018/19 be noted.

Sederunt

Councillor Hawick left the meeting during consideration of the following item of business.

7   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 framework portfolio for the period April to September 2018 together with an update on fair work practices.

The report intimated that Scotland Excel continually strived to be innovative in its approach to community benefits and recognised that community benefits had a considerable social, environmental and economic impact within local communities and continued to encourage and grow awareness in this regard. The organisation's approach to community benefit commitments at point of tender had been developed to further advance the undertakings made by suppliers and to facilitate a robust process for the collection of responses. The newly-developed community benefit menu had been favoured by procurement specialists when embarking on new procurement exercises and offered a focused approach across the Scotland Excel procurement portfolio and aimed to encourage suppliers and providers to deliver community benefits within the awarding local authority area.

Table 1 to the report detailed a summary of the social value added across the Scotland Excel portfolio since 2013. The appendix to the report detailed the community benefits by council for the period April to September 2018.

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 since this time 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. It was noted that any reference to the Living Wage should be the Living Wage in Scotland.

The next community benefits data collection, analysis and review cycle would be completed in line with management information processes to cover the period to 31 March 2019. The results would be reviewed with the supply base and where appropriate would be incorporated into supplier performance objectives.

It was proposed that the Director of Scotland Excel provide a briefing paper to Councillor Foulkes providing more detail on the community benefits delivered in her council area. This was agreed.

DECIDED:

(a) That the report be noted and the measures proposed to monitor delivery of community benefits for the 2018/19 financial year be supported: and

(b) That the Director of Scotland Excel issue a briefing paper to Councillor Foulkes providing more detail on the community benefits delivered in her council area.

8 Membership of Scotland Excel Chief Executive Officers Management Group (CEOMG)

There was submitted a report by the Clerk seeking approval for the membership of Scotland Excel's Chief Executive Officers Management Group (CEOMG), a key governance body for the organisation.

The report intimated that the CEOMG had been part of Scotland Excel's governance since its inception in 2008 and members were appointed to the CEOMG in terms of the CEOMG procedures which were detailed in the report.

In August 2018 a presentation had been made to the SOLACE branch group seeking a new CEOMG member due to the retiral of Mary Pitcaithly. The SOLACE Executive decided to review the overall membership and nominations had been received from

Angela Scott, Aberdeen City Council; Margo Williamson, Angus Council; Cleland Sneddon, Argyll & Bute Council; Steve Grimmond, Fife Council; Annemarie O'Donnell, Glasgow City Council and Sandra Black, Renfrewshire Council. Sandra Black would continue to chair meetings of the CEOMG as Chief Executive of the lead authority in line with the CEOMG procedures.

DECIDED: That the membership of the CEOMG, as detailed in section 3.4 of the report, be approved.

9   Risk Register Update

There was submitted a report by the Director of Scotland Excel providing an update on the risk register maintained to assess threats and risks that could impact on the delivery of Scotland Excel's organisational objectives and actions identified to mitigate such risks. A copy of the Risk Register was appended to the report.

The report intimated that the risk management plan would be reported to the Executive Sub-committee twice a year and the Joint Committee on an annual basis.

DECIDED: That the report be noted.

10   Meetings of Scotland Excel Joint Committee 2019

There was submitted a report by the Clerk relative to proposed meeting dates for the Joint Committee during 2019.

DECIDED: That meetings of the Joint Committee be held at 10.45 am on 21 June and 6 December 2019 within the City Chambers, Glasgow City Council.

Minute of Meeting
Scotland Excel Executive Sub-committee

Date	Time	Venue
Friday, 07 December 2018	09:45	City Chambers, Glasgow City Council, 80 George Square, Glasgow, G2 1DU

Present

Provost Bill Howatson (Aberdeenshire Council); Provost Norman A Madonald (Comhairle Nan Eilean Siar); Councillor Stephen Thompson (Dumfries and Galloway Council); Councillor Altany Craik (Fife Council); Bailie Norman MacLeod (Glasgow City Council); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor John Shaw (Renfrewshire Council); Councillor Amanda Hawick (Shetland Islands Council); and Councillor Collette Stevenson (South Lanarkshire Council).

Chair

Councillor John Shaw, Convener, presided.

In Attendance

J Welsh, Director, H Carr, Head of Strategic Procurement, S Brannagan, Head of Customer & Business Services, K Copland, Procurement Coordinator and J Kenney, Senior Procurement Specialist (all Scotland Excel); M Conaghan, Legal and Democratic Services Manager and E Currie, Senior Committee Services Officer (both Renfrewshire Council).

Apologies

Councillor Angus Douglas (Angus Council); Councillor Graham Hutchison (City of Edinburgh Council) and Councillor Alister Mackinnon (Highland Council).

Declarations of Interest

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

1   Minute

There was submitted the Minute of the meeting of the Executive Sub-committee held on 23 November 2018.

DECIDED: That the Minute be approved.

2(a)   Contract for Approval: Supply, Delivery and Installation of Hot Beverage Machinery and Supplies

There was submitted a report by the Director of Scotland Excel relative to the award of a new framework agreement for the supply, delivery and installation of hot beverage machinery and supplies which would operate from 14 January 2019 until 13 January 2022, with the option to extend for up to an additional 12-month period until 13 January 2023.

The report intimated that the framework provided councils with a mechanism to procure a range of hot beverage machinery as well as associated consumables.

The framework had been divided into 4 sub-lots as detailed in table 1 of the report and had been advertised at a value of £4 million over the four-year period.

Tender responses had been received from 20 suppliers and a summary of the offers received was detailed in Appendix 1 to the report.

Following a full evaluation of compliant offers, scoring had been completed in accordance with the published tender evaluation methodology and an overall lot commercial score had been calculated for each tenderer which was detailed in Appendix 2 to the report.

Based on the evaluation undertaken in line with the criteria and weightings set out in the tender document, it was recommended that a multiple-supplier framework agreement be awarded to 18 suppliers as outlined in Appendix 2 to the report.

Appendix 3 to the report detailed the recommended suppliers with Living Wage status.

DECIDED: That the award of the framework agreement for supply, delivery and installation of hot beverage machinery and supplies, as detailed in Appendix 2 to the report, be approved.

2(b)   Contract for Approval: Provision of Energy Advice

There was submitted a report by the Director of Scotland Excel relative to the award of a new framework agreement for the provision of energy advice which would operate from 14 January 2019 until 13 January 2022, with the option to extend for up to an additional one-year period until 13 January 2023.

The report intimated that the framework would be utilised by local authorities and associate members to help improve fuel poverty for tenants and residents.

The framework had been divided into 32 geographical lots and had been advertised at a value of £4 million over the four-year period.

Tender responses had been received from nine suppliers. Despite significant engagement with the marketplace two lots, lot 22 - Orkney Islands Council area and lot 26 – Shetland Islands Council area, failed to attract any bids. A summary of all offers received and their SME status was detailed in Appendix 1 to the report.

Based on the evaluation undertaken in line with the criteria and weightings set out in the report it was recommended that a multiple-supplier framework agreement be awarded to nine suppliers as outlined in Appendix 2 to the report.

Appendix 3 to the report detailed the recommended suppliers with Living Wage status.

It was noted that in relation to lot 7 – Dundee City Council area, the information detailed in the column headed 'Awarded to Lot' in connection with Energy Agency should read 'Yes' and not 'No' as stated.

DECIDED:

(a) That the award of the framework agreement for the provision of energy advice, as detailed in Appendix 2 to the report, be approved; and

(b) That it be noted that in relation to lot 7 – Dundee City Council area, the information detailed in the column headed 'Awarded to Lot' in connection with Energy Agency should read 'Yes' and not 'No' as stated.

3   Date of Next Meeting

DECIDED: That it be noted that the next meeting of the Executive Sub-committee would be held at 10.45 am on 25 January 2019 in Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley.

Minute of Meeting
Scotland Excel Executive Sub-committee

Date	Time	Venue
Friday, 25 January 2019	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

Present

Provost Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Altany Craik (Fife Council); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor John Shaw (Renfrewshire Council); and Councillor Amanda Hawick (Shetland Islands Council).

By Video Conference

Provost William Howatson (Aberdeenshire Council).

Chair

Councillor Shaw, Convener, presided.

In Attendance

J Welsh, Director, H Carr, Head of Strategic Procurement, S Brannagan, Head of Customer & Business Services, I Calder and L Muir (both Senior Procurement Specialists), J Baxter, G Mooney and A Kowalsica (all Senior Procurement Officers) and A Fraser, IT Infrastructure Officer (all Scotland Excel); and A MacArthur, Head of Finance, M Conaghan, Legal & Democratic Services Manager, C McCourt, Finance Business Partner' D Low, Senior Committee Services Officer and N O'Brien, Assistant Committee Services Officer (all Renfrewshire Council).

Apologies

Councillor Angus Macmillan Douglas (Angus Council); Councillor Graham Hutchison (City of Edinburgh Council); Bailie Norman MacLeod (Glasgow City Council); and Councillor Collette Stevenson (South Lanarkshire Council).

Declarations of Interest

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

1   Minute

There was submitted the Minute of the meeting of the Executive Sub-committee held on 7 December 2018.

DECIDED: That the Minute be approved.

2   Revenue Budget Monitoring

There was submitted a joint revenue budget monitoring report by the Treasurer and the Director of Scotland Excel for the period 1 April to 7 December 2018.

The report intimated that gross expenditure was £9,000 under budget and income was currently £14,000 under recovered which resulted in a net overspend of £5,000.

DECIDED: That the report be noted.

3(a)   Contract for Approval: Supply and Delivery of Grounds Maintenance Equipment

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework agreement for the supply and delivery of grounds maintenance equipment which would operate from 1 March 2019 until 28 February 2022, with the option to extend for up to one year until 28 February 2023.

The report summarised the outcome of the procurement process for this national framework agreement and intimated that the framework covered the supply and delivery of an extensive range of commonly purchased grounds maintenance equipment.

The framework had been divided into 13 lots as detailed in table 1 of the report and had been advertised with an estimated value of £24 million over the four-year period.

It was noted that 30 councils and Tayside Contracts had confirmed their intention to participate in the framework and the participation, spend and savings summary for each was detailed in Appendix 1 to the report. Highland Council had their own arrangement in place and West Dunbartonshire Council had no requirement to use the framework at present.

Tender responses had been received from 27 suppliers and a summary of the offers received together with their SME status was detailed in Appendix 2 to the report.

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 multi-supplier framework arrangement be awarded to 26 suppliers across the 13 lots as outlined in Appendix 3 to the report.

Appendix 4 to the report detailed suppliers with Living Wage status at point of tender.

DECIDED: That the award of the framework agreement for supply and delivery of grounds maintenance equipment, as detailed in Appendix 3 to the report, be approved.

3(b) Contract for Approval: Supply and Delivery of Light and Heavy Plant

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework agreement for the supply and delivery of light and heavy plant which would operate from 1 March 2019 until 28 February 2023.

The report summarised the outcome of the procurement process for this national framework agreement and intimated that the framework covered the supply and delivery of an extensive range of commonly purchased light and heavy plant equipment.

The framework had been divided into 16 lots as detailed in table 1 of the report and had been advertised with an estimated value of £40 million over the four-year period. It was anticipated that 31 councils plus Tayside Contracts would participate in the framework and the participation, spend and savings summary for each was detailed in Appendix 1 to the report.

Tender responses had been received from 18 suppliers and a summary of the offers received together with their SME status was detailed in Appendix 2 to the report.

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. There were no offers received for lots 13, 14 and 15 and it was noted that the products included in these lots had, in the past, been hired and had not been included in the previous framework. The intention of including these products had been to establish a purchase option should it be required in the future.

Based on the evaluation undertaken, and in line with the criteria and weightings set out in the report, it was recommended that a multi-supplier framework arrangement be awarded to 16 suppliers across the 16 lots as outlined in Appendix 3 to the report.

Appendix 4 to the report detailed suppliers with Living Wage status at point of tender.

DECIDED: That the award of the framework agreement for supply and delivery of light and heavy plant, as detailed in Appendix 3 to the report, be approved.

3(c) Contract for Approval: Supply and Delivery of Janitorial Products

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework for the supply and delivery of janitorial products which would operate from 1 March 2019 until 28 February 2023.

The report summarised the outcome of the procurement process for this national framework agreement and intimated that the framework provided councils with a mechanism to procure a range of janitorial products and included a one-stop-shop lot giving councils the option to choose a sole supplier for their requirements via a mini competition or by direct award.

The framework had been divided into four lots as detailed in table 1 of the report and had been advertised with an estimated value of £12 million per annum. It was noted that 31 councils had confirmed their intention to participate in this framework and the participation, spend and savings summary for each was detailed in Appendix 1 to the report. Shetlands Island Council currently had other arrangements in place and would therefore not be participating in this framework.

Tender responses had been received from 23 suppliers and a summary of the offers received together with their SME status was detailed in Appendix 2 to the report. It was noted that all suppliers passed the first stage assessment, however, Rexel UK Limited was non-compliant in the second stage of the lot 3 commercial assessment.

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 multi-supplier framework arrangement be awarded to seven suppliers across the four as outlined in Appendix 3 to the report.

Appendix 4 to the report detailed suppliers with Living Wage status at point of tender.

DECIDED: That the award of the framework agreement for supply and delivery of janitorial products, as detailed in Appendix 3 to the report, be approved.

3(d) Contract for Approval: Supply, Delivery and Installation of Audio-visual Equipment

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework for the supply, delivery and installation of audio-visual equipment which would operate from 1 April 2019 until 31 March 2023.

The report summarised the outcome of the procurement process for this national framework arrangement and intimated that the framework would provide councils with a mechanism to procure a range of audio-visual equipment. The renewal framework incorporated a number of enhancements including, for the first time, a lot for additional support needs and the option to hire equipment for events.

The framework had been divided into five lots as detailed in table 1 of the report and had been advertised with an estimated value of £7.5 million per annum. It was noted that all 32 councils had confirmed their intention to participate in this framework and the participation, spend and savings summary for each was detailed in Appendix 1 to

the report.

Tender responses had been received from 22 suppliers and a summary of the offers received together with their SME status was detailed in Appendix 2 to the report. It was noted that all suppliers passed the first stage assessment, however, two suppliers, FES Support Services Limited and Lairds of Troon were non-compliant in the second stage lot 1 commercial assessment.

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 multi-supplier framework arrangement be awarded to seven suppliers across the five lots as outlined in Appendix 3 to the report.

Appendix 4 to the report detailed suppliers with Living Wage status at point of tender.

DECIDED: That the award of the framework agreement for supply, delivery and installation of audio-visual equipment, as detailed in Appendix 3 to the report, be approved.

3(e)   Treatment and Disposal of Recycle and Residual Waste

Under reference to item 3(e) of the Minute of the meeting of this Sub-committee held on 24 August 2018 there was submitted a report by the Director of Scotland Excel providing an update on the progress of the tender to set up a Dynamic Purchasing System (DPS) for the treatment and disposal of recyclable and residual waste. The report also sought that authority be delegated to the Director of Scotland Excel to appoint new entrants to the DPS during its lifetime, as detailed in the report.

The report intimated that the DPS had been divided into 22 lots, as detailed in figure 1 of the report, and had been advertised with an estimated value of £200 million over its lifetime.

It was noted that 26 councils had awarded contracts under the previous Scotland Excel arrangement which expired on 31 May 2018. The scope and breadth of services available through the DPS, as well as the structure and flexibility of the process to award and ability to allow new entrants throughout its lifetime, would help to ensure participation remained high.

The Contract Notice, which had issued on 11 December 2018, detailed the required services the DPS sought and invited service providers to complete a qualification process, which if successful in passing, would grant them access to contract opportunities issued under the DPS. Appendix 1 to the report detailed those service providers who had adequately evidenced their ability to meet the defined qualification criteria and who had requested access to the DPS.

When awarding contracts, councils would be able to issue an Invitation to Tender to those recommended service providers granted access to the DPS and evaluate technical and commercial responses as required for their own individual operational needs and service requirements.

A detailed mobilisation plan would be delivered to councils as their current contract arrangements concluded and they migrated to the DPS. Various tools to assist in directing councils how to use the DPS would include user guides, training and direct support as well as associated document templates including contract terms and conditions and technical questions. The DPS terms and conditions outlined the requirement for service providers to provide management information to Scotland Excel on a quarterly basis or as required. Scotland Excel would on at least an annual basis confirm that all documents and licences linked to qualification criteria remained live and correct.

A key outcome of the DPS route to market was a facility to allow new entrants offering services throughout the lifetime of the arrangement and thereby not 'lock-out' new service providers who could meet the regulatory requirements and potentially offer best value to Councils. Following commencement of the DPS, a second Contract Notice would be issued inviting new entrants to complete the qualification process and this invitation would remain open throughout the lifetime of the DPS. Approval of new entrants would be the responsibility of Scotland Excel.

The Public Contracts (Scotland) Regulations 2015 required that service providers putting themselves forward to be granted access to the DPS must be informed of their success or failure within a maximum of 10 days following completion and submission of the qualification documents. In order to remain compliant with this statutory requirement it was essential that Scotland Excel evaluated and notified respondents of the outcome within the required time period. The report proposed that authority be granted to the Director of Scotland Excel to approve such decisions and that the Executive Sub-committee be updated on the status of available service providers on an annual basis through the Annual Procurement Report.

DECIDED:

(a) That authority be delegated to the Director of Scotland Excel, or the Head of Strategic Procurement, in the Director's absence, to approve the evaluation outcome of initial respondents and any new entrants that completed the qualification process for entry to the DPS during its lifetime, ensuring compliance with the applicable procurement rules including the statutory 10-day maximum period for evaluation and notification of outcome; and

(b) That the Executive Sub-committee be updated on the status of available service providers on an annual basis through the Annual Procurement Report.

4   IT Acceptable Use Policy

There was submitted a report by the Director of Scotland Excel relative to the implementation of an IT Acceptable Use Policy within Scotland Excel, a copy of which was appended to the report.

The report intimated that this policy set out a number of proactive and preventative measures in connection with employees' use of IT equipment and covered a number of areas including access control; internet and email use; and remote working. All employees would be given a copy of this policy and it would become part of the organisations induction process.

DECIDED: That the IT Acceptable Use Policy be noted.

5 Update on the Contract Delivery Plan

There was submitted an update report by the Director of Scotland Excel relative to the progress of the 2018/19 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 65 current frameworks in the Scotland Excel portfolio, five of which were to be renewed before 31 March 2019; and a further ten frameworks on the current portfolio had extension options, all of which had already been approved.

Scotland Excel was exploring the benefits of further collaborative procurement across high spend, critical service areas of adult social care and construction and in 2018/19 would deliver a new sourcing strategy for care home services for older people; had agreed a strategy with Councils and issued the first of a two-stage tender procedure in December 2018 in connection with the first generation new build residential construction framework aimed to support council delivery of new affordable houses in line with Strategic Housing Investment Plans (SHIPs); and working in partnership with the Digital Office had released a Prior Information Notice (PIN) for market engagement across a range of projects to drive digital transformation across Scotland; and issued a further PIN notice to notify the market place regarding a replacement Social Work Case Care Management System.

It was noted that overall, efficiencies delivered to date were 4.4% which was above the 2% to 4% forecast savings range.

DECIDED: That the report be noted.

6 Date of Next Meeting

DECIDED:

(a) That it be agreed that the meeting of the Executive Sub-committee scheduled for 10.45 am on 22 February 2019 be cancelled due to lack of substantive business; and

(b) That it be noted that the next meeting of the Executive Sub-committee would be held at 10.45 am on 22 March 2019 in Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley.

Minute of Meeting
Scotland Excel Executive Sub-committee

Date	Time	Venue
Friday, 22 March 2019	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

Present

Provost Norman Macdonald (Comhairle Nan Eilean Siar); Councillor John Shaw (Renfrewshire Council); and Councillor Colette Stevenson (South Lanarkshire Council).

By Video Conference

Provost William Howatson (Aberdeenshire Council).

Chair

Councillor Shaw, Convener, presided.

In Attendance

J Welsh, Director, L Campbell, W Murray, K Carlin and K Copland (both Procurement Co-ordinators) and B Murray, Procurement Development Officer (all Scotland Excel); M Conaghan, Legal & Democratic Services Manager, C McCourt, Finance Business Partner, A McNaughton, Senior Committee Services Officer (all Renfrewshire Council); and S Afzal and K Graham (both Audit Scotland).

Apologies

Councillor Angus Macmillan Douglas (Angus Council); Councillor Graham Hutchison (City of Edinburgh Council); Councillor Stephen Thompson (Dumfries and Galloway Council); Councillor Altany Craik (Fife Council); Bailie Norman MacLeod (Glasgow City Council); Councillor Paul Di Mascio (North Lanarkshire Council); and Councillor Amanda Hawick (Shetland Islands Council).

Declarations of Interest

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

Additional Item

The Convener intimated that there was an additional item of business in relation to the legal challenge in relation to the contract for garden maintenance equipment 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.

1 Minute

There was submitted the Minute of the meeting of the Executive Sub-committee held on 25 January 2019.

DECIDED: That the Minute be approved.

2 Revenue Budget Monitoring

There was submitted a joint revenue budget monitoring report by the Treasurer and the Director of Scotland Excel for the period 1 April 2018 to 6 February 2019.

The report intimated that gross expenditure was £2,000 under budget and income was currently £6,000 under recovered which resulted in a net year-to-date overspend of £4,000.

DECIDED: That the report be noted.

3 Annual Audit Plan 2018/19

There was submitted a report by the Treasurer relative to Audit Scotland's annual audit plan 2018/19 for the Joint Committee which outlined Audit Scotland's planned activities in their audit for the 2018/19 financial year.

DECIDED: That Audit Scotland's annual audit plan 2018/19 be noted.

4(a) Contract for Approval: Supply, Delivery, Installation and Maintenance of Vending Machines

There was submitted a report by the Director of Scotland Excel relative to a new framework arrangement for the supply, delivery, installation and maintenance of vending machines which would operate from 1 May 2019 until 30 April 2023.

The report summarised the outcome of the procurement process for this national framework agreement and intimated that the framework enabled Scotland Excel to provide a national collaborative solution which would drive value through the consolidation of spend whilst alleviating the resource challenge associated with this type of procurement exercise for local authorities.

The framework had been divided into 5 lots as detailed in figure 1 of the report and had been advertised at a value of £5 million over the four-year period. The new framework had an annual value of approximately £1.25 million across 32 councils and Tayside Contracts.

A summary of the offers received together with their SME status was detailed in Appendix 1 to the report; Appendix 2 to the report detailed the scoring achieved by each bidder and recommendations; and Appendix 3 to the report detailed suppliers with Scottish Living Wage status.

DECIDED: That places on this framework be awarded to the suppliers, as detailed in Appendix 2 to the report.

4(b) Contract for Approval: Supply, Delivery, Maintenance and Repair of Cleaning Equipment

There was submitted a report by the Director of Scotland Excel relative to a new framework arrangement for the supply, delivery, maintenance and repair of cleaning equipment which would operate from 1 May 2019 until 30 April 2023, with an option to extend for up to an additional one-year period until 30 April 2023.

The report summarised the outcome of the procurement process for this national framework agreement and intimated that the framework enabled Scotland Excel to provide a national collaborative solution which would drive value through the consolidation of spend whilst alleviating the resource challenge associated with this type of procurement exercise for local authorities.

The framework had been divided into 2 lots as detailed in figure 1 of the report and had been advertised at a value of £9 million over the four-year period. The new framework had an annual value of approximately £2.25 million across 32 councils and Tayside Contracts.

A summary of the offers received together with their SME status was detailed in Appendix 1 to the report; Appendix 2 to the report detailed the scoring achieved by each bidder and recommendations; and Appendix 3 to the report detailed suppliers with Scottish Living Wage status.

Based on the evaluation undertaken, and in line with the criteria and weightings set out in the report, it was recommended that a multi-supplier framework agreement be awarded to 10 suppliers as outlined in Appendix 2 to the report.

DECIDED: That places on this framework be awarded to the suppliers, as detailed in Appendix 2 to the report.

5 Request for Associate Membership by Cycling Scotland

There was submitted a report by the Director of Scotland Excel advising that Cycling Scotland, the nation's cycling organisation, 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 Cycling Scotland 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   Operating Plan Update

There was submitted a report by the Director of Scotland Excel relative to the progress made against operating plan activities and commitments during quarter 3 2018/19.

DECIDED: That the report be noted.

7   Date of Next Meeting

DECIDED: That it be noted that the next meeting of the Executive Sub-committee would be held at 10.45 am on 26 April 2019 in Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley.

8   Legal Challenge: Supply and Delivery of Grounds Maintenance Equipment

Under reference to item 3(a) of the Minute of the meeting of this Sub-committee held on 25 January 2019, the Director of Scotland Excel advised that the award of this contract was now subject to legal challenge. As such the contract could not begin until the legal challenge had been dealt with.

DECIDED: That it be noted that this contract was the subject of a legal challenge.

Minute of Meeting
Scotland Excel Executive Sub-committee

Date	Time	Venue
Friday, 26 April 2019	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

Present

Councillor Charles Buchan (substitute for Provost Bill Howatson) (Aberdeenshire Council); Provost Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Altany Craik (Fife Council); Bailie Norman MacLeod (Glasgow City Council); Councillor John Shaw (Renfrewshire Council); and Councillor Amanda Hawick (Shetland Council).

By Video Conference

Councillor Stephen Thompson (Dumfries and Galloway Council).

Chair

Councillor Shaw, Convener, presided.

In Attendance

J Welsh, Director, H Carr, Head of Strategic Procurement, and B Philips, Category Analyst (all Scotland Excel); M Conaghan, Legal & Democratic Services Manager, E Currie, Senior Committee Services Officer and K O'Neill, Assistant Democratic Services Officer (all Renfrewshire Council).

Apologies

Provost Bill Howatson (Aberdeenshire Council); Councillor Graham Hutchison (City of Edinburgh Council); Councillor Alister Mackinnon (Highland Council); Councillor Paul Di Mascio (North Lanarkshire Council); and Councillor Collette Stevenson (South Lanarkshire Council).

Declarations of Interest

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

1   Minute

There was submitted the Minute of the meeting of the Executive Sub-committee held on 22 March 2019.

In relation to item 8 of the Minute – Legal Challenge: Supply and Delivery of Grounds Maintenance – it was noted that the legal challenge to this contract had been withdrawn and that Scotland Excel would pursue the third party for costs.

DECIDED:

(a) That the Minute be approved; and

(b) That it be noted that the legal challenge to the supply and delivery of grounds maintenance contract had been withdrawn and that Scotland Excel would pursue the third party for costs.

Sederunt

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

2   Projects Update

The Director and the Head of Strategic Procurement of Scotland Excel gave a presentation to members providing an update on the various projects being undertaken by Scotland Excel.

In relation to consultancy with councils, information was provided on the projects being undertaken with Aberdeen City Council, Fife Council, East Renfrewshire Council and the Tayside collaboration which included Perth and Kinross, Angus and Dundee City Councils, Tayside Contracts, and Tayside Procurement Consortium (TPC).

In relation to Scottish Government funded projects, information was provided on the care and support services national framework; the expansion of early learning and childcare and the development of national guidance and templates; and the affordable housing project.

Information was also presented to members on the work being undertaken with the Digital Office; the SEEMiS Group; City Property; Cycling Scotland; and the new build housing framework.

Councillor Thompson requested further information on the pricing methodology for projects and it was agreed that this would be forwarded to Councillor Thompson.

DECIDED:

(a) That the presentation be noted; and

(b) That it be noted that further information on the pricing methodology for projects would be forwarded to Councillor Thompson.

3   Contract for Approval: Supply and Delivery of Building and Timber Materials

There was submitted a report by the Director of Scotland Excel relative to a renewal framework arrangement for the supply and delivery of building and timber materials which would operate from 1 April 2019 (effective date 1 June 2019) until 31 March 2022 with an option to extend for up to 12 months until 31 March 2023.

The report intimated that the framework would provide councils and other participating bodies with a mechanism to procure a range of building and timber materials in support of construction projects, ongoing maintenance schedules and ad-hoc repairs. Building on best practice timber sustainability, this fourth-generation framework enhanced benefits offered to members by introducing lots for kitchen units, kitchen worktops and timber window frames. A new approach of delivering local community benefits had also been incorporated.

The framework had been divided into ten lots as detailed in table 1 of the report and the forecast annual spend for participating councils and associate members was £15 million, equating to £60 million over the term of the framework, including the extension period. It was noted that 31 councils had confirmed their intention to participate in the framework together with City Building Glasgow, Advanced Procurement for Universities and Colleges (APUC), the Scottish Prison Service (SPS) and housing associations and the participation, spend and savings summary for each was detailed in Appendix 1 to the report. Stirling Council had their own arrangement in place until 31 March 2019 and advised that this would be extended.

Tender responses had been received from 25 suppliers and a summary of offers received was provided in Appendix 2 to the report. Based on the criteria and scoring methodology set out within the tender document, a full evaluation of the offers had been completed 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 detailed within the report it was recommended that a multi-supplier framework arrangement be awarded to 23 suppliers across lots one to nine as detailed in Appendix 3 to the report. It was noted that Lot ten, Glazing Materials, had not been recommended for award.

Appendix 4 to the report detailed suppliers with Living Wage status.

DECIDED: That the award of the renewal framework agreement, for the supply and delivery of building and timber materials, for lots one to nine, be awarded as detailed in Appendix 3 to the report.

4   Request for Associate Membership by The Highlands and Islands Transport Partnership

There was submitted a report by the Director of Scotland Excel advising that the Highlands and Islands Transport Partnership Scotland (HITRANS) 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 Highlands and Islands Transport Partnership Scotland (HITRANS) 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.

5 Update on the Contract Delivery Plan

There was submitted an update report by the Director of Scotland Excel relative to the progress of 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 portfolio, 13 of which required to be renewed before 31 March 2020; a further eight new frameworks would be added to the contract portfolio by 31 March 2020; and a further 16 frameworks on the current portfolio had extension options that were likely to be exercised in 2019/20, two of which had already been approved.

Scotland Excel was exploring the benefits of further collaborative procurement across high spend, critical service areas of adult social care and construction. Scotland Excel had finalised the procurement strategy for care and support services and in 2019/20 would continue to work with a range of partners to implement the procurement strategy. Scotland Excel would also deliver a new sourcing strategy for care home services for older people which would build on current best practice and complement local strategic commissioning plans.

The first-generation new build residential construction framework was progressing well and would support councils to deliver new affordable houses in line with Strategic Housing Investment Plans (SHIPs). The second stage of the two-stage tender procedure had been issued in March 2019 and the procurement exercise remained on course for going live in September 2019.

Work continued in conjunction with the Digital Office to procure a replacement Social Work Care Case Management system and a detailed output specification had been developed. Consultation had taken place with Scottish Government colleagues and suggested amendments had been incorporated to include The Public Bodies (Joint Working) Act 2014, which was a key piece of legislation requiring health boards and local authorities to integrate their health and social care services, and the strategy document now took cognisance of self-directed support (SDS), a major change to the way people with social care needs were supported. The tender documents would be released for publication by the end of April 2019.

It was noted that overall, efficiencies delivered to date were 4.2% which was above the 2% to 4% forecast savings range. It was also noted that the period referred to in the report in relation to the efficiencies delivered to date should be 2019/20 and not 2018/19 as stated.

In relation to Appendix 3 of the report, it was noted that information in relation to the percentage uptake of councils in relation to the Children's Residential contract would be issued to members.

<u>DECIDED</u>:

(a) That the report be noted;

(b) That it be noted that the period referred to in the report, in relation to the efficiencies delivered to date, should be 2019/20; and

(c) That it be noted that information in relation to the percentage uptake of councils in relation to the Children's Residential contract would be issued to members.

6 Employee Absence Management Report

There was submitted a report by the Director of Scotland Excel relative to employee absence statistics for Scotland Excel. The report advised of the absence levels for the period ending 31 March 2019, the previous six and 12 months; and provided information relating to the absence statistics and reasons.

<u>DECIDED</u>: That the report be noted.

7 Date of Next Meeting

<u>DECIDED</u>: That it be noted that the next meeting of the Executive Sub-committee would be held at 10.45 am on 31 May 2019 in Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley.

Minute of Meeting
Scotland Excel Executive Sub-committee

Date	Time	Venue
Friday, 31 May 2019	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

Present

Councillor Charles Buchan (substitute for Provost Bill Howatson) (Aberdeenshire Council); Bailie Norman MacLeod (Glasgow City Council); Councillor Donald L Reid (North Ayrshire Council); Councillor John Shaw (Renfrewshire Council); and Councillor Collette Stevenson (South Lanarkshire Council).

By Video Conference

Councillor Stephen Thompson (Dumfries and Galloway 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 L Campbell, Corporate Services Manager (all Scotland Excel); M Conaghan, Legal & Democratic Services Manager, C McCourt, Finance Business Partner, E Currie, Senior Committee Services Officer and K O'Neill, Assistant Democratic Services Officer (all Renfrewshire Council).

Apologies

Provost Bill Howatson (Aberdeenshire Council); Councillor Angus Macmillan Douglas (Angus Council); Councillor Graham Hutchison (City of Edinburgh Council); Provost Norman Macdonald (Comhairle Nan Eilean Siar); Councillor Altany Craik (Fife Council); Councillor Paul Di Mascio (North Lanarkshire Council); and Councillor Amanda Hawick (Shetland Islands Council).

Declarations of Interest

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

1   Minute

There was submitted the Minute of the meeting of the Executive Sub-committee held on 26 April 2019.

In relation to the update provided in the Minute in relation to the legal challenge to the supply and delivery of grounds maintenance, it was noted that no final account had been submitted.

DECIDED:

(a) That the Minute be approved; and

(b) That it be noted that no final account had been submitted in relation to the legal challenge to the supply and delivery of grounds maintenance contract.

Sederunt

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

2   Revenue Budget Monitoring

There was submitted a joint revenue budget monitoring report by the Treasurer and the Director of Scotland Excel for the period 1 April 2018 to 31 March 2019.

The report intimated that Scotland Excel ended the 2018/19 financial year with a small overspend of £3,288 within its Core Operations, comprising an underspend in expenditure of £2,922 and an under-recovery in income of £6,210.

The approved total drawdown from reserves was £90,000 in the year for Core Operations. As reported in period 9, there were additional pressures in Core Operations relating to ICT software and telephony, external recruitment support and costs relating to the local government Supplier Development Programme which supported local spend initiatives. These pressures were offset by a higher than expected underspend in Employee Costs owing to the prudent management of vacancies, resulting in an underspend in gross expenditure for 2018/19 of £2,922.

The Projects ended the year with a surplus of income over expenditure of £422,404. Some of this balance was committed for future Project spend, the detail and management of this balance would be reported in the draft Annual Accounts brought to the Joint Committee on 21 June 2019.

The table in the report provided an analysis of the budget and actual spend during 2018/19 and included a summary of movement in the General Reserve.

DECIDED: That the year-end positions in both Core Operations and Projects detailed in the report be noted.

3   Request for Associate Membership - Glasgow West Housing Association Limited

There was submitted a report by the Director of Scotland Excel advising that Glasgow West 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.

It was proposed that, in future reports, the Living Wage be detailed as the Scottish Living Wage. This was agreed.

DECIDED:

(a) That the application by Glasgow West Housing Association Limited to become an associate member of Scotland Excel, at an annual membership fee of £2,230, be approved subject to completion and signing of the agreement documentation; and

(b) That, in future reports, the Living Wage be detailed as the Scottish Living Wage.

4   Draft 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.

The report intimated that the revenue estimates 2018/19 report presented to the Joint Committee at its meeting held on 8 December 2017 and the Funding Model Review presented to its meeting held on 29 June 2018 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 contraction in available resources. In this context, Scotland Excel continued to seek operational savings to manage its financial position flexibly in order to maintain its aim of minimising the level of requisition required and also to develop value propositions for member authorities to ensure that best value was achieved.

The Joint Committee in June 2018 approved a number of funding opportunities, identified by Scotland Excel, being consultancy services; learning and development; associate membership expansion; new build housing; and rebates and the report provided an update on each of the funding opportunities.

The comments provided by members would be incorporated into the report submitted to the meeting of the Joint Committee to be held on 21 June 2019.

DECIDED:

(a) That the progress made be noted;

(b) That it be noted that further updates would be presented to future meetings of the Joint Committee on funding projects including delivery against income targets; and

(c) That it be noted that the comments provided by members would be incorporated into the report submitted to the meeting of the Joint Committee to be held on 21 June 2019.

5   Risk Register Update

There was submitted a report by the Director of Scotland Excel providing an update on the risk register maintained to assess threats and risks that could impact on the delivery of Scotland Excel's organisational objectives and to identify actions that had been taken to mitigate such risks. A copy of the risk register was appended to the report.

The comments provided by members would be incorporated into future reports.

DECIDED:

(a) That the report be noted;

(b) That it be noted that the comments provided by members would be incorporated into future reports; and

(c) That risk register reports be brought quarterly to the Executive Sub-committee.

6   Date of Next Meeting

DECIDED:

(a) That it be noted that the next meeting of the Executive Sub-committee would be held at 9.45 am on 21 June 2019 in Glasgow City Chambers; and

(b) That it be noted that a meeting of the Executive Sub-committee would require to be held during the period 29 July to 9 August 2019.

Scotland Excel

To: **Scotland Excel Joint Committee**

On: **21 June 2019**

**Report
by
the Clerk**

Membership of Scotland Excel Sub-committee

1 Summary

1.1 The membership of the Scotland Excel Executive Sub-committee is renewed annually.

1.2 The purpose of this report is to seek the Joint Committee's approval to the continued appointment of the existing membership of the Sub-committee.

2 Recommendations

2.1 That the Joint Committee agree that the members of the Executive Sub-committee shall continue to come from those Councils listed in paragraph 3.3 of the report; and

2.2 That membership of the Executive Sub-committee be next reviewed at the meeting of the Joint Committee in June 2020.

3 Background

3.1 The Scotland Excel Terms and Conditions document signed by all member councils provides that there shall be an Executive Sub-committee with the role and functions of the Sub-committee to be determined by the Joint Committee.

3.2 In June 2017, the Joint Committee agreed to increase the number of members of the Sub-committee from 12 to 13 to include both the Convener and Vice Convener and the Procedural Standing Orders for the Joint Committee were amended to reflect that change. However, the new arrangements remained subject to the requirement that where possible the membership of the Executive Sub-committee shall reflect the geographic diversity of the constituent authorities.

3.3   It was agreed at that meeting that the membership of the Executive Sub-committee should comprise elected members from the following Councils:-

Renfrewshire

North Lanarkshire

Angus

Aberdeenshire

Comhairle nan Eilean Sar

Fife

Glasgow City

Highland

North Ayrshire

City of Edinburgh

South Lanarkshire

Shetlands Islands

Dumfries & Galloway

3.4   The Joint Committee is requested to consider the appointment of members to the Executive Sub-committee for the period to June 2020 when it is proposed that the membership would be reviewed.

3.5   The main function of the Executive Sub-committee is to consider and decide upon the award of contracts and frameworks. The proposal to continue with the existing membership will ensure that the knowledge and experience built up over the lifetime of the current arrangements is not lost or diluted.

Scotland Excel

To: **Joint Committee**

On: **21 June 2019**

Report By:

The Treasurer

Heading:

Scotland Excel Unaudited Annual Accounts 2018/19

1. Summary

1.1. The Annual Accounts for the year ended 31 March 2019 will be submitted to Audit Scotland in advance of the statutory deadline of 30 June 2019 and a copy is attached for consideration.

1.2. 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. Projects returned income of £422,404 over expenditure. This produces a combined underspend for the year of £329,116. This underspend is added to Usable Reserves, which are committed as outlined in Note 6 to the Accounts.

1.3. The Management Commentary (pages 1-10) within the accounts provides an overview of Scotland Excel's performance during 2018/19, along with risk information and its outlook for the future.

2. Recommendations

The Joint Committee is asked to:

2.1 Note the Unaudited Annual Accounts for 2018/19;

2.2 Approve the Annual Governance Statement (pages 12-13); and

2.3 Approve the transfer of £55,000 of Project balances to the Revenue Reserve.

3. Background

3.1 The Local Authority Accounts (Scotland) Regulations 2014 require Scotland Excel to prepare and publish a set of accounts, including an Annual Governance Statement, by 30 June each year.

3.2   The Unaudited Accounts are then required to be formally considered by the Joint Committee no later than 31 August and the Annual Governance Statement should be formally approved at this time.

3.3   In accordance with the Local Authority Accounts (Scotland) Regulations 2014, the Unaudited Annual Accounts have been signed only by the Treasurer as proper officer.

3.4.   The accounts are then subject to external audit by the appointed auditor, Audit Scotland, by 30 September. The 2018/19 Audited Annual Accounts will be presented to the Executive Sub-Committee on 20 September 2019 for approval and signed by the Convener, the Director and the Treasurer, in accordance with the regulations.

3.5.   The Comprehensive Income and Expenditure Statement on page 16 shows an accounting Deficit on the Provision of Services of £127,570.

3.6.   The Expenditure and Funding Analysis on page 19 shows how this differs from the budgetary surplus of £329,116 due to accounting adjustments for pension costs, capital charges and the statutory employee leave accrual.

3.7.   The Balance Sheet on page 18 shows a decrease in net worth of £1,530,569, which is largely driven by the movement in the pension liability. This is explained further in the Management Commentary within the accounts.

3.8.   Note 6 on page 22 outlines committed and uncommitted balances on Core Operations (the Revenue Reserve) and Projects at 31 March 2019. Members are asked to approve the transfer of £55,000 of uncommitted Project balances to the Revenue Reserve to fund future activity, including £20,000 for the additional 0.5% pay inflation not included in the budget for 2019/20.

SCOTLAND EXCEL

Unaudited Annual Accounts 2018/19

CONTENTS

Management Commentary

Introduction

In 2018, Scotland Excel marked ten years as the centre of procurement expertise for local government, making it one of the most successful collaborative ventures undertaken by Scottish local authorities. During that time, Scotland Excel has delivered measurable benefits to councils including an estimated £150m of savings and efficiencies, returning around £5 for every £1 invested in our operations.

At March 2019, the contract portfolio managed and administered by Scotland Excel totals £1.018bn and is estimated to grow to just under £2bn by the end of 2019/20. The current growth is driven by supporting member councils through the delivery of high value, high risk contracts within construction and social care, which includes migration of ownership of the national care contract for older people from COSLA.

STAFFING NUMBERS

MANAGED CONTRACT VALUE
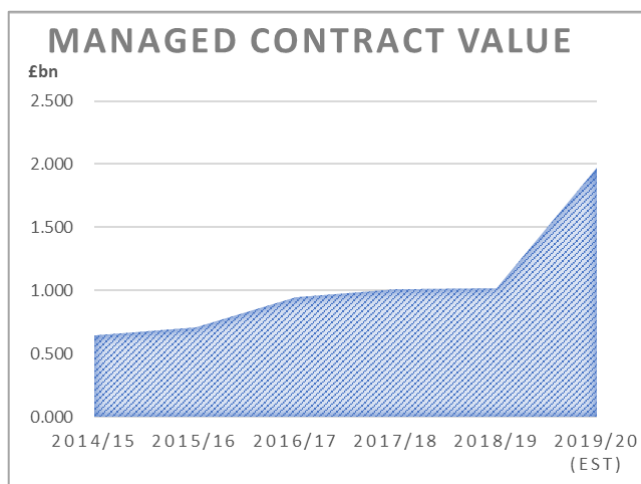
In addition to the growth in the contract portfolio delivered by Scotland Excel, the organisation is also carrying out an increasing number of fixed-term, targeted projects across the wider public sector.

Both of these factors have contributed to an increasing staff complement within Scotland Excel over the past 5 years, as evidenced in the following graph.
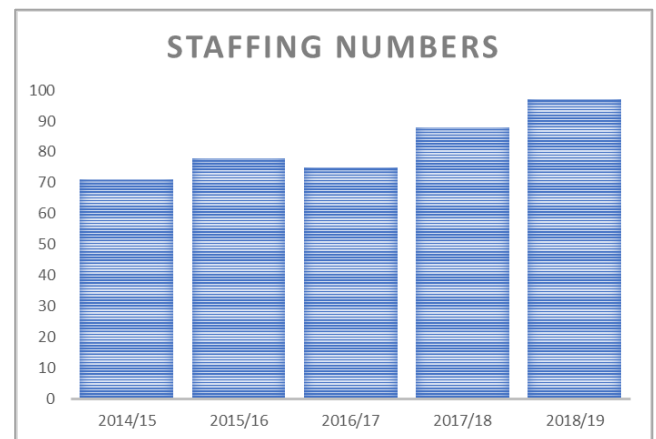
Structure

Scotland Excel is governed by three groups of stakeholders from our member organisations:

The **Joint Committee** is made up of one or more Elected Members (Councillors) from each of Scotland's 32 local authorities. It meets twice a year and is responsible for the strategic direction of the organisation and for approving the annual budget and business plan.

The **Executive Sub-Committee** is a sub-group of Elected Members from the Joint Committee who meet regularly to approve contract awards and other business decisions.

The **Management Group** consists of six local authority Chief Executives ensuring delivery of Scotland Excel's overall business plan objectives and providing strategic direction across a range of operational areas.

Internally, the organisation has Executive and Senior Management Teams that run the day-to-day business of Scotland Excel. There is also an active Staff Engagement Group that facilitates employee engagement, as well as organising charity and social events.

Strategic Aims

Challenges facing the local government sector require the continuous development of new and innovative solutions.

Scotland Excel has demonstrated its ability to deliver such solutions and support many of these challenges, both directly through savings, efficiencies and increased commercial capability, and indirectly by embedding national and local policies within our procurement strategies.

The graph below shows an estimate of delivered savings accrued by Scotland Excel partner organisations over the past four years.

As can be seen from the graph, savings accrued by partner organisations averaged 4.6% across the period (solid line). The figures shown in the graph exclude all care frameworks.

DELIVERED SAVINGS
(EXCLUDING CARE)
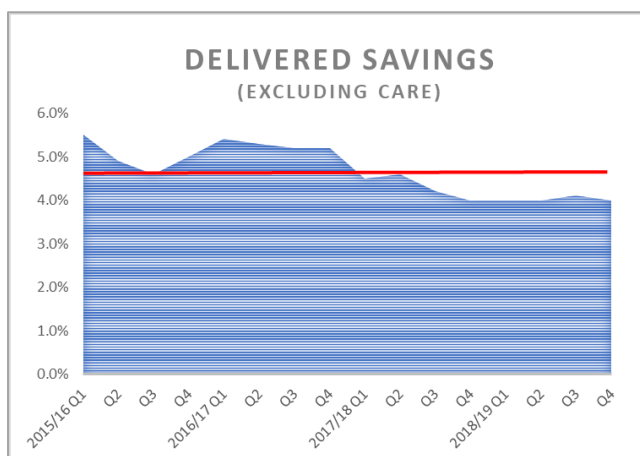
Accrued savings in percentage terms across the Scotland Excel portfolio are impacted following the launch of new procurement frameworks and as the overall size of the portfolio increases.

The Scotland Excel 2018-23 Strategy, "Shared Vision, Shared Success", sets out how we plan to raise our

game further, providing even greater support to councils and other public sector stakeholders.

The Strategy looks forward over a period of five years to support a longer-term view of our goals and objectives and enable us to plan accordingly.

The Strategy can be found at the following link: http://www.scotland-excel.org.uk/home/Aboutus/Business-Goals.aspx

Shared Vision, Shared Success
Our Corporate Strategy 2018–23

The current Scotland Excel Strategy Map is detailed below, along with progress achieved during 2018/19 against the target outcomes shown in the table that follows.

Vision
To provide innovative, transformative solutions for local and national public services across Scotland

Mission
To make the most of our strategic **procurement expertise** and our experience of developing **collaborative solutions** which support **better outcomes** for Scotland's people and communities through **early intervention** and the delivery of **sustainable public services**

Values
Professional • Courageous • Respectful • Integrity

Outcomes			
Our services shape the effective and efficient delivery of public services	Our services facilitate the delivery of national and local policy priorities	Our insight and knowledge underpin innovative solutions for our customers	Our customers receive a measurable return on investment through savings
Our expertise leads continuous improvement in commercial performance	Our services enable positive and sustainable outcomes for people and communities	Our activities are recognised as leading the way in public procurement	Our customers are satisfied with our services and how we deliver them

Goals			
1: Shaping solutions for innovative public services **Strategic objectives:** 1.1 Deliver a programme of collaborative procurement to support early intervention and the delivery of public services 1.2 Deliver programmes which lead and develop professional, organisational and commercial capability 1.3 Harness the potential of digital technology and data insight to support the delivery of public services 1.4 Use our insight and experience to shape policy and meet the challenges of future public service delivery	2: Being sustainable in everything we do **Strategic objectives:** 2.1 Deliver positive and measurable social value through our contracts 2.2 Deliver positive and measurable local impact through SME and third sector participation in our contracts 2.3 Deliver positive and measurable environmental benefits through our contracts 2.4 Lead and develop sustainable procurement knowledge and practice	3: Placing people at the heart of our business **Strategic objectives:** 3.1 Ensure our customers continue to receive maximum value from our services 3.2 Engage stakeholders in the delivery of effective local solutions 3.3 Represent the collective views of stakeholders at a national level 3.4 Implement policies which develop, empower, value and engage our workforce	4: Driving sustainable and scalable growth **Strategic objectives:** 4.1 Implement a new governance model which supports scalable business growth 4.2 Continue to maintain a robust business infrastructure to support our growth ambitions 4.3 Use our knowledge and insight to identify new services and/or sectors which provide growth opportunities 4.4 Explore opportunities to work with partners on the development and delivery of new business opportunities

Our services shape the effective and efficient delivery of public services

- Dynamic Purchasing System (DPS) for recyclable and residual waste to support the delivery of environmental services

- Engaging with partners and providers to agree a new approach to the procurement of care and support services

- Negotiating with providers to complete a care cost model for older people's care home services

Our expertise leads continuous improvement in commercial performance

- Scotland Excel Academy expanded to include advanced procurement practitioner and project management programmes

- Business change and transformation projects delivered for Aberdeen City, East Renfrewshire and Fife Councils

- Procurement & Commercial Improvement Programme (PCIP) assessments delivered for 53 housing associations over two years

Our services facilitate the implementation of national and local policy priorities

- Funding secured to develop procurement guidance which supports the expansion of early learning and childcare provision

- New contract for energy advice services will help councils and housing associations reduce fuel poverty

- Tender for new build residential housing framework issued to support the delivery of affordable new homes

Our services enable positive and sustainable outcomes for people and communities

- Community benefits delivered 125 jobs, 22 apprenticeships and 30 work placements in the first six months of 2018/19

- £339m spend with Scottish-based suppliers during 2018, 67% of which was with SMEs

- Supported business, Scotland's Bravest Manufacturing Company, has achieved over £1m of business from national frameworks

Our insight and knowledge underpin innovative solutions for our customers

- Procurement support provided to SEEMiS to support the delivery of national education software solutions

- Partnered with the Digital Office to hold a successful event aiming to accelerate digital transformation in local government

- First phase of a new spend data analysis system implemented to improve contract management information and insight

Our activities are recognised as leading the way in public procurement

- Winner of two awards – Scottish Public Service Award for the care cost modelling and GO Award Scotland for the Academy

- Scotland Excel staff invited to speak at 17 events and conferences

- MSPs and senior stakeholders attended a parliamentary reception celebrating 10 Years of Scotland Excel

Our customers receive a measurable return on investment through savings

- Average savings on contracts delivered, renewed or extended in 2018/19 was 4.2% against a 2.5% target

- Estimated savings of £12.4 million delivered in 2018 – more than 3.5 times the investment made by council though membership fees

- Indexation modelling is being rolled out to the sector as a tool to support contract management price negotiations

Our customers are satisfied with our services and how we deliver them

- Online resources developed to provide stakeholders with access to a wide range of social care information

- Account management services expanded to incorporate the delivery of assessments, business change initiatives and workshops

- New 'self-service' management information resource in development in response to requests from council procurement teams

Projects

During 2018/19, Scotland Excel has been working closely with a range of public, Government and other organisations delivering procurement related project and consultancy services. Projects are resourced through a range of funding models including Scottish Government Grant Funding, partnership funding across a group of local authority partners and specific project fees for individual projects.

In total, 11 projects were delivered by Scotland Excel during 2018/19, generating a gross income total of £1.865m. Sources of project funding for 2018/19 are shown in the chart below.
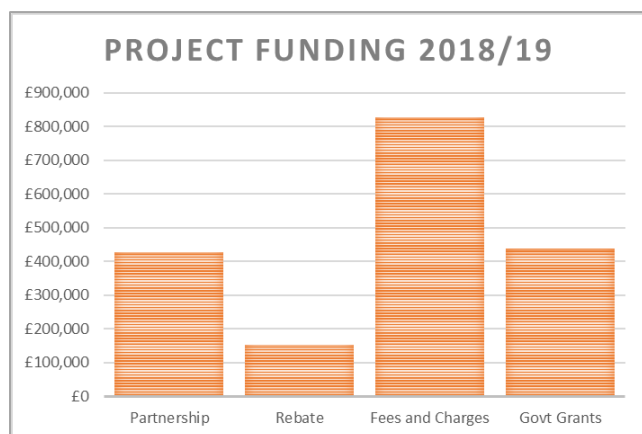
Scotland Excel Academy

The Scotland Excel Academy has helped to raise the profile of procurement in local authorities by championing its potential to shape markets, support policy priorities and, ultimately, ensure the sustainable delivery of the services that every community needs.

The Academy supports work-based learning through a blend of online learning, face to face workshops and master classes. The knowledge gained through this can then be applied directly in the workplace. The Academy also supports mentoring and practice sharing among the local authority community.

During 2019/20, the Scotland Excel Academy will deliver a broad range of Chartered Management Institute (CMI), Chartered Institute of Procurement and Supply (CIPS) and Scottish Qualifications Authority (SQA) accredited training courses to candidates drawn from both the public and third sectors. Training disciplines will cover Procurement, Leadership and Management and Project Management. It is anticipated that the Scotland Excel Academy will contribute a surplus of circa £50,000 to core running costs during 2019/20 and this has been reflected within the operating budget for that period.

Associate Members

Scotland Excel continues to build its portfolio of Associate Members, which currently number 74 in total. Associate Members are made up of 21 Arm's Length External Organisations (ALEOs), who gain associate membership through their host local authority. A further 53 Associate Members are drawn from a range of sectors including Social Housing, Charitable Trusts and include a number of Scottish Government Bodies.

Scotland Excel Associate Members have access to the full range of Contracts and Frameworks administered by Scotland Excel along with access to the procurement expertise available within the organisation. The graph below details the growth in Associate membership for Scotland Excel over the past nine years.

Annual Accounts 2018/19
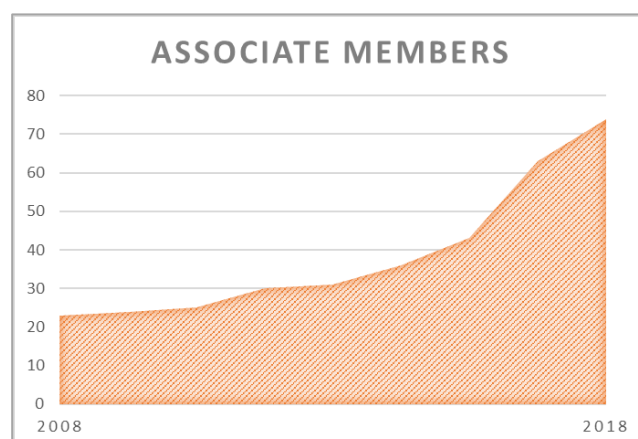
Primary Financial Statements

The annual accounts are prepared in accordance with the International Accounting Standards Board Framework for the Preparation and Presentation of Financial Statements as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). Under Section 106 of the Local Government (Scotland) Act 1973, Joint Committees are classed as local authorities.

The annual accounts summarise the Joint Committee's transactions for the year and its year-end position at 31 March 2019. The Primary Financial Statements include the Comprehensive Income and Expenditure Statement (CIES), the Movement in Reserves Statement (MIRS) and the Balance Sheet.

These statements are accompanied by Notes to the Accounts, which provide more details on the figures shown in the statements and set out the Accounting Policies adopted by the Joint Committee.

In a change to the presentation of this year's financial statements, there is no longer a Cashflow Statement. This is because the Joint Committee does not have a bank account. Apart from petty cash, all transactions are accounted for through Renfrewshire Council as the administering authority. The cash balance at 31 March 2019 of £150 in the Balance Sheet represents petty cash held by officers of the Joint Committee.

Financial Performance

Excluding Project expenditure and income, the Joint Committee returned a net expenditure in 2018/19 of £93,288, compared to the approved budget of £90,000, resulting in an overspend of £3,288.

There were a number of additional pressures in Core Operations during 2018/19 relating to ICT software and telephony, external recruitment support and costs relating to the local government Supplier Development Programme, which supports local spend initiatives. These can be seen within 'Supplies

and Services' and 'Support Services'. These pressures are offset by a higher than expected underspend in Employee Costs, owing to the prudent management of vacancies. The net result was an underspend in gross expenditure for 2018/19 of £2,922.

Income from requisitions was fully recovered in the year, however a shortfall in income from Crown Commercial Services contributed to an overall under-recovery in gross income of £6,210.

Scotland Excel's Projects ended the year at 31 March 2019 with a surplus of income over expenditure of £422,404. Some of this balance is committed for future Project spend, as outlined in Note 6: Transfers to / from Earmarked Reserves on page 22.

Overall, excluding accounting adjustments relating to pensions and short-term accumulating absences, the Joint Committee returned a surplus of £329,116 for the financial year 2018/19, compared to a budget draw on reserves of £90,000; returning an underspend of £419,116.

The Comprehensive Income and Expenditure Statement (CIES) on page 16 summarises the total costs of providing services and the income available to fund those services.

The difference between employee costs in the figure below and the figure reported in the CIES is due to accounting adjustments for pension costs (£504,000) and accrued employee benefits (£2,122).

The difference between the Income from Projects figure below and the figure reported in the Comprehensive Income and Expenditure report is the re-classification of £437,000 as Government Grants and the Other Income figure here excludes Interest receivable of £4,203 and Pension interest costs of £46,000.

The CIES also records capital charges and capital grants that affect the accounting deficit. These reporting differences are presented in Note 1: Expenditure Funding Analysis on page 19.

	Core			Projects	Total
	Budget	Actual	Variance	Actual	Actual
	£	£	£	£	£
Employee Costs	3,032,754	3,006,854	25,900	1,203,847	4,210,701
Property Costs	175,500	175,500	0	0	175,500
Supplies and Services	303,439	316,447	(13,008)	230,406	546,853
Support Services	219,700	226,045	(6,345)	0	226,045
Transfer Payments	13,500	14,079	(579)	2,517	16,596
Transport Costs	0	3,046	(3,046)	6,284	9,330
Total Expenditure	**3,744,893**	**3,741,971**	**2,922**	**1,443,054**	**5,185,025**
Requisition Income	(3,484,200)	(3,484,200)	0	0	(3,484,200)
Income from Projects	0	(80,693)	80,693	(1,865,458)	(1,946,151)
Other Income	(170,693)	(83,790)	(86,903)	0	(83,790)
Total Income	**(3,654,893)**	**(3,648,683)**	**(6,210)**	**(1,865,458)**	**(5,514,141)**
Net Expenditure / (Income) for Year	**90,000**	**93,288**	**(3,288)**	**(422,404)**	**(329,116)**

The Balance Sheet at 31 March 2019

The Balance Sheet sets out the total net worth of the Joint Committee at a snapshot in time. When comparing the net worth of the Joint Committee at 31 March 2019 to that of the prior year, an overall decrease in net worth of the organisation of £1.531m can be seen. This is primarily due to the increase in pension liability explained later.

In previous annual accounts, it was reported that Scotland Excel did not have the legal powers necessary to hold assets and as such the organisation had no capital spend. This has been reviewed with Audit Scotland and these accounts have been changed to reflect the substance of arrangements rather than their legal form, in that the Joint Committee have full use of their assets and effectively enjoy the benefits and assume the risks of holding them.

Non-current assets held by the Joint Committee are IT equipment and software. Two new Notes to the Accounts have been introduced to explain the financial impact of this. They are Note 9: Plant and Equipment and Note 10: Intangible Assets on page 25.

Consequently, the balance sheet has been restated to reflect the impact of this change in accounting treatment, showing the opening position at 1 April 2017 by including a third comparative year. Further detail on the restatement can be found in Note 2: Restatement on page 20.

It has also been reported in previous years that Scotland Excel had "no specific powers to retain reserves to meet future funding requirements" and therefore any accumulated surpluses were transferred to Creditors in the balance sheet each year. However, in keeping with the substance of actual practice and in line with similar bodies across Scotland, the Joint Committee now reports accumulated CIES surpluses as a Usable Reserve and the Balance Sheet has therefore been restated to report this way.

Reserve balances are still ultimately due to constituent authorities, should it be distributed at any point in the future. Further detail on these balances can be found in Note 6: Transfers to / from Earmarked Reserves on page 22.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed at Note 16: Retirement Benefits on page 27.

The appointed actuaries have confirmed a net liability position of £3.394m (£1.441m 2017/18), an increase in liabilities of £1.953m in their assessment of the position of the pension fund.

This can be attributed to a reduction in corporate bond yields at 31 March 2019 compared to the previous year, which increases the value of obligations. This is partially offset by investment returns being greater than the 31 March 2018 rate.

The net deficit position of the pension reserve impacts the Joint Committee as a whole, however the funding of these future liabilities will be met from future requisitions from members and as such the going concern assumption is valid.

The appointed actuaries remain of the view that the asset holdings of the Strathclyde Pension Fund and the contributions from employees and employers together with planned increases in employers' contributions provide sufficient security and income to meet future pension liabilities.

Principal Risk and Uncertainty

Scotland Excel maintains an operational Risk Register to assess threats / risks that could adversely impact on the delivery of organisational objectives, identifying actions currently being undertaken by Scotland Excel to mitigate the likelihood and impact of these risks.

The Risk Register is regularly reviewed by the organisation's Senior Management Team and are now presented quarterly to the Scotland Excel Executive Sub-Committee and annually to the Joint Committee.

There are currently eight risks identified within the Scotland Excel Risk Register including risks in relation to Operational Sustainability, Political Change, Reputational Risk, Organisational Sustainability, Staff Recruitment and Retention, Corporate Social Responsibility and the risk of Non-Performance / Delivery of Service.

Mitigating actions in place within Scotland Excel relating to each of these risks has resulted in reducing risk scores during 2018/19.

Identified Risks in relation to Managing Growth and Diversity and Supplier Failure have maintained their risk scores over the period reflecting the volatile business environment due to uncertainty surrounding Brexit and the continuing requirement for Scotland Excel to grow and diversify to ensure sustainability.

Scotland Excel - Risk Register

A 5×5 risk matrix chart with IMPACT (1–5) on the vertical axis and LIKELIHOOD (1–5) on the horizontal axis.

- Impact 5, Likelihood 2: >Organisational Sustainability
- Impact 5, Likelihood 4: >Supplier Failure
- Impact 4, Likelihood 2: >Corporate Social Responsibility
- Impact 4, Likelihood 3: >Managing Growth and Diversity, >Political Change, >Reputational Risk, >Non Performance
- Impact 3, Likelihood 3: >Staff Recruitment and Retention

Legend: LOW | MODERATE | HIGH | VERY HIGH

Outlook and Future Plans

Looking forward, 2019/20 is set to be a landmark year for Scotland Excel for several reasons including:

- Rollout of a number of strategic procurement frameworks including the new, 'Care and Support' framework from January 2020 and the 'New Build' framework from Summer 2019.

- Scotland Excel assumed the lead role under the National Care Homes Contract (NCHC) from COSLA in April 2019.

- The Scotland Excel Academy will continue to scale up during 2019/20 introducing, for the first time, training courses at Masters level. The Academy will also be expanding its portfolio in Leadership and Management training and delivering a comprehensive and diverse range of non-accredited practice workshops across the year giving partners the opportunity to access a range of topic taster sessions.

- Expansion of Scotland Excel Targeted Project and Consultancy Services providing bespoke procurement solutions to the public and third Sector

Scotland Excel will continue to develop its funding model during 2019/20 and beyond, ensuring long-term sustainability for the organisation, while mitigating, where possible, increases in member requisitions.

Conclusion

We would wish to take this opportunity to acknowledge the team effort required to produce the accounts and to record our thanks to all the staff involved for their continued hard work and support.

Further information on the Annual Accounts can be obtained from Scotland Excel, Renfrewshire House, Cotton Street, Paisley, PA1 1AR; or by telephone on 0300 300 1200.

Councillor John Shaw
Convenor
21 June 2019

Alan Russell CPFA
Treasurer
21 June 2019

Julie Welsh
Director
21 June 2019

Statement of Responsibilities for the Annual Accounts

The Joint Committee's Responsibilities

The Joint Committee is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Joint Committee has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). The Director of Finance and Resources at Renfrewshire Council is the designated Officer and operates as the Treasurer for Scotland Excel;

- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

- ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003);

- approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Joint Committee at its meeting on the 21 June 2019.

Signed on behalf of Scotland Excel.

Councillor John Shaw
Convenor
21 June 2019

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee's Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates which were reasonable and prudent;

- complied with legislation;

- complied with the local authority Accounting Code (in so far as it is compatible with legislation);

The Treasurer has also:

- kept proper accounting records which were up to date;

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Joint Committee at the reporting date and the transactions of the Joint Committee for the year ended 31 March 2019.

Alan Russell CPFA
Treasurer
21 June 2019

Annual Governance Statement

Scope of Responsibility

Scotland Excel's Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Joint Committee also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Joint Committee's elected members and senior officers are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Joint Committee's Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Joint Committee is directed and controlled. It also describes the way it engages with, and accounts to its stakeholders.

The Joint Committee has also put in place a system of internal control designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The main features of our governance arrangements are summarised below:

- Clearly defined Procedural Standing Orders, Scheme of Delegation, Financial Regulations and Standing Orders Relating to Contracts;

- Comprehensive business planning arrangements, setting key targets and action plans designed to achieve our corporate objectives;

- Application of the Chartered Institute of Purchasing and Supply, Code of Professional Ethics;

- Regular performance reporting to the Executive Sub Committee and public performance reporting through the Annual Report;

- A range of policies to regulate employee related matters, including the employee code of conduct, and disciplinary procedures;

- Arrangements to manage risk, including the risk management strategy and Corporate Risk Register and business continuity plans;

- Clear customer complaints procedures;

- Comprehensive policies and procedures for information security;

- An anti-fraud and corruption strategy and arrangements supported by a range of policies and guidelines.

Within the overall control arrangements, the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded and material errors are detected and corrected. The system is based on a framework of management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability.

The system includes:

- Financial management, supported by comprehensive financial regulations and codes;

- Comprehensive budgeting systems and detailed guidance for budget holders;

- Regular reviews of periodic and annual financial reports, which indicate financial performance against the forecasts;

- Setting targets to measure financial and other performance;

- The preparation of regular financial reports that indicate actual expenditure against the forecasts;

- The Chief Finance Officer is the Treasurer who complies with the CIPFA Statement on the Role of The CFO in Public Services.

With Renfrewshire Council being the lead authority, all financial transactions of the Joint Committee are processed through the financial systems of the Council and are subject to the same controls and scrutiny as those of as those of Renfrewshire Council. This includes regular reviews by the Chief Auditor of Renfrewshire Council.

Review of Effectiveness

Members and officers of the Joint Committee are committed to the concept of sound governance and the effective delivery of services and take into account comments made by internal and external auditors.

The effectiveness of the governance framework is reviewed annually by the Director, including the use of a self-assessment tool involving completion of a 30-point checklist covering four key areas of governance:

- Service Planning and Performance Management

- Internal Control Environment

- Budgeting, Accounting and Financial Control

- Risk Management and Business Continuity

This self-assessment indicated that the governance framework is being complied with in all material respects.

The Joint Committee's internal audit service operates in accordance with the Public Sector Internal Audit Standards. Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process. The Chief Auditor provides an annual report to the Joint Committee and an independent opinion on the adequacy and effectiveness of the system of internal control.

The Chief Auditor's annual assurance statement concluded that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Joint Committee's internal control systems.

Assurance

In conclusion, it is our opinion that the annual review of governance, together with the work of internal and external auditors and certification of assurance from the Director, provides sufficient evidence that the principles of good governance operated effectively and the Joint Committee complies with its governance arrangements in all material respects. Systems are in place to continually review and improve the governance and internal control environment. Future actions will be taken as necessary to maintain and further enhance the Joint Committee's governance arrangements.

Councillor John Shaw

Convenor

21 June 2019

Julie Welsh

Director

21 June 2019

Remuneration Report

All information disclosed in the tables in this Remuneration Report will be audited by the appointed auditor, Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

Remuneration of senior employees

2017/18 Total Salary, fees and allowances £	Name	Post Held	2018/19 Total Salary, fees and allowances £
104,831	Julie Welsh	Director	106,215
77,393	Hugh Carr	Head of Strategic Procurement	82,463
75,566	Stephen Brannagan	Head of Customer & Business Services	82,463

Salary, fees and allowances includes any other payments made to or receivable by the person in connection with the termination of their employment, or, in the case of a councillor, the total of any payment made to that person in connection with their ceasing to hold office before the end of a fixed term appointment.

The Director's salary is matched to the Renfrewshire Council Chief Officer pay scale CO21.

The above tables show the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2019, whether or not those amounts were actually paid to, or received by, those persons within that period.

Pension rights

Pension benefits for Joint Committee employees are provided through the Local Government Pension Scheme (LGPS).

From 1st April 2015 benefits are based on career average pay. Pension benefits are based on the pay

Remuneration of elected members

The Joint Committee makes no remuneration payment to any elected member, nor does it pay any expenses, fees or allowances to elected members. Further, no recharges have been made by member authorities in relation to elected member remuneration.

received for each year in the scheme, uplifted by the increase in the cost of living, as measured by the appropriate index (or indices). The scheme's normal retirement age is linked to the state pension age for each member.

From 1 April 2009 a five-tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

Tiered contribution rates on whole time pay:	2018/19
Up to £21,300	5.5%
£21,300 to £26,100	7.25%
£26,100 to £35,700	8.5%
£35,700 to £47,600	9.5%
Over £47,600	12%

If a person works part-time their contribution rate will be based on their part-time pay.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of the pensionable pay for each year of membership, adjusted in line with the cost of living (prior to 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on

retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government employment, not just that relating to their current post.

Name	Post Held	Accrued Pension Benefits				Pension Contributions made by Scotland Excel	
		As at 31 March 2019		Change from 31 March 2018			
		Pension	Lump Sum	Pension	Lump Sum	2018/19	2017/18
		£000	£000	£000	£000	£000	£000
Julie Welsh	Director	21	2	3	0	20	20
Hugh Carr	Head of Strategic Procurement	13	0	3	0	16	15
Stephen Brannagan	Head of Customer & Business Services	6	0	2	0	16	15

Remuneration of Employees

The following table gives a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2018/19, in bands of £5,000.

2017/18 Number of employees	Remuneration Band	2018/19 Number of employees
0	£50,000 - £54,999	1
1	£55,000 - £59,999	0
0	£60,000 - £64,999	0
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
2	£75,000 - £79,999	0
0	£80,000 - £84,999	2
0	£85,000 - £89,999	0
0	£90,000 - £94,999	0
0	£95,000 - £99,999	0
1	£100,000 - £104,999	0
0	£105,000 - £109,999	1
4		4

Exit packages

There were no exit packages agreed for employees of Scotland Excel during 2018/19 or 2017/18.

Councillor John Shaw
Convenor
21 June 2019

Julie Welsh
Director
21 June 2019

Comprehensive Income and Expenditure Statement for the year ended 31 March 2019

This statement shows the accounting cost of providing services and managing the Joint Committee during the year. It includes, on an accruals basis, all of the Joint Committee's day-to-day expenses and related income. It also includes transactions measuring the value of non-current assets actually consumed during the year and the real projected value of retirement benefits earned by employees during the year. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that local authorities need to take into account. The required adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

2017/18 (restated) Net Expenditure £		Note	2018/19		
			Gross Expenditure £	Gross Income £	Net Expenditure £
3,972,629	Employee Costs		4,716,823	0	4,716,823
215,961	Premises Related Costs		175,500	0	175,500
492,961	Supplies & Services		554,938	0	554,938
174,425	Support Costs		226,045	0	226,045
0	Transfer Payments*		8,511	0	8,511
0	Transport Costs		9,330	0	9,330
2,841	Capital Charges		2,841	0	2,841
(629,655)	Income from Projects		0	(1,509,051)	(1,509,051)
(118,712)	Other Income		0	(83,790)	(83,790)
4,110,450	**Cost of Services**		**5,693,988**	**(1,592,841)**	**4,101,147**
	Financing and Investment Income and Expenditure				
(4,093)	Interest receivable		0	(4,203)	(4,203)
127,000	Pension interest cost		46,000	0	46,000
	Taxation and Non-Specific Grant Income				
(3,484,200)	Requisitions from Member Authorities	15	0	(3,484,200)	(3,484,200)
(381,000)	Government Grants		0	(437,100)	(437,100)
0	Capital Grants and Contributions		0	(94,074)	(94,074)
368,157	**Deficit on the provision of services**		**5,739,988**	**(5,612,418)**	**127,570**
	Other Comprehensive Income and Expenditure				
(3,771,000)	Actuarial (Gains) or losses on pension assets	16			1,403,000
(3,402,843)	**Total Comprehensive Income and Expenditure**				**1,530,570**

*Transfer Payments are payments for which no service is received in return, such as the Apprenticeship Levy.

Annual Accounts 2018/19

Movement in Reserves Statement for the year ended 31 March 2019

This statement shows the movement in the year on the different reserves held by the Joint Committee, analysed into usable reserves (that is, those reserves that can be applied to fund expenditure) and unusable reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the Joint Committee's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

Movement in reserves during the year	Note	Usable Reserves £	Unusable Reserves £	Total Reserves £
Balance at 1 April 2018		(556,152)	1,504,469	948,317
Total Comprehensive Income and Expenditure		127,570	1,403,000	1,530,570
Adjustments between accounting basis and funding basis under regulations	8	(460,889)	460,889	0
Increase or (decrease) in year		(333,319)	1,863,889	1,530,570
Balance at 31 March 2019 carried forward		(889,471)	3,368,358	2,478,887

Comparative movements in 2017/18 (restated)	Note	Usable Reserves £	Unusable Reserves £	Total Reserves £
Balance at 1 April 2017		(385,384)	4,736,544	4,351,160
Total Comprehensive Income and Expenditure		368,157	(3,771,000)	(3,402,843)
Adjustments between accounting basis and funding basis under regulations	8	(538,925)	538,925	0
Increase or (decrease) in year		(170,768)	(3,232,075)	(3,402,843)
Balance at 31 March 2018 carried forward		(556,152)	1,504,469	948,317

Balance Sheet as at 31 March 2019

The balance sheet shows the value as at 31 March 2019 of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the Joint Committee is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets.

2016/17 (restated) £	2017/18 (restated) £		Note	2018/19 £
11,364	8,523	Plant and Equipment	9	15,456
0	0	Intangible Assets	10	84,300
11,364	**8,523**	**Long-term Assets**		**99,756**
620,120	625,876	Funds held by Renfrewshire Council	12	568,095
19,891	308,545	Short-term Debtors and Prepayments	12	961,993
150	150	Cash in Hand		150
640,161	**934,571**	**Current Assets**		**1,530,238**
(329,685)	(450,411)	Creditors And Accruals	13	(712,127)
(329,685)	**(450,411)**	**Current Liabilities**		**(712,127)**
0	0	Long-term Creditors	13	(2,754)
(4,673,000)	(1,441,000)	Pension (liability)/Asset	16	(3,394,000)
(4,673,000)	**(1,441,000)**	**Long Term Liabilities**		**(3,396,754)**
(4,351,160)	**(948,317)**	**Net Assets / (Liabilities)**		**(2,478,887)**
(385,384)	(556,152)	Usable Reserves	6	(889,471)
4,736,544	1,504,469	Unusable Reserves	7	3,368,358
4,351,160	**948,317**	**Total Reserves**		**2,478,887**

The unaudited accounts were issued on the 21 June 2019.

Alan Russell CPFA

Treasurer

21 June 2019

Note 1: Expenditure Funding Analysis

This statement shows how annual expenditure is used and funded from resources and provides a reconciliation of the statutory adjustments between the Joint Committee's financial performance on a funding basis and the (surplus) or deficit on the provision of service in the Comprehensive Income and Expenditure Statement.

2018/19	Net Expenditure chargeable to Scotland Excel £	Adjustments for capital £	Adjustments for pensions £	Other adjustments £	Net Expenditure in the CIES £
Employee Costs	4,210,701		504,000	2,122	4,716,823
Premises Related Costs	175,500				175,500
Supplies & Services	546,853				546,853
Support Costs	226,045				226,045
Transfer Payments*	16,596				16,596
Transport Costs	9,330				9,330
Capital Charges	0	2,841			2,841
Income from Projects	(1,946,151)			437,100	(1,509,051)
Other Income	(83,790)				(83,790)
Cost of Services	3,155,084	2,841	504,000	439,222	4,101,147
Other income and expenditure	(3,484,200)	(94,074)	46,000	(441,303)	(3,973,577)
(Surplus) or deficit on the provision of service	(329,116)	(91,233)	550,000	(2,081)	127,570

2017/18 (restated)	Net Expenditure chargeable to Scotland Excel £	Adjustments for capital £	Adjustments for pensions £	Other adjustments £	Net Expenditure in the CIES £
Employee Costs	3,563,545		412,000	(2,916)	3,972,629
Premises Related Costs	215,961				215,961
Supplies & Services	492,961				492,961
Support Costs	174,425				174,425
Transfer Payments	0				0
Capital Charges	0	2,841			2,841
Income from Projects	(629,655)				(629,655)
Other Income	(118,712)				(118,712)
Cost of Services	3,698,525	2,841	412,000	(2,916)	4,110,450
Other income and expenditure	(3,869,293)	0	127,000		(3,742,293)
(Surplus) or deficit on the provision of service	(170,768)	2,841	539,000	(2,916)	368,157

Note 2: Restatement

For 2018/19, Scotland Excel has introduced new accounting policies on Plant and Equipment, Intangible Assets and Reserves. The Joint Committee has introduced these policies because it believes that they better represent the substance of transactions, the operation of assets and use of resources.

The Code requires that Scotland Excel presents a third Balance Sheet, at the beginning of the preceding financial year when it makes a retrospective restatement. The additional balance sheet is presented on page 18 and shows opening balances at 1 April 2017.

The following table shows the relevant extracted lines from the CIES that have been affected by the restatement. The CIES with appropriate restatement for 2017/18 can be found on page 16.

Effect on CIES 2017/18

	Originally Stated 2017/18 Net Expenditure	Restated 2017/18 Net Expenditure	Amount of Restatement
	£	£	£
Capital Charges	0	2,841	2,841
Cost of Services	**0**	**2,841**	**2,841**
Deficit on Provision of Services	**0**	**2,841**	**2,841**

The following restatement was also required for the Movement in Reserves Statement. The restated prior period Movement in Reserves Statement is provided along with the current year information on page 17.

Effect on Movement in Reserves Statement at 31 March 2018

Usable Revenue Reserve	Originally Stated at 31 March 2018	Restated as at 31 March 2018	Amount of Restatement
	£	£	£
Balance at 1 April 2017	**0**	**(385,384)**	**(385,384)**
Total comprehensive income and expenditure	365,316	368,157	2,841
Adjustments between accounting basis and funding basis under regulations	(536,084)	(536,084)	0
Charges for depreciation of non-current assets	0	(2,841)	(2,841)
Transfer from Creditors	(385,384)	0	385,384
Transfer to Creditors	556,152	0	(556,152)
Balance at 1 April 2018	**0**	**(556,152)**	**(556,152)**

Unusable Reserves	Originally Stated at 31 March 2018 £	Restated as at 31 March 2018 £	Amount of Restatement £
Balance at 1 April 2017	**4,747,908**	**4,736,544**	**(11,364)**
Total comprehensive income and expenditure	(3,771,000)	(3,771,000)	0
Adjustments between accounting basis and funding basis under regulations	536,084	536,084	0
Charges for depreciation of non-current assets	0	2,841	2,841
Balance at 1 April 2018	**1,512,992**	**1,504,469**	**(8,523)**

Note 3: Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The following new or amended standards are adopted within the 2019/20 Code:

- Annual Improvements to IFRS Standards 2014 - 2016 Cycle

- Amendments to IAS 40 Investment Property: Transfers of Investment Property

- IFRIC 22 Foreign Currency Transactions and Advance Consideration

- IFRIC 23 Uncertainty over Income Tax Treatments

- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

The code requires implementation from 1 April 2019 and there is therefore no impact on the 2018/19 accounts. There is no material impact anticipated from the implementation of these standards.

Note 4: Assumptions made about the future

The Annual Accounts contain estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from assumptions and estimates.

The items in the Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumption
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Joint Committee with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £2.608m, equating to a 13% increase.

Note 5: Events after the balance sheet date

The unaudited accounts are issued to the Joint Committee on 21 June 2019. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. Events taking place after this date are not reflected in the financial statements or notes.

Note 6: Transfers to / from Earmarked Reserves

This note sets out the amounts transferred to and from Revenue and Projects balances to meet expenditure in 2018/19 and beyond.

	Balance at 1 April 2018 £	Transfers out £	Transfers in £	Balance at 31 March 2019 £
Revenue Reserve - uncommitted balance	(291,663)	100,649	0	(191,014)
Aberdeen Project	0	0	(62,158)	(62,158)
Adult Supported Living / Care at Home	(1,395)	12,958	(11,563)	0
Affordable Housing Supply Programme	(47,966)	0	(93,337)	(141,303)
The Academy	0	0	(32,623)	(32,623)
Digital Transformation	(122)	0	0	(122)
Early Learning and Childcare	0	0	(13,017)	(13,017)
Fife Project	0	0	(105,498)	(105,498)
National Care Home Contract	(68,193)	0	(25,097)	(93,290)
New Build Project	0	0	(53,707)	(53,707)
SEEMiS	(209)	0	(8,874)	(9,083)
Small Value Procurement	(146,604)	0	(41,052)	(187,656)
Total Usable Reserves	**(556,152)**	**113,607**	**(446,926)**	**(889,471)**

	Balance at 31 March 2019 £	Committed £	Uncommitted Balance £	Note
Revenue Reserve - uncommitted balance	(191,014)	0	(191,014)	(a)
Aberdeen Project	(62,158)	37,158	(25,000)	(b)
Adult Supported Living / Care at Home	0	0	0	(c)
Affordable Housing Supply Programme	(141,303)	141,303	0	(d)
The Academy	(32,623)	32,623	0	(e)
Digital Transformation	(122)	122	0	(c)
Early Learning and Childcare	(13,017)	13,017	0	(c)
Fife Project	(105,498)	75,498	(30,000)	(b)
National Care Home Contract	(93,290)	93,290	0	(c)
New Build Project	(53,707)	53,707	0	(c)
SEEMiS	(9,083)	9,083	0	(c)
Small Value Procurement	(187,656)	187,656	0	(c)
Total Usable Reserves	**(889,471)**	**643,457**	**(246,014)**	

Notes

(a) The balance on the Revenue Reserve represents 5% of the Cost of Services in 2018/19;

(b) It is proposed that £55k uncommitted project balance is transferred to the Revenue Reserves. Of this, £20k will be used to fund the additional 0.5% pay inflation in 2019/20.

(c) Balances are ring-fenced for continuing 2019/20 Project delivery;

(d) The 2019/20 Budget approved £80k of this balance to be transferred to Core and £61k to Associates cost centre for ongoing activity;

(e) Committed for continued investment and development of the SXL Academy during 2019/20.

The Joint Committee accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed, as the Joint Committee makes employer's contributions to pension funds. The debit balance on the Pension Reserve shows a shortfall in the Joint Committee's share of Strathclyde Pension Fund resources available to meet the cost of benefits earned by past and current employees.

Statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Note 7: Unusable Reserves

Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

2017/18 £	Pension Reserve	2018/19 £
4,673,000	Balance as at 1 April	1,441,000
(3,771,000)	Actuarial (gains) and losses on pension assets and liabilities	1,403,000
539,000	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	550,000
1,441,000	Balance as at 31 March	3,394,000

Employee Statutory Adjustment Account

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on revenue balances from accruing for compensated absences earned, but not taken at the end of the financial year.

However, statutory arrangements, or regulations, require that the impact of such accrued expenditure on revenue balances is neutralised by transfers to or from this Account.

2017/18 £	Employee Statutory Adjustment Account	2018/19 £
74,908	Balance as at 1 April	71,992
(74,908)	Reversal of prior year accrual for short-term accumulating compensated absences	(71,992)
71,992	Accrual for short-term accumulating compensating absences at 31 March	74,114
71,992	Balance as at 31 March	74,114

Capital Adjustment Account

2017/18 £	Capital Adjustment Account	2018/19 £
(11,364)	Balance as at 1 April	(8,523)
2,841	Charges for depreciation of non-current assets	2,841
0	Capital grants credited to the CIES that have been applied to capital financing	(94,074)
(8,523)	Balance as at 31 March	(99,756)

The Capital Adjustment Account absorbs timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. It is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES and credited with the amounts set aside as finance for these costs.

Note 8: Adjustments between Accounting Basis and Funding Basis under Regulations

The surplus for the year on the Revenue Reserve was £460,889 less than the Comprehensive Income and Expenditure Statement result. The table below gives a breakdown of the differences between the income and expenditure included in the Joint Committee's CIES in accordance with the Code and the amounts that statute and non-statutory proper practice require the Joint Committee to debit and credit the Revenue Reserve Balance.

2018/19	Usable Reserves £	Unusable Reserves £
Adjustments primarily involving the Capital Adjustment Account:		
Charges for depreciation of non-current assets	(2,841)	2,841
Capital grants and contributions applied	94,074	(94,074)
Adjustments primarily involving the Pension Reserve:		
Net charges made for retirement benefits in accordance with IAS19	(1,096,000)	1,096,000
Employers contributions payable to the Strathclyde Pension Fund	546,000	(546,000)
Adjustments primarily involving the Employee Statutory Adjustment Account:		
Net charges for employment short-term accumulating absences	(2,122)	2,122
Net additional amount required to be debited or credited to the Revenue Reserves balance for the year	(460,889)	460,889

2017/18 (restated)	Usable Reserves £	Unusable Reserves £
Adjustments primarily involving the Capital Adjustment Account:		
Charges for depreciation of non-current assets	(2,841)	2,841
Capital grants and contributions applied	0	0
Adjustments primarily involving the Pension Reserve:		
Net charges made for retirement benefits in accordance with IAS19	(1,027,000)	1,027,000
Employers contributions payable to the Strathclyde Pension Fund	488,000	(488,000)
Adjustments primarily involving the Employee Statutory Adjustment Account:		
Net charges for employment short-term accumulating absences	2,916	(2,916)
Net additional amount required to be debited or credited to the Revenue Reserves balance for the year	**(538,925)**	**538,925**

Note 9: Plant and Equipment

2017/18 £	Plant and Equipment	2018/19 £
	Cost or Valuation	
14,205	**Opening balance at 1 April**	14,205
0	Additions	9,774
14,205	**Gross Book Value at 31 March**	**23,979**
	Depreciation and Impairment	
(2,841)	**Accumulated depreciation at 1 April**	(5,682)
(2,841)	Depreciation charge for year	(2,841)
(5,682)	**Accumulated depreciation at 31**	**(8,523)**
11,364	**Opening Net Book Value**	**8,523**
8,523	**Closing Net Book Value**	**15,456**

Note 10: Intangible Assets

2017/18 £		2018/19 £
0	**Net carrying amount at 1 April**	**0**
0	Additions	84,300
0	Amortisation for the year	0
0	**Net carrying amount at 31 March**	**84,300**
	Comprising:	
0	Gross carrying amounts	84,300
0	Accumulated amortisation	0
0		**84,300**

Note 11: Operating Leases

Scotland Excel has extended the operating lease for accommodation at Renfrewshire House until 2024. The new lease includes a three-year break point in 2022. The expenditure charged in year to the CIES was £70,320 (2017/18 £85,131).

2017/18 £	Future Minimum Lease Payments	2018/19 £
101,575	Not later than one year	97,007
387,984	Between one and five years	379,699
84,506	Later than five years	0
574,065	**Total**	**476,706**

Note 12: Debtors

2017/18 £	Short-term debtors	2018/19 £
625,876	Funds held by Renfrewshire Council	568,095
65,287	Prepayments	42,166
243,258	Other receivable amounts	919,827
934,421	**Total**	**1,530,088**

'Other receivable amounts' comprises amounts due, but not yet received, as at 31 March. Of this, £798k was due to be paid within 30 days. The remaining balance is due from other public sector partners and not considered to be doubtful debt.

Note 13: Creditors

2017/18 £	Short-term creditors	2018/19 £
0	Trade payables	0
(450,411)	Other payables	(712,127)
(450,411)	Total	(712,127)

2017/18 £	Long-term creditors	2018/19 £
0	Income received in advance	(2,754)
0	Other receivable amounts	0
0	Total	(2,754)

Note 14: External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's Code of Audit Practice in 2018/19 amounted to £5,880 (2017/18 £5,700). There were no fees paid to Audit Scotland in respect of any other services.

Note 15: Related parties

Related parties are those bodies or individuals that have the potential to control or significantly influence the Joint Committee, or to be controlled or significantly influenced by the Joint Committee.

The Joint Committee is required to disclose the amount of any material sums due to or from related parties. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties.

The member authorities of the Joint Committee have contributed requisitions to enable it to carry out its objectives in the following proportions. In accordance with Scotland Excel's terms and conditions, member requisitions are adjusted to reflect any changes in population numbers within member authority areas.

The Joint Committee pays Renfrewshire Council for support services. For 2018/19 the amount paid, excluding insurance, was £165,005 (2017/18 £173,750).

2017/18 £	Council	%	2018/19 £
140,607	Aberdeen City	4.0%	140,311
156,621	Aberdeenshire	4.5%	156,995
82,591	Angus	2.3%	81,869
67,842	Argyll and Bute	1.9%	66,712
48,605	Clackmannanshire	1.4%	48,259
100,395	Dumfries and Galloway	2.8%	98,888
99,296	Dundee City	2.8%	98,243
85,835	East Ayrshire	2.4%	84,798
77,160	East Dunbartonshire	2.2%	77,238
74,806	East Lothian	2.2%	75,458
69,647	East Renfrewshire	2.0%	70,157
276,829	Edinburgh City	8.1%	283,339
36,111	Eilean Siar	1.0%	35,649
103,989	Falkirk	3.0%	103,973
213,737	Fife	6.1%	212,766
333,882	Glasgow City	9.7%	338,987
143,652	Highland	4.1%	142,854
63,793	Inverclyde	1.8%	62,600
66,090	Midlothian	1.9%	67,475
71,138	Moray	2.0%	71,322
93,410	North Ayrshire	2.6%	91,859
198,471	North Lanarkshire	5.6%	196,810
33,061	Orkney Islands	0.9%	33,045
99,076	Perth and Kinross	2.9%	99,486
112,758	Renfrewshire	3.2%	112,508
81,351	Scottish Borders	2.3%	80,843
33,914	Shetland Islands	1.0%	33,741
80,817	South Ayrshire	2.3%	79,780
186,501	South Lanarkshire	5.3%	185,314
69,522	Stirling	2.0%	70,126
68,763	West Dunbartonshire	2.0%	68,120
113,930	West Lothian	3.3%	114,675
3,484,200	Total	100%	3,484,200

Note 16: Retirement Benefits

16a: Transactions relating to retirement benefits

As part of the terms and conditions of employment of its employees, the Joint Committee offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The scheme for employees is Strathclyde Pension Fund, which is administered by Glasgow City Council. This is a funded defined benefit final salary scheme, meaning that the Joint Committee and its employees pay contributions into a fund, calculated at a level intended to balance the pension liability with investment assets.

The cost of retirement benefits is recognised in Gross Expenditure when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made in the accounts is based upon pension contributions payable by the Joint Committee in the year, and an adjustment is made within the Movement in Reserves Statement to replace the cost of retirement benefits with employers' contributions.

The following transactions have been made in the accounting statements in 2018/19:

2017/18 £		2018/19 £
	Comprehensive Income & Expenditure Statement (CIES)	
900,000	Current service cost	1,050,000
900,000		**1,050,000**
	Financing & Investment Income & Expenditure	
127,000	Net Interest	46,000
1,027,000	**Total post employment benefit charged to the Surplus or Deficit on the Provision of Services**	**1,096,000**
	Other post employment benefit charged to the CIES	
(84,000)	Return on assets excluding amounts included in net interest	(486,000)
(3,687,000)	Actuarial (gains) and losses arising on changes in financial assumptions	1,889,000
(3,771,000)	**Total Actuarial (gains) and losses**	**1,403,000**
(2,744,000)	**Total post employment benefit charged to the CIES**	**2,499,000**
	Movement in Reserves Statement	
3,232,000	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code	(1,953,000)
488,000	**Employers Contributions paid to Strathclyde Pension Fund**	**546,000**

Current service cost is the cost of future entitlements to pension payments to current employees

Net Interest is an actuarial adjustment to the inflation element in the cost of funding current and future pension obligations. This is the expected increase during the year in the present value of the Joint Committee's share of Strathclyde Pension Fund's liabilities because they are one year closer to settlement.

The net change in the pension liability is recognised in the Movement in Reserves Statement for pension payments made by the Joint Committee to the Strathclyde Pension Fund during the year.

The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2018/19 these amounted to £21,202 (2017/18 £20,620).

16b: Assets and liabilities in relation to retirement benefits

A reconciliation of the Joint Committee's share of the present value of Strathclyde Pension Fund's liabilities is as follows:

2017/18 £000		2018/19 £000
18,493	Opening present value	16,187
900	Current service cost	1,050
492	Interest Cost	451
173	Contributions from employees	194
	Remeasurement (gains)/losses:	
(3,687)	Actuarial (gains)/losses arising from changes in financial assumptions	1,889
(184)	Benefits Paid	(210)
16,187	**Balance as at 31 March**	**19,561**

A reconciliation of the Joint Committee's share of the fair value of Strathclyde Pension Fund's assets is as follows:

2017/18 £000		2018/19 £000
13,820	Opening Fair Value	14,746
365	Interest Income	405
	Remeasurement gain/(loss):	
84	Return on assets excluding amounts included in net interest	486
488	Contributions from employer	546
173	Contributions from employees	194
(184)	Benefits Paid	(210)
14,746	**Closing fair value of scheme assets**	**16,167**

16c: Fund history

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Present Value of Liabilities	(13,549)	(12,980)	(18,493)	(16,187)	(19,561)
Fair value of assets	10,089	10,785	13,820	14,746	16,167
Surplus/(deficit) in the Fund	**(3,460)**	**(2,195)**	**(4,673)**	**(1,441)**	**(3,394)**

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching (ALM) strategy.

The total liability of £3.394m has a significant impact on the net worth of the Joint Committee, as recorded in the Balance Sheet. However, any deficit on

Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund actuary.

16d: Impact on cashflows

An objective of the fund is to keep employer's contributions at as constant a rate as possible. The fund has agreed a strategy to achieve a funding rate of 100% in the longer term. Employers' and employees' contributions have been determined so that rates are standard across all participating employers. The rate for employer contributions has been set at 19.3% for 2017/18 and 2018/19.

The total contributions expected to be made by the Joint Committee to the Strathclyde Pension Fund in the forthcoming year to 31 March 2019 is £0.546m.

16e: Basis for estimating assets and liabilities

The Joint Committee's share of the liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, which estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. The Scheme's liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2017.

The pension scheme's assets consist of the following categories, by proportion of the total assets held:

2017/18 £000		%	2018/19 £000
5,172	Equity instruments	35.1%	5,671
463	Debt instruments (bonds)	3.1%	507
1,335	Real Estate	9.1%	1,464
6,284	Investment Funds and Unit Trusts	42.6%	6,891
1,491	Cash and Cash Equivalents	10.1%	1,634
14,746	Total	100.0%	16,167

The principal assumptions used by the actuary have been:

2017/18	Mortality assumptions	2018/19
	Longevity at 65 for current pensioners	
21.4 years	Men	21.4 years
23.7 years	Women	23.7 years
	Longevity at 65 for Future pensioners	
23.4 years	Men	23.4 years
25.8 years	Women	25.8 years
	Other assumptions	
3.6%	Rate of increase in salaries	3.7%
2.4%	Rate of increase in pensions	2.5%
2.7%	Rate for discounting scheme liabilities	2.4%
	Take-up of option to convert annual pension into	
50.0%	Pre April 2009 service	50.0%
75.0%	Post April 2009 service	75.0%

Note 17: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 18, the Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events.

 Where a critical judgement has been made, this is referred to in the relevant note to the core financial statements; however, a summary of those with the most significant effect is detailed below.

Leases	An analysis of the terms of the lease for the office accommodation at Renfrewshire House has concluded that it is an operating lease.

Note 18: Summary of Significant Accounting Policies

A   General Principles

The Annual Accounts summarise the Joint Committee's transactions for the 2018/19 financial year and its financial position as at 31 March 2019. The Joint Committee is required to prepare Annual Accounts by the Local Authority (Scotland) Regulations 2014 and section 12 of the Local Government in Scotland Act 2003 requires these accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

The Code is issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and is designed to give a true and fair view of the financial performance of the Joint Committee.

The accounting convention adopted in the Annual Accounts is principally historical cost, modified by the valuation of pension assets and liabilities where appropriate. The Annual Accounts have been prepared on a going concern basis.

B   Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic

benefits or service potential associated with the transaction will flow to the Joint Committee;

- revenue from the provision of services is recognised when the Joint Committee can reliably measure the percentage of completion of the transaction and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee;

- expenditure in relation to services received (including services provided by employees) is recorded when the service is received rather than when payment is made;

- supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;

- where income and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

C   Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are made only when required by proper accounting practices, or the change provides more reliable or relevant information about the effect of transactions, other events and

conditions on the Joint Committee's financial position or financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material misstatement or omission discovered in prior period figures are corrected retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period.

D   Employee Benefits

Benefits payable during employment

All salaries and wages earned up to the Balance Sheet date are included in the accounts irrespective of when payment was made. An accrual is made for the cost of holiday entitlements earned, but not taken before the year end that employees may carry forward into the next financial year.

Post-employment benefits

The Joint Committee participates in the Local Government Pension Scheme (LGPS), administered by Strathclyde Pension Fund. The LGPS is accounted for as a defined benefit scheme and in accordance with International Accounting Standard 19 (IAS19) the Joint Committee has disclosed certain information concerning the assets, liabilities, income and expenditure relating to the pension scheme. IAS19 requires that an organisation must account for retirement benefits when it is committed to giving them, even if the payment will be many years into the future.

This involves the recognition in the Balance Sheet of the Joint Committee's share of the net pension asset or liability in Strathclyde Pension Fund and a pension reserve.

The liabilities of the Strathclyde Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate of return on high quality corporate bonds.

The assets of the Strathclyde Pension Fund attributable to the Joint Committee are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

The Comprehensive Income and Expenditure Statement (CIES) also recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year.

The change in the net pension liability is analysed into the following components:

- **current service cost** – the increase in liabilities as a result of years of service earned this year, allocated in the CIES to the services for which the employees worked;

- **past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, which is debited to the Surplus or Deficit on the Provision of Services in the CIES;

- **net interest cost on the defined benefit liability** – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to

measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments;

- **return on scheme assets** – excluding amounts included in net interest on the net defined benefit liability which are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;

- **actuarial gains and losses** – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions, which is charged to the Pensions Reserve. Actuarial gains and losses are shown within Other Comprehensive Income and Expenditure within the CIES; and

- **contributions paid to the pension fund** – cash paid as employer's contributions to the pension fund in settlement of liabilities which are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the amount payable by the Joint Committee to be amount paid directly to pensioners in the year, not the amount calculated according to the relevant accounting standards in the CIES.

In the Movement in Reserves Statement this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

E Events after the Balance Sheet date

Events after the balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the accounts are authorised for issue.

There are two types of events:

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period and the accounts are adjusted to reflect such events; and

- Non-adjusting events – those that are indicative of conditions that arose after the reporting period and the accounts are not adjusted. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the event and its estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the accounts.

F Government Grants and other Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Joint Committee when there is reasonable assurance that:

- the Joint Committee will comply with the conditions attached to the payments; and

- the grants or contributions will be received.

Amounts recognised as due to the Joint Committee are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the CIES.

G   Leases

Operating Leases: Joint Committee as Lessee

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease). The risks and rewards of ownership remain with the lessors along with the title of the property.

H   Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Plant and Equipment is capitalised on an accruals basis. Expenditure that merely maintains the condition of an asset (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;

- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating.

Plant, furniture and computer equipment costing less than £9,000 are not treated as fixed assets. This de minimis level does not apply where certain categories of these assets are grouped together and form part of an approved capital programme.

Assets are then carried in the Balance Sheet using the depreciated replacement cost.

Impairment

Assets are assessed at each year-end to determine whether there is any indication that an asset may be impaired.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated, an impairment loss is recognised for the shortfall and the carrying amount of the asset is written down in the CIES.

Where an impairment loss is subsequently reversed, the reversal is credited to the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the CIES as part of the gain or loss on disposal. Any receipts from disposals are credited to the CIES, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

Depreciation

Depreciation is provided for on all Plant and Equipment assets by the allocation of their depreciable amounts over their useful lives. For ICT equipment, this is calculated on a straight-line basis over 5 years.

I   Intangible Assets

Expenditure on non-monetary assets that do not have physical substance, but are controlled by the Joint Committee as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Joint Committee.

Intangible assets are measured initially at cost. Amounts are revalued where the fair value of the assets held can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life on a straight-line basis in the CIES.

An asset is tested for impairment whenever there is an indication that the asset might be impaired and any losses recognised are posted in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Revenue Reserve. The gains and losses are therefore reversed out of the Revenue Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and a Capital Receipts Reserve.

All capital expenditure is charged to the constituent authorities, meaning that the Joint Committee has no requirement to borrow. A notional capital grant is applied to the CIES in the year of spend and removed from affecting the Revenue Reserve through the Movement in Reserves Statement.

Software costing less than £9,000 is not treated as an intangible asset and is charged to the CIES. This de minimis does not apply where certain categories of assets are grouped together.

J   Reserves

Reserves are classified under accounting regulations into two categories: usable reserves, which are available to spend; and unusable reserves, which are unrealised net gains or losses that have a deferred impact on the Joint Committee.

Usable Reserves

The Revenue Reserve represents surplus funds held by the Joint Committee, which are ultimately repayable to the member authorities in the same allocation proportions as the requisitions. Balances accumulated from Project activity are distributable only to participating authorities.

Unusable Reserves

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council; these reserves are explained in the Unusable Reserves note.

K   Value Added Tax (VAT)

Income and expenditure exclude any amount relating to VAT, as all VAT collected is payable to HM Revenue & Customs (HMRC) and all VAT paid is recoverable from them.

SCOTLAND EXCEL

Scotland Excel

To: Joint Committee

On: 21 June 2019

**Report
by
Chief Auditor**

Internal Audit Report Summary – Contract Management (Award Arrangements)

1.   **Summary**

1.1   In line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Joint Committee.

1.2   Internal Audit undertook a review of the arrangements in place to award contracts. This report provides a summary of the work undertaken, the audit findings and the action being taken by management to address the recommendations made.

1.3   Appendix 1 provides a summary of the overall assurance rating for the engagement and the number of recommendation in each category, the Committee summary for the engagement is also attached.

_____

2.   **Recommendations**

2.1   Members are invited to note the Internal Audit Summary for the Internal Audit review of Contract Management (Award Arrangements).

_____

Appendix 1

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Scotland Excel

Internal Audit Service

Summary of Internal Audit Reports issued

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Category	Engagement	Assurance Rating	Recommendation Ratings			
			Critical	**Important**	**Good Practice**	**Service Improvement**
Assurance	Contract Management (Award Arrangements)	Substantial	0	0	2	0

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Assurance Level	
Substantial Assurance	• There is a sound system of internal control designed to achieve the objectives of the area being reviewed. • The control processes tested are being consistently applied.
Reasonable Assurance	• The internal control processes are generally satisfactory with some areas of weakness being identified that could put some objectives of the area being reviewed at risk • There is evidence that the level of non-compliance with some of the control processes may put some of the objectives of the area being reviewed at risk.
Limited Assurance	• Weaknesses in the system of internal controls are such as to put the objectives of the area being reviewed at risk. • The level of non-compliance puts the objectives of the area being reviewed at risk.
No Assurance	• Control processes are generally weak with significant risk to the achievement of the objectives of the area being reviewed. • Significant non-compliance with control processes leaves the processes/systems open to error or abuse.

Recommendation Rating	
Service Improvement	Implementation will improve the efficiency / housekeeping of the area under review.
Good Practice	Implementation will contribute to the general effectiveness of control.
Important	Implementation will raise the level of assurance provided by the control system to acceptable levels.
Critical	Addresses a significant risk, impacting on the objectives of the area under review.

Internal Audit Report

Scotland Excel

SE - Contract Management Arrangements (A0008/2019/004)

Date: February 2019

COMMITTEE SUMMARY

Audit Objectives
The objectives of the audit were to ensure that: 1. Contract awards were approved by officers of the appropriate authority level and Committee as required; 2. Successful tenderers and unsuccessful tenderers were appropriately notified; 3. Standstill rules were complied with; 4. Appropriate evidence of debriefing unsuccessful tenderers was retained; 5. The Contract award notices were issued on required websites/ portals within prescribed timescales.

Audit Scope
1. Interviewed the appropriate staff to establish the current system in place for contract awards. 2. Selected a sample of 5 contracts and carried out a series of tests to ascertain that contract awards have been appropriately approved, standstill rules have been complied with and that contract award notices have been issued as required.

Key Audit Assurances
1. Contract awards are approved at the Executive Sub Committee who have delegated authority for this task. 2. Tenderers are appropriately notified of the tender outcome. 3. Contract notices are issued on the Public Contract Scotland website and the Supplement to the Official Journal of the EU (Tenders Electronic Daily (TED)) within prescribed timescales.

Key Risks
There were no key risks identified during the audit.

Overall Audit Opinion
The audit has identified that satisfactory arrangements are in place for the contract award stage of the contracts selected for testing. Recommendations have been made to ensure that evidence of communications with tenderers during the standstill period is retained and that community benefit information is available in the contract award notices.

Management Commentary
Management have taken corrective action to address the audit recommendations made.

SCOTLAND EXCEL

Scotland Excel

To: Joint Committee

On: 21 June 2019

Report
by
Chief Auditor

INTERNAL AUDIT ANNUAL REPORT 2018/19

1.   Summary

1.1   The Public Sector Internal Audit Standards require the Chief Auditor to prepare a report, at least annually, to senior management and the Joint Committee on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan.

1.2   The annual report must also provide an annual audit opinion on the overall adequacy and effectiveness of Scotland Excel's internal control environment.

1.3   The Annual Report for Scotland Excel is attached at Appendix 1 and outlines 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 contains an audit assurance statement.

2.   Recommendations

2.1   Members are invited to consider and note the contents of the Annual Report.

Scotland Excel
Internal Audit Annual Report
2018-2019

Renfrewshire Council
Finance & Resources
Internal Audit

June 2019

		Scotland Excel	
		Internal Audit Annual Report 2018/2019	

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Scotland Excel
Internal Audit Annual Report
1 April 2018 – 31 March 2019

1.   Introduction

1.1   As host Authority, Renfrewshire Council provides an internal audit service to Scotland Excel. This includes:

- The compilation of an annual audit plan following consideration and evaluation of those areas of greatest risk in the organisation's operation, and consultation with the Director;
- Delivery of the planned audit assignments;
- Follow up of previous audit recommendations;
- Provision of any ongoing advice and support on audit and risk management related matters;
- Provision of an Annual Report and Assurance Statement, and presentation to elected members of Scotland Excel.

1.2   The Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) which defines Internal Audit's role as:

"......an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

1.3   In line with the Standards, the purpose of this Annual Report is to report on:

- The outcome of the planned Internal Audit reviews 2018/19 relating to Scotland Excel;
- The outcome of Internal Audit reviews of supporting Renfrewshire Council corporate systems;
- Internal audit performance;
- Planned audit work for 2019/20;
- The annual assurance statement which provides an opinion on the overall adequacy and effectiveness of the organisation's internal control environment.

2. Responsibilities of Management and Internal Audit

2.1 It is the responsibility of management to ensure that for the areas under their control there is an adequate and effective system of internal control which facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.

2.2 Internal Audit is not a substitute for effective control exercised by management as part of their responsibilities. Internal Audit's role is to independently assess the adequacy of the risk management, internal controls and governance arrangements put in place by management and to undertake sufficient work to evaluate and conclude on the adequacy of those controls for the period under review.

3. Internal Audit Activity during 2018/2019

3.1 One specific engagement was undertaken during 2018/19, which related to the internal controls in operation over contract management (contract award arrangements). The main findings in relation to this review is summarised in table 1 below:

Table 1

Audit Area	Conclusion
Contract Management (Contract Award Arrangements)	• **Substantial Assurance** • The audit has identified that satisfactory arrangements are in place for the contract award stage for the contracts selected for testing. Recommendations have been made to ensure that evidence of communications with tenderers during the standstill period is retained and that community benefit information is available in the contract award notices.

3.2 The Annual Report for 2017/2018 was submitted to the Joint Committee on 29 June 2018.

3.3 The implementation rate of audit recommendations is a measure of operational culture and effectiveness. During 2018/19, 1 recommendation was followed up and confirmed as implemented.

3.4 Internal Audit also carried out reviews of the main corporate systems operating within Renfrewshire Council which support Scotland Excel's activity. The main findings in relation to these are summarised in Table 2 below and Renfrewshire Council management have agreed to implement the audit recommendations made in relation to each review:

Table 2

Audit Area	Conclusion
Key Financial Controls	• **Reasonable Assurance** • The audit identified that debtors and creditors invoices were raised correctly but were delayed in being issued/paid on some occasions. Recommendations were made in the report to address issues with feeders not being reconciled to the Business World ledger and suspense accounts not being cleared. If implemented, these will help strengthen the controls in place.
Payroll	• **Reasonable Assurance** • The audit identified that reasonable procedures are in place for employee new starts and terminations. Appropriate segregation of duties and independent checks are in place. Some issues were identified in relation to service departments not notifying payroll services on time to effect correct payments to some employees, this issue is known to management.

4.   Review of Internal Audit Performance

4.1   Internal Audit produces regular reports on its performance during the year to the Renfrewshire Council, Audit, Risk and Scrutiny Board, against a range of measures set annually by the Director of Finance and Resources. These targets are set for all internal audit engagements and include Renfrewshire Council and other associated bodies, for which the team provides internal audit services. Table 3 shows the actual performance against targeted performance for the year.

Table 3

Internal Audit Performance 2018/19		
Performance measure	**Target 2018/19**	**Actual 2018/19**
% of audit assignments completed by target date	95%	95.6%
% of audit assignments completed within time budget	95%	98.8%
% completion of audit plan for the year*	95%	96.4%

* this measures the completion percentage as at 31 March. 100% of the plan is ultimately delivered through the finalisation of the outstanding elements in the new financial year.

4.2 Actual performance for the year, is above the target performance level. All Scotland Excel specific audit engagements have been completed.

4.3 The Chief Auditor is required to develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit including conformance with the PSIAS. All actions arising from the external quality assessment have been completed during 2018/19.

4.4 External Audit

External Audit's review of the internal audit service concluded that overall the service operates in accordance with the PSIAS.

4.5 Risk Management

The internal audit service through the Risk Manager, provides advice and support to Scotland Excel officers, as required. An annual risk management report is provided to the Council's Audit, Risk and Scrutiny Board.
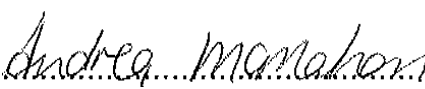
5.   Planned Audit Work for 2019/20

5.1 Following a risk based assessment of the activities of Scotland Excel and consultation with the Director, the following internal audit work has been agreed for 2019/20:

- A review of contract strategy arrangements;
- Follow up of previous audit work;
- Ad-hoc internal audit and risk management advice.

6. Audit Assurance Statement

6.1 Internal Audit has performed its work in accordance with the role defined in paragraph 1.2. The audit work performed has been reported to the Director, and to the Joint Committee. Where areas for improvement in internal control have been identified appropriate recommendations have been made, and accepted for action by management.

6.2 In view of the continued challenges common to all public bodies, there will be a requirement for the council and the bodies for which it is host authority to exercise very close scrutiny over revenue spending, and this will continue to receive due internal audit attention.

6.3 It is not feasible for the system of internal control to be without any weakness. It is important to balance the risks involved in accepting systems limitations with the consequences if a problem emerges. Internal Audit recognises this and assesses this in its reporting mechanism.

6.4 In this context, it is considered that a reasonable level of assurance can be placed upon the adequacy and effectiveness of Scotland Excel's internal control, risk management and governance arrangements, as evidenced by:-

- The results of the audit work in 2018/19 in relation to the corporate systems which supported Scotland Excel's activities, and to specific work carried out in relation to those activities.

- Management action in response to audit recommendations.

- Management self assessment of internal control, risk management and governance arrangements.

- The regular review and updating of the Local Code of Corporate Governance by the Council in accordance with the Chartered Institute of Public Finance and Accountancy and Society of Local Authority Chief Executives framework for corporate governance requirements, and of the corporate governance arrangements within Scotland Excel.

Signed.   *Andrea Monahan*
Chief Auditor

Date   21 June 2019

SCOTLAND EXCEL

Scotland Excel

To: Joint Committee

On: 21 June 2019

Report
by
the Director

Funding Model Update

1. **Introduction**

This paper provides members with an update on the progress made on generating additional funding since the Joint Committee on December 2018. This update covers April 2019 – June 2019.

2. **Background**

The Revenue Estimates 2018-19 report presented at the Joint Committee on 8th December 2017 and the Funding Model Review at the 29th June 2018 Joint Committee 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 is likely to face further contraction in available resources. In this context, Scotland Excel continues to seek operational savings to manage its financial position flexibly to maintain the aim of minimising the level of requisition required, and also to develop value propositions for member authorities to ensure that best value is achieved.
A number of funding opportunities were also identified by Scotland Excel and approved by the Joint Committee. These were:

1. Consultancy Services
2. Learning and development
3. Associate Membership Expansion
4. New Build Housing
5. Rebates

All five funding opportunities are progressing, with three projects contributing targeted surpluses within the current financial year.

3. **Funding Stream Updates**

All funding opportunities are now being progressed with an emphasis on the projects that are scheduled to deliver income in the current financial year (FY 19/20).

1. Consultancy Services

Scotland Excel is working on several consultancy projects with a pipeline of projects to commence in 2019. This has been an area of growth for the organisation.

The June 2018 Joint Committee approved a surplus target of £70k for Consultancy Services in 2019/20. Based on current and scheduled projects we expect to meet this target, and anticipate that there may the opportunity to exceed this in the event that other funding opportunities fail to meet current expectations.

The following projects are currently underway:

Fife Transformation Programme: The programme is approaching its first year anniversary and is on schedule. The programme consists of a number of projects across many aspects of the council's operation. Significant project resource is now focussing on the identification and delivery of savings. In addition to savings, the programme is prioritising skills development to support handover from Scotland Excel to the Fife procurement team in late 2020.

City Property (Glasgow) LLP: Scotland Excel was engaged by this organisation to operate a mini competition within Crown Commercial Service's Estates Professional Services framework. City Properties (Glasgow) LLP provide management development and disposal of Glasgow City Council's Non-Operational Land and Property Assets. The scope of the work covers 1800 commercial properties and a full property management service for The Lochs shopping centre in Easterhouse. The initial project will complete in mid-2019, and Scotland Excel is in discussion with the organisation regarding the provision of further services.

Cycling Scotland: The project is designed to put in place a Dynamic Purchasing System (DPS) which is an electronic procurement process, similar to a framework agreement, but remains open to allow new suppliers to join. The DPS will create a list of training suppliers which can be engaged to provide cycling proficiency training at a professional level within the local authority or school. The DPS will be in place by August 2019.

East Renfrewshire Council: Scotland Excel undertook two small pieces of work on behalf of East Renfrewshire Council in the last financial year. The work was focussed on providing feedback on the organisation's procurement approach. East Renfrewshire has now commissioned Scotland Excel to undertake a project that is anticipated to start in June 2019 for twelve months.

Aberdeen City Council: This project has now reached completion. The project sought to identify procurement savings across Aberdeen City Council and had two Scotland Excel staff members based within the council for a year. Scotland Excel continues to provide ongoing support as part of its standard service offering but no longer has dedicated staff working on the project.

Tayside Procurement: The Tayside Procurement programme is in the initiation stage and has recently appointed two project staff for the programme. The programme involves Scotland Excel working with a collaborative group consisting of Dundee City Council, Perth & Kinross Council and Angus Council and other local partner organisations, to provide a customer centric transformation programme. The duration of the project is two years.

2. <u>Learning & Development – The Academy</u>

The Academy continues to make good progress since the last Joint Committee having concluded 2 programmes in project management, with 13 active programmes spanning procurement, leadership & management and project management.

Scotland Excel continues to invest in the Academy to develop the longer term opportunity and provide a more holistic service for local government and the wider public sector. The June 2018 Joint Committee approved a surplus target of £53k for The Academy in 2019/20. Scotland Excel is confident it will reach this target.

The new Professional Development Award in Project Management is co-delivered between The Academy and the Improvement Service. The Academy is scheduled to launch a new Strategic Leadership & Management Masters-level programme and a new Management Coaching & Mentoring programme in June 2019.

A marketing campaign was launched recently to help build The Academy's profile and create demand for the portfolio of programmes.

The Academy has now been approved to deliver a new Business Analysis, Decision Making & Innovation programme, accredited by the Scottish Qualification Authority (SQA). This Higher National Diploma & Degree level programme fills a national gap for business analysts across the public-sector; and supports our collective need for innovation "doing more with less through new ways of working". This programme expands our co-delivery model with the Improvement Service, scheduled for an August 2019 launch.

In parallel to delivering 13 active programmes, we are designing and writing content for 4 programmes – Advanced Practitioner, Strategic Leadership & Management, Management Coaching & Mentoring and Business Analysis, Decision Making & Innovation.

3. <u>Associate Member - Expansion</u>

The June 2018 Joint Committee approved a surplus target of £50k for Associate Member expansion in the current financial year. Initial indications are that this will be a challenging target, but appropriate measures are being implemented to support its achievement.

The two-year Scottish Government Affordable Housing project was completed in March 2019. This programme provided Scotland Excel with an opportunity to grow its associate membership in this sector and resulted in an additional £80k of income. Discussions continue with Scottish Government about a further programme in this sector.

At the December 2018 Joint Committee, members approved Scotland Excel's recommendation of a continued focus and dedicated resourcing into the growth of Associate membership. The organisation is formulating a new Associate Member strategy, and anticipates further growth in the housing sector and a new focus on the third sector.

4. <u>New Build Housing</u>

The New Build framework is scheduled to deliver a contribution to planned surpluses in financial year 2020/21.

Extensive engagement has been undertaken with individual contractors and purchasers, as well as a number of other key stakeholder groups. User intelligence groups were also held with member councils and a comprehensive procurement strategy was produced.

Following an extensive development period and a restricted procurement exercise, 22 tender bids were received from contractors in May 2019. These offers are now being evaluated by the Scotland Excel team in conjunction with the local authority expert technical panel. This work is scheduled to be concluded in July to enable an award recommendation to be taken to the Executive Sub Committee for approval in August.

The new framework comprises five lots for different project sizes and includes provisions which encourage sustainable and energy efficient housing, advertising of sub-contracting opportunities, delivery of community benefits and use of supported businesses and social enterprises.

5. Rebates

The Rebates project is scheduled to deliver a contribution to planned surpluses in financial year 2020/21.

The use of volume rebates within appropriate contracts was approved at the June 2018 Joint Committee. As part of the internal contract governance process, the applicability of the inclusion of rebates is now standard practice.

Further analysis has been undertaken to review the Scotland Excel portfolio and consider rebate suitability.

4. **Funding Methodologies**

Scotland Excel seeks to implement transparent funding mechanisms that support our members and the goal of financial sustainability. The most developed of these methodologies is within consultancy services.
Scotland Excel has developed a standard approach to costing these services:

- Staff are charged at a fully burdened cost (including standard overheads and IT).
- Recruitment costs are charged at cost.
- Virtual resource is provided where a member can procure a set number of staff days covering all Scotland Excel staff. This is discounted from the standard daily rate to recognise the volume and planned aspect of this option.
- All component costs (including those listed above) are totalled, and a standard 10% surplus is added.

When projects are initiated, a project cost centre is created and all financial transactions relating to that project are tracked. This ensures that all costs and income related to the project are kept separate and the financial impact of the project is fully understood.

This is a transparent approach that provides a very competitive offering whilst also supporting value for money for member councils.

5. **Recommendations**

Members are asked to note the progress made in this area. Further updates will be presented to future Joint Committees and Executive Sub committees on funding projects including delivery against income targets.

Scotland Excel

To: **Joint Committee**

On: **21 June 2019**

Report
by
Director Scotland Excel

Operating Plan Report 2018-19

1. Purpose of the report

In June 2018, Scotland Excel's Joint Committee approved a new five-year corporate strategy which is supported by annual operating plans. This report presents the organisation's performance against the Operating Plan 2018-19.

2. Reporting methodology

Progress reports are produced quarterly to track Scotland Excel's performance against operating plan commitments. Reports are produced at the end of each quarter and submitted to Executive Sub-Committee meetings. Half yearly and annual reports are also submitted to Joint Committee meetings.

The reports summarise the progress made against operating plan commitments and uses a 'traffic light' symbol to provide a guide to the status of each activity. This guide was revised in 2018-19 to include symbols to indicate projects or activities which have not yet started, and projects or activities which have been completed:

W	Project or activity not yet started
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 is progressing in line with expected/agreed timelines and results
B	Project or activity completed

The report also tracks performance against thirteen key performance indicators (KPIs) linked to strategic outcomes.

3. Performance

The majority of commitments in the operating plan are progressing in line with plans and are indicated as green within the report. Most of these relate to major projects which span multiple years, or are ongoing business activities which are strategically

important to the organisation and which will appear in operating plans throughout the five year period of the current strategy.

Seven activities are progressing more slowly than anticipated, predominantly due to external factors, and these are indicated as amber within the report. Scotland Excel will deliver these commitments during 2019-20 and take action to mitigate the impact of any external factors which are delaying progress.

Seven commitments were completed during 2018-19 and are indicated as black within the report.

Nine commitments are indicated as white and will commence during 2019-20. Most of these activities have dependencies on the outcome of other commitments that are still in progress.

4.   Recommendation

The members of the Joint Committee are invited to note Scotland Excel's performance in the delivery of the Operating Plan 2018-19.

Operating Plan

2018 – 2019

Year End Report

Goa1 1: Shaping the delivery of innovative public services

Strategic Objective	Commitment	RAG status	Progress summary
1.1 Deliver a programme of collaborative procurement to support early intervention and the delivery of public services	• Develop plans which support direct engagement with local authority services to identify new collaborative procurement opportunities	G	• Scotland Excel has continued to engage directly with stakeholders in local authority services throughout 2018-19, particularly where funding has been secured to meet specific requirements such as the new build housing framework and the new social care frameworks.
	• Complete the sourcing strategy and initiate the tender process for a new build housing framework on behalf of participating local authorities	G	• The first stage of a two-part tender process has been concluded for the new build housing framework and 26 contractors have been invited to participate in the second stage. The return date for submissions is early May 2019, and tender evaluations will take place in May and June.
	• Implement a procurement strategy for older people care home services for that provides choice, continuity of care and innovation in service delivery	A	• The implementation of the sourcing strategy has been delayed to allow for further discussions with the sector. Scotland Excel, Scottish Care and the Care Inspectorate are working together to ensure that the checks set out in the sourcing strategy are conducted by the most appropriate organisation.
	• Implement the procurement strategy for adult care and support services and secure sustainable funding for ongoing delivery as part of the social care portfolio	G	• Following successful consultation events on the service specification for care and support, a draft specification is now with local authorities and providers for review. A technical group has been established to support the development of procurement documents, and will meet next quarter to look at the terms, conditions and approach to rates for the framework.
	• Continue to pursue funding to deliver proposals which support the expansion of early learning and childcare provision	B	• Funding has been secured for Scotland Excel to produce guidance, template procurement documents, and terms and conditions to support the expansion of early learning and childcare provision. Work is now underway to deliver this project, with the guidance documents due to be published in April 2019.

	• Develop and implement contract and supplier management (CSM) and key supplier management (KSM) programmes which monitor and enhance the performance of Scotland Excel contracts	G	• The new CSM programme is now in place for 26 contracts. Contracts are segmented into 12 CSM levels to incorporate assessment of additional risk factors which ensure an appropriate level of oversight for each contract. Scotland Excel is continuing to work with the Commercial UIG steering group on the development of a KSM programme. Six key suppliers have been identified, and will be shared with other sectors to ascertain their interest in participating in the programme.
	• Identify opportunities to lead and/or participate in national cross-sector procurement opportunities and initiatives with partners in health, further and higher education, and central government	G	• Engagement has been taking place with key public sector partners throughout 2018-19. Following recent discussions with partners on preventing the participation of organised crime in public procurement, NHS National Procurement agreed to use Scotland Excel's demolition framework instead of developing their own.
	• Continue to inform and support national procurement policy in consultation with the local government procurement community	G	• Scotland Excel presented on the potential impact of Brexit on food procurement at a COSLA event in January 2019, and provided input for a Scottish Government's Economy, Energy and Fair Work Committee meeting reviewing amendments to public procurement regulations following the UK withdrawal from the EU.
1.2 Deliver programmes which lead and develop professional, organisational and commercial capability	• Develop and deliver a targeted programme of change projects based on development needs identified by Procurement & Commercial Improvement Programme (PCIP) assessments	A	• Three of the six change projects targeted for 2018-19 have been completed. A further two projects are in progress and will be completed in 2019-20. The sixth project is in the early planning stage following confirmation of stakeholder requirements. Scotland Excel is reviewing sector-wide change project opportunities for 2019-20 with the Procurement Improvement Programme (PIP) steering group, which will be based on the outputs of the current cycle of PCIP assessments.

	• Deliver a second cycle of local government PCIP assessments for all local authorities	**G**	• PCIP assessments had been completed with 25 councils by the end of March 2019. Assessments will be completed with all councils by September 2019.
	• Deliver the chargeable consultancy projects and transformation programmes agreed for Aberdeen City and Fife Councils, and respond to any further requests for these types of services from other councils	**G**	• Scotland Excel's consultancy programme for Aberdeen City Council has now concluded and outputs have been received positively by the council. The transformation programme for Fife Council continues to progress well and has met its target for a savings pipeline which is now being delivered. The second phase of the project for East Renfrewshire Council has been completed and a third phase will begin in early 2019-20. The Tayside consultancy programme has been initiated and recruitment of a project team is underway.
	• Continue to develop and deliver accredited work-based learning programmes through the Scotland Excel Academy	**G**	• During 2018-19, six courses were completed and a further six were in progress across the three key disciplines of procurement, leadership and management, and project management. A total of 107 learners took part in courses this year, of which 10 have achieved qualifications. Following its success at the GO Scotland Awards in October 2018, the Academy has been shortlisted for the National GO Awards which take place in April 2019. Preparations are underway to establish 11 new cohorts in 2019-20, including new programmes for strategic leadership, coaching and mentoring, and business analysis and innovation.
	• Develop and deliver a programme of practitioner workshops, masterclasses and events to lead best practice through the Scotland Excel Academy	**A**	• Three practitioner workshops and one masterclass took place in 2018-19. This is slightly lower than anticipated, and a new approach is being developed for 2019-20 which encompasses c. 20 practice workshops based on content from the Academy's accredited programmes.

	• Continue to develop Scotland Excel Academy online resources to support learning programmes and create a community platform for sharing best practice	G	• Academy online resources are continually evolving as new programmes and cohorts are introduced. Content from events and practitioner workshops is shared with the wider procurement community.
1.3 Harness the potential of digital technology and data insight to support the delivery of public services	• Continue to provide ICT procurement services for the Digital Office for Scottish Local Government, engaging proactively with stakeholders to promote a collaborative approach to the adoption of digital technologies	A	• Scotland Excel has continued to provide support for the Digital Office throughout 2018-19. As collaborative procurement opportunities have been limited, an information sharing tool providing Scotland-wide visibility of software contract information has been implemented to identify future opportunities. The strategy and specifications for a replacement social work care case management system have been agreed and the tender will be released in early 2019-20. A strategy meeting with the Digital Office took place in March 2019 to agree activity for the next two years.
	• Continue to develop data analytic tools and resources to support the expansion of the contract portfolio and provide management information to the sector	G	• Scotland Excel is continuing to develop resources and tools for analysing contract spend data using an agile model in which software requirements are developed incrementally and each phase is tested before building further functionality.
	• Continue to develop and share access to the Cost of Care calculator to support the delivery of affordable and sustainable social care services	A	• Scotland Excel has now taken over operational management of the National Care Home Contract (NCHC) from COSLA and will be leading the next stage of negotiations to conclude the cost of care calculator, now officially named the NCHC Cost Model ©. This is expected to be concluded by September 2019 to enable the model to be in place for fee setting in 2020-21.
	• Continue to develop and share access to Indexation Modelling to track market influences on costs	G	• Indexation Modelling continues to form part of contract management activities. Following successful indexation events held for the sector, in-house workshops have been delivered for Fife Council and Glasgow City Council procurement teams. Similar workshops are being planned for Angus, Dundee and Perth & Kinross councils as part of the Tayside consultancy programme.

	• Deliver market analysis reports in support of new collaborative procurement or service opportunities	**B**	• IBIS World and Company Watch are now established as market intelligence resources across Scotland Excel's procurement teams, and access has been renewed for 2019-20.
	• Develop plans to roll out data analytic tools to staff across the organisation	**W**	• Power BI data analytics tools will be rolled out to staff during 2019-20 once the first development phase has been completed.
1.4 Use our insight and experience to shape policy and meet the challenges of future public service delivery	• Continue to work with the Scottish Government, COSLA and other partners to support the development and/or delivery of national policy in social care	**G**	• Scotland Excel is continuing to engage with the Scottish Government, COSLA, Health & Social Care Partnerships and care providers on the NCHC Cost Model © and new frameworks for care and support and older people's care homes.
	• Continue to work with the Scottish Government and other partners to support the development and/or delivery of education policies such as early learning provision, pupil attainment funding, and food procurement for school meals	**G**	• Scotland Excel is completing a strategic review of food procurement in response to policy and legislative changes for school meals, including the possible expansion of free meal entitlement within schools and nurseries. Scotland Excel is also working with the Scottish Government to assess the risks and impact of Brexit on food procurement.
	• Continue to work with the Scottish Government, Association of Local Authority Chief Housing Officers (ALACHO) and other partners to support the development and/or delivery of national policy in affordable housing	**W**	• Scotland Excel will focus on the development of the new build housing framework in 2018-19 and will explore further opportunities to influence or support affordable housing policy in 2019-20.
	• Continue to work with the Scottish Government, Zero Waste Scotland and other partners to support the development and/or delivery of national environmental policy	**G**	• Scotland Excel continues to work with Zero Waste Scotland on environmental matters across the procurement portfolio. The support of Zero Waste Scotland and other partners has been particularly valuable for developing a dynamic purchasing system for recyclable and residual waste. Zero Waste Scotland have been invited to speak At Scotland Excel's annual conference in April 2019.

	• Develop and deliver a calendar of communications activities which promotes our knowledge and experience in support of our policy and public affairs goals	G	• Scotland Excel held a successful event at the Scottish Parliament for MSPs and senior stakeholders in January 2019. This was the final initiative of the '10 Years' anniversary campaign which raised awareness of Scotland Excel through publications, social media and events. In February 2019, Scotland Excel was a key partner in the successful Delivering on Digital event to promote digital transformation in local government.
	• Continue play a lead role in the development and delivery of national Graduate Apprenticeships as a cost-effective talent management opportunity for the local government sector	G	• Scotland Excel is continuing to engage with public sector and academic partners to position the Academy as a potential Graduate Apprenticeship assessment partner.

Goa1 2: Being sustainable in everything we do

Strategic Objective	Commitment	RAG status	Progress summary
2.1 Deliver positive and measurable social value through our contracts and services	• Develop plans to increase the proportion of Scotland Excel suppliers paying their staff the Scottish Living Wage	B	• An analysis undertaken in 2018-19 indicated that around 80% of Scotland Excel suppliers are paying the Scottish Living Wage which limits the scope for further increases. This will be examined again in 2019-20 once the new CSM programme is in place across the contract portfolio.
	• Continue to develop community benefit models which enable councils to achieve direct benefits for their areas	G	• A revised evaluation model for community benefits is now being embedded in all tenders to ensure that benefits are delivered to each council using the framework,
	• Continue to support opportunities for disabled/ disadvantaged workers through community benefits and/or the participation of supported businesses and the third sector within our supply chain	G	• The supported business, Scottish Bravest Manufacturer, which services Scotland Excel's road signage framework, has reported c. £1m of business from participation in national frameworks. Work to develop a strategy for engaging with supported businesses will be developed in 2019-20.
2.2 Deliver positive and measurable local economic impact through SME and third sector participation in our contracts	• Continue to work with the Supplier Development Programme (SDP) to raise awareness of public procurement opportunities and encourage participation among Scottish SMEs	G	• In Q4, Scotland Excel attended SDP Meet the Buyer events in Kirkintilloch and Dundee. Over the course of 2018-19, Scotland Excel delivered 7 SDP training seminars for SMEs and attended 5 events.
	• Increase direct and supply chain opportunities for Scottish SMEs and contractors within Scotland Excel contracts, particularly within the construction portfolio	G	• Opportunities to encourage participation by Scottish SMEs continue to be considered in strategy development for all contracts.
	• Encourage housing associations to consider the local economic impact they can deliver through the use of Scotland Excel contracts	G	• Consideration of local economic impact forms a key part of the PCIP assessment undertaken with housing associations. Scotland Excel and the Scottish Federation of Housing Associations (SFHA) have co-produced a publication showcasing good practice in community benefits.

2.3 Deliver positive and measurable environmental benefits through our contracts	• Continue to encourage suppliers to Scotland Excel contracts to consider opportunities to increase recycling of their products and packaging and/or reduce their carbon footprint	G	• Scotland Excel's tender documentation continues to include appropriate environmental considerations including, where appropriate, the weighting and scoring of emissions.
	• Develop and implement a model for considering 'whole life' costing within tender evaluations, including plans for monitoring costs over the lifecycle of products and services	G	• Scotland Excel's tender documentation continues to include appropriate cost evaluation to ensure that lifetime value is assessed.
	• Continue to support the collection, handling, treatment and recovery of value from waste by implementing new recyclable and residual waste arrangements which offer increased options for recycling and/or disposal and cover additional types of waste	B	• A dynamic purchasing system (DPS) for recyclable and residual waste was approved in February 2019 and includes 53 suppliers. This approach will allow councils full flexibility over their requirements for waste handling and will allow new entrants to the marketplace on an annual basis.
	• Develop plans for assessing and mitigating the environmental impact of Scotland Excel's activities	W	• Scotland Excel has now appointed a new Corporate Services Manager who took up his post in March 2019. Plans for assessing and mitigating the organisation's environmental impact will form part of his activities in 2018-19.
2.4 Lead and develop sustainable procurement knowledge and practice	• Produce an annual report on procurement activity in line with the requirements of the Procurement Reform (Scotland) Act 2014, providing support and guidance on reporting commitments to the local authorities	B	• An Annual Procurement Report for 2017-18 has been published in line with the requirements of the Procurement Reform (Scotland) Act 2014.
	• Continue to work with national partners on the development of sustainable procurement guidance and tools	G	• Scotland Excel has continued to engage with national partners through the Scottish Government's Best Practice Working Group throughout 2018-19. A workplans for 2019 has been agreed and will include sustainable procurement guidance for the Procurement Journey.

	• Develop plans to increase the local government sector's sustainable procurement knowledge and capability through the Scotland Excel Academy	W	• Sustainable procurement is embedded in the CIPS accredited course delivered through the Scotland Excel Academy, and will form part of a non-accredited 'introduction to procurement' course which will be available in 2019-20.
	• Develop and implement plans to promote sustainable procurement to elected members and senior officers to support a 'whole organisation' approach	W	• Plans to promote sustainable procurement to elected members and senior officers will form part of senior stakeholder engagement plans which will be developed in 2019-20.

Goa1 3: Placing people at the heart of our business

Strategic Objective	Commitment	RAG status	Progress summary
3.1 Ensure our customers continue to receive maximum value from our services	• Continue to develop Scotland Excel's account management services to ensure they deliver value to local authority procurement teams and support a positive customer experience for councils	G	• Scotland Excel's account managers are delivering a range of initiatives including change projects, PCIP assessments and practitioner workshops in addition to their quarterly business reviews. The team is also supporting the development of online management information tools for councils.
	• Explore further opportunities to use digital technologies to engage with customers and/or expand online 'self-service' facilities, incorporating the findings into Scotland Excel's ICT strategy and roadmap	G	• Following the successful implementation of self-service reports for social care information, Scotland Excel has been working on the delivery of self-service contract spend reports. User acceptance testing (UAT) will take place in early 2019-20 before rolling out to all relevant stakeholders.
	• Explore the feasibility of providing additional services requested by customers, incorporating the findings into future operational plans	W	• In 2018-19, Scotland Excel has focused on expanding the range of courses available through the Academy, extending the portfolio of small value contracts, developing a new build housing framework and delivering consultancy services to councils. An innovation model is being developed to support the identification of further new service opportunities in 2019-20.
	• Embed the outputs of Scotland Excel's stakeholder engagement project into customer and stakeholder engagement plans and activities, ensuring that these reflect the organisation's expanding customer base	A	• Work to expand and refresh customer and stakeholder engagement plans which was due to take place in Q4 has now been scheduled for the first quarter of 2019-20.
3.2 Engage stakeholders in the delivery of effective local solutions	• Develop a model for incorporating community engagement, where appropriate, into the development of procurement strategies	G	• Opportunities for stakeholder participation, including wider community engagement, are now reviewed as part of the governance process for procurement strategies. Scotland Excel has also contacted the Scottish Government to offer any support that may be required for the Review of Local Governance.

	• Continue to engage directly with service users, where appropriate, to ensure their needs are considered within service design	G	• Scotland Excel has continued to consider the involvement of service users, where appropriate, in contract development throughout 2018-19. Although opportunities have been limited this year, service users will once again by involved in the evaluation of meals for the upcoming community meals framework renewal in 2019-20.
	• Explore the feasibility of working with educational partners and/or suppliers to promote the benefits of procurement to pupils, incorporating the findings into future operational plans	G	• Scotland Excel is continuing to work with educational charity, Founders4Schools. In 2018-19, Scotland Excel staff attended seven school careers events through the charity and direct contact. An initiative is being explored which would provide an annual forum for head teachers to learn about educational frameworks and community benefits which may benefit their pupils.
3.3 Represent the collective views of stakeholders at a national level	• Review Scotland Excel's representation activities to ensure that these are targeted where they can have the greatest impact	A	• A review of national engagement activity will take place to ensure that resources are targeted effectively for the benefit of stakeholders. Originally scheduled for completion by December 2018, this will now take place in early 2019-20.
	• Establish a model for undertaking representation activities, including a clear feedback loop for customers and/or communities	W	• The model will be developed on completion of the review of national engagement activity. Outputs will be discussed with key stakeholders including the Scottish Local Government Procurement Forum (SLGPF) to ensure that national engagement activities undertaken by Scotland Excel incorporate local views.
	• Build on relationships with the Convention of Scottish Local Authorities (COSLA) and/or elected members to represent customers and communities in appropriate policy and political matters	G	• Scotland Excel has continued to engage with COSLA throughout 2018-19. Recent engagement has focused on the handover of the National Care Homes Contract (NCHC) which Scotland Excel will manage from April 2019. Further discussions are required on profit levels within the care cost model which underpins fee negotiations for this contract.

3.4 Implement policies which develop, empower, value and engage our workforce	• Continue to deliver Scotland Excel's organisational development strategy and rolling improvement plans, involving staff in the development of plans, policies and initiatives where appropriate	G	• Implementation of the organisational development (OD) strategy has continued throughout 2018-19. New approaches to recruitment and performance review and development (PRD) have been developed in response to staff feedback. Scotland Excel's Investors in People (IiP) assessment was completed in March 2019 and indications are that the organisation will achieve Silver accreditation. The findings from the IiP assessment will be explored with staff at a development day in June 2019, and will inform a refresh of the OD strategy in 2019-20.
	• Develop and implement a talent management programme to inspire and develop staff, increase Scotland Excel's capability, and support succession planning	W	• Following feedback from staff, plans for developing a talent management programme have been put on hold. In the meantime, staff are being encouraged to participate in Scotland Excel Academy programmes relevant to their role and aspirations.
	• Develop plans for agile working to create a productive working environment that benefits staff, Scotland Excel, and customers	G	• Technology solutions which support agile working are now in place and the number of hot desks available in the office has been increased. A review of telephony arrangements has been completed and a new solution will be implemented in May 2019. A policy to support agile working has been put in place for staff.

Goa1 4: Delivering sustainable and scalable growth

Strategic Objective	Commitment	RAG status	Progress summary
4.1 Implement a new governance model which supports scalable business growth	• Complete the review of Scotland Excel's governance and funding models, presenting recommendations to the Joint Committee for approval	B	• Scotland Excel will continue to operate its existing governance model in support of the 2018-23 strategy. Governance arrangements will continue be reviewed periodically to ensure they align with the organisation's ambitions.
	• Develop plans to implement the governance recommendations approved by the Joint Committee	B	• Governance and funding proposals to support the delivery of the 2018-23 strategy were approved by the Joint Committee in June 2018.
	• Implement appropriate funding models to support the delivery of new and existing services	G	• Income is being accrued through Academy, consultancy and associate member revenue. All new or renewed contracts in development are being assessed for rebate potential. Income from the new build housing framework is expected to be begin in Q4 of 2019-20. An income review board has being established to monitor revenue generation against targets, and reports on funding will be submitted to the Joint Committee.
4.2 Continue to maintain a robust business infrastructure to support our growth ambitions	• Review Scotland Excel's business infrastructure to ensure it can support the organisation's growth ambitions, developing plans for continuous improvement initiatives and to address any gaps in capacity and/or capability	G	• Scotland Excel has strategies and plans in place for the continuous development of key business areas including ICT and OD. Additional space has been secured in Renfrewshire House from April 2019 to accommodate growing staff numbers.
	• Develop a risk model for evaluating new business opportunities to assess their impact on internal resources and/or existing customers	W	• A new business evaluation model will be developed during 2019-20, and some exploratory work has been initiated to determine the organisation's risk appetite. In the meantime, Scotland Excel has refined its new business pitching process to ensure that a sufficient level of commitment is secured before detailed proposals are developed.

	• Continue to implement technology solutions which increase efficiency, support agile working and offer scalability for business growth	G	• The key focus of the ICT strategy in 2018-19 was to create a robust ICT infrastructure, including migration to a cloud server and virtualisation of key applications to support agile working and data retention. This has created solid foundations for further ICT development in 2019-20.
4.3 Use our knowledge and insight to identify new services and/or sectors which provide growth opportunities	• Review collaborative procurement and leading change solutions available in other public sector markets to identify potential business opportunities, reporting on the findings to inform future operational plans	G	• Scotland Excel has been undertaking competitive analysis as part of market opportunity reports for income-generating services. A comprehensive competitive review across all aspects of the organisation will be undertaken in 2019-20.
	• Continue to deliver procurement support to housing associations on behalf of the Scottish Government and develop plans to market additional Scotland Excel services which secure the long term sustainability of this service	G	• Scotland Excel completed 13 PCIP assessments with housing associations on behalf of the Scottish Government during Q4. Overall, engagement took place with 96 housing associations during the two-year programme, and 53 assessments were completed which covers one third of the sector and 62% of all housing stock. A further 19 housing associations completed a pre-assessment which provided them with a better understanding of public procurement. Scotland Excel will continue to offer support during 2019-20.
	• Continue to develop and market Scotland Excel's associate membership programme to maximise its commercial potential for the organisation and the benefits it provides to members	G	• Seven new associate members were recruited during 2018-19, generating an additional £18,260 in revenue from membership fees. A market opportunity report has been completed for the social housing sector and will inform plans for increasing associate membership within this and other sectors during 2019-20. Chargeable consultancy projects are being delivered for associate members, City Property and Cycling Scotland.

	• Continue to market Scotland Excel through traditional and social media, targeted communications activity and political engagement to support new business opportunities	G	• In 2018-19, marketing and communications campaigns were delivered to attract housing associations as associate members, promote participation in the new build housing tender to contractors, and raise awareness of Scotland Excel Academy programmes. Market opportunity reports are being produced to inform strategic marketing activities for income-generating products and services in 2019-20.
	• Identify opportunities arising for staff development through new business opportunities, fostering an understanding of commercial and entrepreneurial approaches across the organisation	G	• A number of staff are working on external consultancy projects as full-time team members while others are providing support for projects in specific areas. Senior Management Team members are now taking part in business development meetings with senior stakeholders.
4.4 Explore opportunities to work with partners on the development and delivery of new business opportunities	• Explore opportunities to work in partnership with other public sector bodies to increase internal efficiency and/or improve service delivery for customers, reporting on the findings to inform future operational plans	G	• Following the successful launch of a Professional Development Award (PDA) in project management, developed and delivered in partnership with the Improvement Service, a PDA in business analysis and innovation is now in development.
	• Continue to manage Scotland Excel's partnership with Crown Commercial Services (CCS) to ensure it is delivering against customer expectations, and explore opportunities to extend this partnership	G	• The CCS framework for vehicle purchases awarded in 2018-19 continues to work well. Scotland Excel has had significant input into the strategy for a new CCS vehicle leasing framework to ensure that it meets the needs of councils. This new framework goes live in the summer of 2019.
	• Design a model for providing procurement support to SEEMiS in line with the partnership agreement	G	• Scotland Excel has agreed with SEEMiS to provide procurement support for a range of projects until the end of March 2020. Priorities include a Management Information System (MIS) for early learning and childcare services, school text messaging and the second phase of the Next Generation MIS for schools.

Report Key	
W	Project not yet started
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 is progressing in line with expected/agreed timelines and results
B	Project completed

Key Performance Indicators

Outcomes	Key Performance Indicators	Year End Status
Our services shape the effective and efficient delivery of public services	• Number of contracts delivered v plan[1] • Value of contract portfolio v target	• 31 contracts delivered v 31 targeted • £1.02bn value v £1.4bn target
Our expertise leads continuous improvement in commercial performance	• Number of PCIP assessments delivered v plan • Number of Scotland Excel Academy courses v plan[2]	• 25 assessments delivered v 22 targeted • 49 courses delivered v 40 targeted
Our services facilitate the delivery of national and local policy priorities	• Tonnes of waste diverted from landfill through Scotland Excel contracts • Number of Scottish suppliers & percentage SMEs	• 44,092 tonnes (Oct to Dec 2018) • 524 Scottish suppliers of which 75.8% are SMEs
Our services enable positive and sustainable outcomes for people and communities	• Number of community benefits realised to date	• 629 jobs • 254 apprenticeships • 165 work placements • 61,313 hours work experience • 5,761 hours volunteering/mentoring • £902k value of other initiatives
Our insight and knowledge underpin innovative solutions for our customers	• Number of business change initiatives delivered v plan	• 3 initiatives delivered v 6 targeted
Our activities are recognised as leading the way in public procurement	• Media coverage v target • Number of speaking engagements v target	• 68 media items published v 60 targeted • 17 speaking engagements v 12 targeted
Our customers receive a measurable return on investment through savings	• Percentage savings achieved across the portfolio v target[3] • Savings achieved in the last quarter	• 4.2% savings v 2.5% target • £2.9m (Oct to Dec 2018)
Our customers are satisfied with our services and how we deliver them	• Customer satisfaction scores v target[4]	• 80% of respondents

Report issued: May 2019

[1] Contracts developed, renewed or extended

[2] Programmes, workshops and masterclasses

[3] Average savings during the strategy period (2018-23) excluding social care contracts

[4] Percentage of respondents reporting 'good' or 'very good' overall satisfaction in the most recent customer satisfaction survey (currently 2017)

SCOTLAND EXCEL

Scotland Excel

To: Joint Committee

On: 21 June 2019

Report
by
Director Scotland Excel

Operating Plan 2019-20

1.   Purpose of the report

In June 2018, Scotland Excel's Joint Committee approved a new five-year corporate strategy which is supported by annual operating plans. This report presents the organisation's Operating Plan 2019-20.

2.   Strategic planning process

Scotland Excel follows a robust strategic planning process to develop its corporate strategy and operating plans as illustrated in Figure 1 below.

The future vision of the organisation is supported by a mission statement, based on business capabilities, and the corporate values shared by all staff. Goals inform the direction of business activity, and each goal is further articulated through high level strategic objectives.

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

Figure 1

3.   Monitoring and reporting

Progress reports are produced quarterly to track Scotland Excel's performance. Half yearly and annual reports are submitted to Joint Committee meetings in December and June, with reports for the interim quarters submitted to the Executive Sub-Committee. The report also tracks performance against strategy outcomes using thirteen key performance indicators (KPIs).

4.   Recommendation

The members of the Joint Committee are requested to approve the proposed Operating Plan 2019-20.

Operating Plan

01 April 2019 – 31 March 2020

Introduction

Scotland Excel is the Centre of Procurement Expertise for the local government sector. Established in 2008, we deliver procurement and commercial solutions through a portfolio of high risk, high value collaborative contracts, professional development opportunities and organisational change initiatives which enhance the influence and impact of procurement across the sector.

Our contracts are designed to increase efficiency and ensure money is saved to protect front line public services. Our strategic approach to procurement supports innovation in service delivery, helps to deliver national and local policies, and brings social, economic and environmental benefits to communities.

Accredited professional development programmes and practitioner workshops, delivered through the Scotland Excel Academy, are designed to increase the skills and knowledge of those working in public procurement. Our change initiatives take a 'whole organisation' approach to best procurement practice, ensuring that it is considered in the development of policies and plans across all service areas.

In 2018, we published a new five year corporate strategy which builds on the achievements of our 2015-18 strategy and sets out our ambitions for supporting local authorities and public sector partners. Developed in consultation with key local government stakeholders, the strategy seeks to increase the value delivered by Scotland Excel and ensure the long-term sustainability and growth of our organisation.

Our vision is to be recognised as a leading provider of innovative, transformative procurement solutions for local and national public services across Scotland. We aim to achieve this by building on our strategic procurement expertise and experience of developing collaborative solutions which support better outcomes for Scotland's people and communities.

The strategy map on page 3 provides an overview of the business goals and strategic objectives which support our aim. The full strategy document is available to download from our website.

To support the strategy, we develop annual operating plans which record the commitments we will undertake to achieve our business goals. Each year, the plan is used to set priorities and develop detailed action plans for the organisation, which are cascaded as annual performance objectives for employees.

This document records the commitments we will deliver in 2019-20 to help us achieve each of our four goals and strategic objectives. Reports are issued quarterly to record our progress against these commitments, and a set of key performance indicators (KPIs) monitor ongoing delivery against our strategy outcomes.

Strategy Map

Vision

To provide innovative, transformative solutions for local and national public services across Scotland

Mission

To make the most of our strategic **procurement expertise** and our experience of developing **collaborative solutions** which support **better outcomes** for Scotland's people and communities through **early intervention** and the delivery of **sustainable public services**

Values

Professional • Courageous • Respectful • Integrity

Outcomes

Our services shape the effective and efficient delivery of public services	Our services facilitate the delivery of national and local policy priorities	Our insight and knowledge underpin innovative solutions for our customers	Our customers receive a measurable return on investment through savings
Our expertise leads continuous improvement in commercial performance	Our services enable positive and sustainable outcomes for people and communities	Our activities are recognised as leading the way in public procurement	Our customers are satisfied with our services and how we deliver them

Goals

1: Shaping solutions for innovative public services	2: Being sustainable in everything we do	3: Placing people at the heart of our business	4: Driving sustainable and scalable growth
Strategic objectives:	**Strategic objectives:**	**Strategic objectives:**	**Strategic objectives:**
1.1 Deliver a programme of collaborative procurement to support early intervention and the delivery of public services	2.1 Deliver positive and measurable social value through our contracts	3.1 Ensure our customers continue to receive maximum value from our services	4.1 Implement a new governance model which supports scalable business growth
1.2 Deliver programmes which lead and develop professional, organisational and commercial capability	2.2 Deliver positive and measurable local impact through SME and third sector participation in our contracts	3.2 Engage stakeholders in the delivery of effective local solutions	4.2 Continue to maintain a robust business infrastructure to support our growth ambitions
1.3 Harness the potential of digital technology and data insight to support the delivery of public services	2.3 Deliver positive and measurable environmental benefits through our contracts	3.3 Represent the collective views of stakeholders at a national level	4.3 Use our knowledge and insight to identify new services and/or sectors which provide growth opportunities
1.4 Use our insight and experience to shape policy and meet the challenges of future public service delivery	2.4 Lead and develop sustainable procurement knowledge and practice	3.4 Implement policies which develop, empower, value and engage our workforce	4.4 Explore opportunities to work with partners on the development and delivery of new business opportunities

Progress against outcomes

During 2018-19, our activities achieved the following outcomes.

Our services shape the effective and efficient delivery of public services	**Our expertise leads continuous improvement in commercial performance**
• Dynamic Purchasing System (DPS) for recyclable and residual waste delivered to support environmental services • Engaged with partners and providers to agree a new approach to the procurement of care and support services • Engaged with providers to agree a care cost model for older people's care home services	• Scotland Excel Academy expanded to include advanced procurement practitioner and project management programmes • Business change and transformation projects delivered for Aberdeen City, East Renfrewshire and Fife Councils • Procurement & Commercial Improvement Programme (PCIP) assessments delivered for 53 housing associations over two years
Our services facilitate the implementation of national and local policy priorities	**Our services enable positive and sustainable outcomes for people and communities**
• Funding secured to develop procurement guidance which supports the expansion of early learning and childcare provision • New contract for energy advice services will help councils and housing associations reduce fuel poverty • Tender for new build residential housing framework issued to support the delivery of affordable new homes	• Community benefits delivered 125 jobs, 22 apprenticeships and 30 work placements in the first six months of 2018-19 • £339m spend with Scottish-based suppliers during 2018, 67% of which was with SMEs • Supported business, Scotland's Bravest Manufacturing Company, has achieved over £1m of business from national frameworks
Our insight and knowledge underpin innovative solutions for our customers	**Our activities are recognised as leading the way in public procurement**
• Procurement support provided to SEEMiS to support the delivery of national education software solutions • Partnered with the Digital Office to hold a successful event aiming to accelerate digital transformation in local government • First phase of a new spend data analysis system implemented to improve contract management information and insight	• Winner of two awards – Scottish Public Service Award for the care cost modelling and GO Award Scotland for the Academy • Scotland Excel staff invited to speak at 17 events and conferences • MSPs and senior stakeholders attended a parliamentary reception celebrating 10 Years of Scotland Excel
Our customers receive a measurable return on investment through savings	**Our customers are satisfied with our services and how we deliver them**
• Average savings on contracts delivered, renewed or extended in 2018-19 was 4.2% against a 2.5% target • Estimated savings of £12.4 million delivered in 2018 – more than 3.5 times the investment made by council though membership fees • Indexation modelling is being rolled out to the sector as a tool to support contract management price negotiations	• Online resources developed to provide stakeholders with access to a wide range of social care information • Account management services expanded to incorporate the delivery of assessments, business change initiatives and workshops • New 'self service' management information resource in development in response to requests from council procurement teams

Key priorities for 2019-20

Overview of the key commitments we will undertake this year:

Goa1 1:   Shaping solutions for innovative public services

- Complete the award of the new build residential housing framework
- Embed ownership of the National Care Home Contact (NCHC)
- Complete the delivery of the care and support framework
- Continue to deliver business change initiatives, projects and programmes for the sector and councils
- Continue to expand the range of programmes and workshops available through the Scotland Excel Academy
- Work with the Digital Office to accelerate the pace of digital transformation across the sector
- Continue to influence national and local policy priorities for social care, education, affordable housing and the environment

Goa1 2:   Being sustainable in everything we do

- Monitor the proportion of Scotland Excel suppliers paying their staff the Scottish Living Wage
- Continue to work with the Supplier Development Programme (SDP) to encourage SME tender participation
- Continue to identify direct and supply chain opportunities for Scottish SMEs and contractors
- Develop plans to assess and mitigate Scotland Excel's carbon footprint
- Continue to consider 'whole life' costing within tender evaluations
- Continue to work with national partners on the development of sustainable procurement guidance and tools
- Develop plans to increase the sector's sustainable procurement capability

Goa1 3:   Placing people at the heart of our business

- Continue to develop Scotland Excel's account management services
- Implement new digital technologies for customer engagement and services
- Explore the feasibility of providing additional services requested by customers
- Continue to engage with communities and service users in the development of procurement strategies
- Continue to engage with schools to promote the value of procurement to communities
- Implement a new model for representing the views and requirements of stakeholders
- Refresh and deliver Scotland Excel's organisational development strategy
- Continue to deliver development opportunities for Scotland Excel staff

Goa1 4:   Driving sustainable and scalable growth

- Monitor income to ensure the successful delivery of Scotland Excel's new funding model
- Continue to improve Scotland Excel's business and ICT infrastructure
- Develop a risk model for assessing new business opportunities
- Continue to provide services to housing associations
- Implement plans to expand associate membership
- Develop effective marketing campaigns to support income generation targets
- Identify opportunities to create new public sector partnerships
- Continue to develop existing partnerships with Crown Commercial Services (CCS), SEEMiS and the Digital Office.

Goa1 1: Shaping solutions for innovative public services

Strategic Objective	Commitment
1.1 Deliver a programme of collaborative procurement to support early intervention and the delivery of public services	• Continue to engage directly with local authority services to identify new collaborative procurement opportunities • Complete the tender process for a new build residential housing framework on behalf of participating local authorities and market this effectively to local authorities and housing associations • Embed ownership for the National Care Home Contract (NCHC) within Scotland Excel and refresh the approach to this contract based on the implementation of the NCHC Cost Model © • Complete the delivery of a framework for adult care and support services and secure sustainable funding for ongoing management of this contract • Complete the Scottish Government funded project to deliver guidance, procurement templates, and terms and conditions to support the expansion of early learning and childcare provision • Continue to develop and deliver contract and supplier management (CSM) and key supplier management (KSM) programmes which monitor and enhance the performance of Scotland Excel contracts • Continue to identify opportunities to lead and/or participate in national cross-sector procurement opportunities and initiatives with partners in health, further and higher education, and central government • Continue to inform and support national procurement policy in consultation with the local government procurement community
1.2 Deliver programmes which lead and develop professional, organisational and commercial capability	• Complete the second cycle of Procurement & Commercial Improvement Programme (PCIP) assessments for all local authorities • Develop and deliver a targeted programme of sector-wide change projects based on development needs identified by the second cycle of PCIP assessments • Continue to deliver the chargeable consultancy projects and transformation programmes for Fife Council, East Renfrewshire Council and the Tayside councils, and respond to any further requests for these types of services • Continue to develop and deliver accredited work-based learning programmes through the Scotland Excel Academy • Develop and deliver a programme of non-accredited practice workshops through the Scotland Excel Academy • Continue to develop Scotland Excel Academy online resources to support learning programmes and create a community platform for sharing best practice

1.3 Harness the potential of digital technology and data insight to support the delivery of public services	• Continue to provide ICT procurement services for the Digital Office for Scottish Local Government, engaging proactively with stakeholders to accelerate a collaborative approach to the adoption of digital technologies • Continue to develop data analytic tools and resources to support the expansion of the contract portfolio and provide management information to the sector • Complete negotiations with providers on rates of return to enable implementation of the NCHC Cost Model © which supports the delivery of affordable and sustainable social care services • Continue to develop and share access to Indexation Modelling to track market influences on costs • Develop plans to roll out data analytic tools to staff across the organisation
1.4 Use our insight and experience to shape policy and meet the challenges of future public service delivery	• Continue to work with the Scottish Government, COSLA and other partners to support the development and/or delivery of national policy in social care • Continue to work with the Scottish Government and other partners to support the development and/or delivery of education policies such as early learning provision, pupil attainment funding, and procurement for school meals • Continue to work with the Scottish Government, Association of Local Authority Chief Housing Officers (ALACHO) and other partners to support the development and/or delivery of national policy in affordable housing • Continue to work with the Scottish Government, Zero Waste Scotland and other partners to support the development and/or delivery of national environmental policy • Develop and deliver a calendar of communications activities which promotes our knowledge and experience in support of our policy and public affairs goals • Explore the feasibility of becoming a Scottish Credit & Qualifications Framework (SCQF) Credit Rating Body to support the expansion of the Scotland Excel Academy and position it as a future provider of Graduate Apprenticeships

Goa1 2: Being sustainable in everything we do

Strategic Objective	Commitment
2.1 Deliver positive and measurable social value through our contracts	• Continue to monitor the proportion of Scotland Excel suppliers paying their staff the Scottish Living Wage and identify any opportunities to increase this • Continue to embed community benefit models which enable councils to achieve direct benefits for their areas • Continue to support opportunities for disabled/disadvantaged workers through community benefits and/or the participation of supported businesses and the third sector within our supply chain
2.2 Deliver positive and measurable local economic impact through SME and third sector participation in our contracts	• Continue to work with the Supplier Development Programme (SDP) to raise awareness of public procurement opportunities and encourage participation among Scottish SMEs • Continue to increase direct and supply chain opportunities for Scottish SMEs and contractors within Scotland Excel contracts, particularly within the construction portfolio • Continue to encourage housing associations to consider the local economic impact they can deliver through the use of Scotland Excel contracts
2.3 Deliver positive and measurable environmental benefits through our contracts	• Continue to encourage suppliers to Scotland Excel contracts to consider opportunities to increase recycling of their products and packaging and/or reduce their carbon footprint • Continue to consider 'whole life' costing within tender evaluations • Develop plans for assessing and mitigating the environmental impact of Scotland Excel's activities
2.4 Lead and develop sustainable procurement knowledge and practice	• Produce an annual report on 2018-19 procurement activity in line with the requirements of the Procurement Reform (Scotland) Act 2014 • Monitor the progress and publication of annual procurement reports within the local government sector, providing support and guidance to councils as required • Continue to work with national partners on the development of sustainable procurement guidance and tools • Continue to develop opportunities to increase the local government sector's sustainable procurement knowledge and capability through the Scotland Excel Academy • Develop plans to promote sustainable procurement to elected members and senior officers to support a 'whole organisation' approach

Goa1 3: Placing people at the heart of our business

Strategic Objective	Commitment
3.1 Ensure our customers continue to receive maximum value from our services	• Continue to develop Scotland Excel's account management services to ensure they deliver value to local authority procurement teams and support a positive customer experience for councils • Continue to explore further opportunities to use digital technologies to engage with and/or provide online 'self-service' to customers, incorporating the findings into Scotland Excel's ICT strategy and roadmap • Explore the feasibility of providing additional services requested by customers, incorporating the findings into future operational plans • Embed the outputs of Scotland Excel's stakeholder engagement project into all engagement plans and activities, ensuring that these reflect the organisation's expanding customer base
3.2 Engage stakeholders in the delivery of effective local solutions	• Continue to incorporate community engagement, where appropriate, into the development of procurement strategies • Continue to engage directly with service users, where appropriate, to ensure their needs are considered within service design • Continue to work with educational partners and/or suppliers to promote the benefits of procurement to pupils
3.3 Represent the collective views of stakeholders at a national level	• Review Scotland Excel's representation activities to ensure that these are targeted where they can have the greatest impact • Establish a model for undertaking representation activities, including a clear feedback loop for customers and/or communities • Continue to build on relationships with the Convention of Scottish Local Authorities (COSLA) and/or elected members to represent customers and communities in appropriate policy and political matters
3.4 Implement policies which develop, empower, value and engage our workforce	• Refresh Scotland Excel's organisational development strategy to incorporate feedback from Investors in People, involving staff in the development of plans, policies and initiatives where appropriate • Develop and implement talent management initiatives to inspire and develop staff, increase Scotland Excel's capability, and support succession planning • Complete and embed plans for agile working to create a productive working environment that benefits staff, Scotland Excel, and customers

Goa1 4: Driving sustainable and scalable growth

Strategic Objective	Commitment
4.1 Implement a new governance model which supports scalable business growth	• Continue to implement appropriate funding models to support the delivery of new and existing services, monitoring income and providing regular reports to the joint committee
4.2 Continue to maintain a robust business infrastructure to support our growth ambitions	• Continue to monitor Scotland Excel's business infrastructure to ensure it can support the organisation's growth ambitions, developing plans for continuous improvement and to address any gaps in capacity and/or capability • Develop a risk model for evaluating new business opportunities to assess their impact on internal resources and/or existing customers • Continue to implement technology solutions which increase efficiency, support agile working and offer scalability for business growth
4.3 Use our knowledge and insight to identify new services and/or sectors which provide growth opportunities	• Review collaborative procurement and leading change solutions available in other public sector markets to identify potential business opportunities, reporting on the findings to inform future operational plans • Continue to deliver procurement support to housing associations and implement plans to market additional services to this sector • Continue to develop and market Scotland Excel's associate membership programme to maximise its commercial potential for the organisation and the benefits it provides for members • Continue to market Scotland Excel through traditional and social media, targeted communications activity and political engagement to support new business opportunities • Continue to identify opportunities arising for staff development through new business opportunities, fostering an understanding of commercial and entrepreneurial approaches across the organisation
4.4 Explore opportunities to work with partners on the development and delivery of new business opportunities	• Continue to explore opportunities to work in partnership with other public sector bodies to increase internal efficiency and/or improve service delivery for customers, reporting on the findings to inform future operational plans • Continue to manage Scotland Excel's partnership with Crown Commercial Services (CCS) to ensure it is delivering against customer expectations, and explore opportunities to extend this partnership • Continue to provide procurement support to SEEMiS in line with the partnership agreement

Key performance indicators

Key activities we will monitor to assess our ongoing performance against outcomes in the operating plan:

Outcomes	Key Performance Indicators	2019-20 Target[1]
Our services shape the effective and efficient delivery of public services	• Number of contracts delivered v plan[2] • Value of contract portfolio v target	• 38 contracts • £1.9bn portfolio value
Our expertise leads continuous improvement in commercial performance	• Number of PCIP assessments delivered v plan • Number of Scotland Excel Academy courses v plan[3]	• 7 assessments • 88 courses
Our services facilitate the delivery of national and local policy priorities	• Tonnes of waste diverted from landfill through Scotland Excel contracts • Number of Scottish suppliers & percentage SMEs	• No target • No target
Our services enable positive and sustainable outcomes for people and communities	• Number of community benefits realised to date	• No target • No target
Our insight and knowledge underpins innovative solutions for our customers	• Number of business change initiatives delivered v plan	• 6 initiatives
Our activities are recognised as leading the way in public procurement	• Media coverage v target • Number of speaking engagements v target	• 60 published media items • 20 speaking engagements
Our customers receive a measurable return on investment through savings	• Percentage savings achieved across the portfolio v target[4] • Savings achieved in the last quarter	• 2.5% rolling target (2018-23) • No target
Our customers are satisfied with our services and how we deliver them	• Customer satisfaction scores v target[5]	• 80% of respondents

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[1] KPIs are monitored without targets where Scotland Excel cannot directly influence performance

[2] Contracts developed, renewed or extended

[3] Programme modules and practice workshops

[4] Excluding social care contracts

[5] Percentage of respondents reporting 'good' or 'very good' overall satisfaction in the 2019 customer satisfaction survey

Scotland Excel

To: Joint Committee

On: 21 June 2019

**Report
by
Director Scotland Excel**

Annual Procurement Report

1 Introduction

Where a public organisation is required to prepare a procurement strategy or review an existing one, for example, it has an estimated total value of regulated procurement spend of £5 million or more (excluding VAT) in a financial year, it must also publish an annual procurement report. The Procurement Reform (Scotland) Act 2014 sets out what, as a minimum, each annual procurement report must contain.

The annual procurement report should be relevant and proportionate, providing transparency of its purchasing activities. The statutory guidance states that an annual procurement report must address all the matters contained in an organisations procurement strategy.

The annual procurement report must be published as soon as reasonably practicable after the end of the financial year. Scotland Excel's second annual procurement report to be published will be based on the 2018-2019 financial year (for Scotland Excel this is 1 April 2018 – 31 March 2019).

2 Annual Report on Procurement in Scotland

The 2014 Act also requires Scottish Ministers to publish an annual report on procurement activity in Scotland; the first such report was published on 4 April 2019. It provides an overview of public procurement activity and is informed by the individual annual procurement reports published by contracting authorities in Scotland. This report does not touch on all areas where public procurement can have an impact, but it does support increased transparency and visibility of public procurements.

The timing of the publication of individual annual procurement reports is an important consideration in the preparation of the Scottish Ministers' annual report on procurement activity in Scotland. This is because the Ministers' report will be based on information contained within annual procurement reports published by individual

contracting authorities.

Based upon experience of reports published by contracting authorities during 2018, annual procurement reports are expected to be to be published no later than five months following the end of the authority's financial year. For Scotland Excel this means the its annual procurement report for the 2018-2019 financial year will be published no later than the end of August.

3   Legislative Requirements

The Procurement Reform (Scotland) Act 2014 lists the minimum requirements that the annual procurement report must contain, as follows:

(a) a summary of the regulated procurements that have been completed during the year covered by the report,

(b) a review of whether those procurements complied with the authority's procurement strategy,

(c) the extent that any regulated procurements did not comply, a statement of how the authority intends to ensure that future regulated procurements do comply,

(d) a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report,

(e) a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report,

(f) a summary of the regulated procurements the authority expects to commence in the next two financial years,

(g) such other information as the Scottish Ministers may by order specify

4   Scotland Excel's Annual Procurement Report

The report that Scotland Excel has prepared in order to meet the requirements of the Procurement Reform (Scotland) Act 2014 is given at Annex A.

5   Conclusion/Recommendation

Committee members are requested to note the content of this report and approve publication, on the Scotland Excel Website, of the Annual Procurement Report as given at Annex A.

Scotland Excel

Annual Procurement Report

(1 Apr 2018 – 31 March 2019)

June 2019

Contents

Introduction

Scotland Excel Annual Procurement Report 2018/19

Introduction

Scotland Excel is the Centre of Procurement Expertise for the local government sector. Established in 2008, we are a leading non-profit shared service funded by Scotland's 32 local authorities.

Our contract portfolio, the value of which exceeds £1bn, supports the delivery of social care, construction, roads, transport, environment, corporate, education and ICT services. A strategic approach ensures contracts are designed to encourage innovation, facilitate policy, support local economies and generate social value for communities.

Scotland Excel strictly adhere to their duties as laid down by the Procurement Reform (Scotland) Act 2014 ("the Act"). Section 18 of the Act mandates any public organisation who is required to publish a procurement strategy to prepare an annual procurement report.

This annual procurement report will review the latest Procurement Strategy published by Scotland Excel in June 2018 and evaluate the organisations procurement activity. The report further supports Scotland Excel's commitment to transparency within its procurement activity and documents our performance against our objectives and strategic targets.

Scotland Excel's current Procurement Strategy sets out the strategic direction for its procurement activity and details the context in which Scotland Excel will work to ensure that its procurement delivers value for money and directly contributes to the achievement of its aims and objectives. Together with its Sustainable Procurement Strategy and respective Category Strategies it reflects the Scottish Model of Procurement. It also demonstrates how Scotland Excel ensures it has considered the wider social, economic and environmental aims of procurement in a consistent manner as required by the sustainable procurement duty under the Act. Scotland Excel's Procurement Strategy is also clear on how it will contribute to meeting the general duties in the Act.

Scotland Excel has published its Annual Procurement Report on its website http://www.scotland-excel.org.uk/.

Section 1 Summary of Regulated Procurements Completed

Section 18(2) of the Procurement Reform (Scotland) Act 2014 requires organisations to include: "a summary of the regulated Procurements that have been completed during the year covered by the report".

A regulated procurement is completed when the award notice is published or where the procurement process otherwise comes to an end. This includes contracts and framework agreements.

The principle of transparency requires an organisation to approach its public procurements in an open and inclusive manner. Scotland Excel has at present sixty-eight live framework agreements. These frameworks are aligned to Councils' requirements and are established on their behalf. Appendix 1- Part 1 provides a high-level summary of the regulated procurements Scotland Excel has completed between 1 Apr 2018 and 31 March 2019. As required Appendix 1 includes:

- The date of award
- The name of the supplier
- The subject matter
- Estimated value of the framework
- The start date
- The end date

In addition, Appendix 1 – Part 2 shows suppliers appointed to the dynamic purchasing system (DPS) established in 2018/19 for the Treatment and Disposal of Recyclable and Residual Waste.

Section 2 Review of Regulated Procurement Compliance

Section 17 of the Act requires all regulated procurements to be carried out in line with the organisations procurement strategy. Section 18(2) states that an annual procurement report must include "a review of whether those procurements complied with the authority's procurement strategy" and "the extent to which any regulated procurements did not comply, and a statement detailing how the organisation will ensure that future regulated procurements do comply".

Prior to the commencement of any procurement exercise a commodity strategy is developed. Commodity strategies are reviewed as part of Scotland Excel's established governance procedures. This involves review at contract steering groups, by various members of management to ensure commodity strategies reflect and adhere to the values and principles set out in the overall Procurement Strategy. Throughout the Procurement Journey individual commodity exercises are reviewed, evaluated and monitored at contract steering groups before proceeding to the next stage in the procurement process. Commodity strategies reflect the Scotland Excel Procurement Strategy and ensure that procurement exercises follow a journey that embeds our organisations principles, values and objectives.

The Contract Steering Group is responsible for governance of each appointed milestone of the procurement process from contract initiation through to contract termination/expiration in line with the Governance Gateways (outlined in bold in Appendix 2).

These Governance Gateways are designed to accommodate the EU Open and Restricted Procedures and Regulated Procurements as defined by the Act.

This methodology represents and ultimately ensures that all regulated procurements align with the Procurement Strategy. Furthermore, our approach to strategic procurement in this way maximises the added value potential in each and every procurement exercise.

Scotland Excel has reviewed the commodity strategy template to incorporate best practice and it includes updated consideration of areas such as Fair Work Practices and Equality. We continually strive to strengthen and develop our internal governance structures and recognise that the strategy development stage is crucial in the creation of our framework agreements. It is at this stage that we conduct extensive market consultation and stakeholder engagement to promote involvement and undertake comprehensive market analysis.

Key success factors are established in consultation with our members. Financial savings targets for each procurement exercise are projected at the strategy stage and suppliers are obliged to provide detailed spend information. Through effective contract management, quantitative and qualitative aspects are monitored and reviewed. Performance against our strategy and objectives for 2018/19 is given at Appendix 3.

Section 3 – Community Benefits Summary

Section 18(2) of the Act states that it is mandatory for an annual procurement report to include "a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report".

Community benefit clauses provide a means of achieving sustainability in public contracts. They include targeted recruitment and training, small business and social enterprise development and community engagement. The requirement to include community benefits in the delivery of goods and services is an integral element within Scotland Excel frameworks.

Scotland Excel incorporate community benefits in its procurement activities to promote and encourage sustainability. It is widely recognised that in doing so we contribute to the delivery of social and environmental benefits. Tenderers are required to make a community benefits submission in respect of the spend they will receive through access to the relevant framework and this is monitored throughout the duration of the framework agreement. The system used to capture and record community benefits has been reviewed and fully addresses the requirements of the statutory guidance made under the Procurement Reform (Scotland) Act 2014, and supports the ongoing drive to deliver sustainable procurement.

Community benefits information is collected from suppliers on a six-monthly basis. Scotland Excel's process requires suppliers who receive spend, in excess, of £50,000 over the preceding two quarters to produce a detailed breakdown of the community benefits they provide. The information provided for the last financial year (2018/19) has been collated and is as follows:

No. of Apprentices   34

No. of New Jobs   280

No. of Work Placements   107

Hours of Volunteering   803

Hours of Work Experience   667

Value of other Community Benefits   £437,443

This return is vital for the reporting of social and environmental benefits resulting from the procurement activity conducted by Scotland Excel. Our methodology provides a platform for suppliers to demonstrate the commitment they make at the tender stage and to realise their full economic potential. 'Other Community Benefits' encompass a range of benefits including donations and sponsorships of various clubs and community organisations. From our most recent community benefit return results continue to be extremely positive and demonstrates Scotland Excel's commitment to maximising community benefits from frameworks for works, goods and services in which Scotland Excel members have an interest. This approach evidences fulfilment of community benefits and recognises community benefits should improve the economic, social or environmental wellbeing of specific local authority areas.

Additionally, community benefits are reviewed with suppliers at contract management review meetings and routinely reported to local authority procurement managers.

Section 4 – Supported Businesses Summary

Section 18(2) of the Act requires organisations to summarise steps taken to facilitate the involvement of supported businesses in regulated procurement. Scotland Excel recognises that supported businesses provide a crucial contribution to the Scottish economy.

Supported businesses are defined as: *"an economic operator whose main aim is the social and professional integration of disabled or disadvantaged persons where at least 30% of the employees are disabled or disadvantaged"*. Contracts may be reserved for those businesses meeting these criteria

At Scotland Excel the involvement of supported businesses in regulated procurements is considered at the strategy development stage. As commodity strategies are mandatory for all regulated procurements undertaken by Scotland Excel, the involvement of supported businesses is therefore considered in all regulated procurements.

Within the portfolio of contracts reviewed in 2018/19 no contracts were reserved for supported businesses in 2018/19. However in line with our sustainable procurement duty and procurement strategy all procurement exercises undertake a sustainability assessment. Due diligence in this way means evaluations are conducted to determine ways in which sustainability, including the use of supported businesses can be maximised.

We are always looking for appropriate ways to include supported businesses in our frameworks as demonstrated by the appointment Scotland's Bravest Manufacturing Company within our Roads Signage Materials Framework.

With a view to creating opportunities specifically for supported businesses within the furniture and furnishings market as part of our latest generation domestic furniture and furniture framework marked we engaged with the British Association of Supported Employment (BASE) and this resulted in substantial sub-contracting opportunities within the supply chain.

On the Personal Protective Equipment Framework (PPE) framework, five suppliers have partnership relationships with three supported businesses.

Scotland Excel firmly believe that supported businesses can make a key contribution to local impact, are vital to the Scottish economy and that they provide essential job opportunities for disabled and disadvantaged people within our communities which enable them to become more independent, while also delivering a range of excellent goods and services.

Scotland Excel will continue to work with councils and suppliers to promote working relationships with their local supported business.

Section 5 – Future Regulated Procurements Summary

Section 18(2) of the Act states it is mandatory that an annual procurement report must include "a summary of the regulated procurements the authority expects to commence in the next two financial years."

Scotland Excel uphold the values of transparency and proportionality to encourage competition and to achieve better value for money. Scotland Excel will continue to engage and communicate appropriately, to give suppliers advance notice of future opportunities.

Scotland Excel plans to commence around forty-four regulated procurements over the next two financial years however these are subject to change. Details of these anticipated contract requirements are shown in Appendix 4.

Section 6 – Other Content for Consideration

At Scotland Excel, we are leaders of change. Over the past eleven years, we have helped to raise the profile of procurement in local authorities by championing its potential to shape markets, support policy priorities and, ultimately, ensure the sustainable delivery of the services that every community needs.

Our services are designed to help councils meet the twin challenges of reducing budgets at a time of growing demand. Collaborative procurement increases efficiency and ensures money is saved to protect front line services. By working together through Scotland Excel, councils can realise a host of social, economic and environmental benefits from their spend.

Scotland Excel also offers an award-winning learning and development programme, and provides assessment, consultancy and improvement services to help councils transform their procurement capability. We represent the sector at a national level on all matters relating to public procurement and provide procurement support for a range of national sector initiatives including the Scottish Government's Affordable Housing Supply Programme (AHSP).

Our vision is: To provide innovative, transformative solutions for local and national public services across Scotland.

Our Mission is: To make the most of our strategic procurement expertise and our experience of developing collaborative solutions which support better outcomes for Scotland's people and communities through early intervention and the delivery of sustainable public services

The following principles, which were developed by staff from across the organisation, guide our approach to our work.

- Professional - We establish goals and objectives to achieve excellence and demonstrate leadership in everything we do.
- Courageous - We listen with an open mind and respond honestly and constructively.
- Respectful - We achieve the best possible outcomes through our determination, resilience and innovation.
- Integrity - We are transparent and fair in all our actions securing trust and building confidence.

At Scotland Excel, we are committed to demonstrating innovation and continuous improvement in everything we do. We are delighted to have won a number of awards for our work. We also hold a number of accreditations which reflect our commitment to best practice in procurement, organisational development and workforce matters.

CIPS Corporate Certification Standard - This award signifies that we have all the procurement governance mechanisms in place for effective supply assurance and compliance.

Investors in People (IIP) - IiP is a UK government initiative, providing a best practice people management standard, and is regarded as an indication that Scotland Excel is a great employer, an outperforming place to work and has a clear commitment to sustainability.

Chartered Management Institute Approved Centre- Scotland Excel is an approved centre for the delivery and assessment of CMI leadership and management qualifications.

Living Wage - Scotland Excel is proud to be a Living Wage employer. Living wage is a voluntary hourly rate of £9.00 an hour set independently and updated annually, calculated according to the basic cost of living in the UK.

Appendix 1

Procurements Completed

Procurements completed (by start date) 01 Apr 2018 - 31 Mar 2019

Award Date	Short Contract Title	Total Contract Value	Start Date	End Date	Supplier Name	Sch No.
12/04/2018	Fire Safety Products	£10,000,000.00	16/04/2018	15/04/2020	Chubb Fire & Security Limited	1617
					Core Fire Limited	1617
					Invincible Security Ltd	1617
					M & S Fire Protection (glasgow) Limited	1617
					Walker Fire (uk) Ltd	1617
25/04/2018	Children's Residential	£421,600,000.00	01/05/2018	30/04/2022	A Wilderness Way	0517
					Abbeyfield Lodge Limited	0517
					Aberdeen Association Of Social Services (trading As Vsa)	0517
					Aberlour Child Care Trust	0517
					Applied Care And Development Limited	0517
					Archway (Respite Care & Housing) Limited	0517
					Ardfern Ltd Ta Ardfern Learning Centre Ta Ardfern School	0517
					Bachlaw Limited	0517
					Balnacraig School	0517
					Barnardo's	0517
					Cairn Mhor Childcare Partnership Ltd	0517
					Camphill Rudolf Steiner Schools Limited	0517
					Capability Scotland	0517
					Care 4 Children Residential Services Ltd	0517
					Care Visions Group Limited	0517
					Church Of Scotland (trading As Crossreach)	0517
					Common Thread Limited	0517
					East Park School	0517
					Harmeny Education Trust Ltd	0517
					Hillcrest Childrens Services Ltd	0517
					Hillside School (aberdour) Limited	0517
					House Of Falkland Ltd Ta Falkland House School	0517
					Inspire Scotland Ltd	0517
					Julia Stewart Ltd	0517
					Kibble Education & Care Centre	0517
					Mirren Park Ltd Ta Mirren Park School	0517
					Moore House School Limited	0517
					Priory Education Services Limited	0517
					Quarriers	0517
					Radical Services Limited	0517
					Roc Northwest Limited	0517
					Rossie Young Peoples Trust (Rossie Secure Accommodation Services)	0517
					Royal Blind Asylum & School	0517
					Scottish Autism	0517
					Seamab	0517
					Sense Scotland	0517
					Spark Of Genius (training) Limited	0517
					Speyside Trust	0517
					St Philips School Plains	0517
					Stepdown	0517
					The Governors Of The Donaldson Trust Known As The Donaldson Trust	0517
					The Mungo Foundation	0517
					The New School Butterstone	0517
					The Scottish Centre For Children With Motor Impairments	0517

					Up-2-us	0517
					Young Foundations Known As The Red House	0517
01/06/2018	Power Tools	£2,500,000.00	17/06/2018	16/02/2021	Cmt Equipment Ltd T/a Cmt Group	0218
					Decco Limited t/a White Milne	0218
					Gibb & Beveridge (engineering Agencies) Ltd	0218
					J. G. Martin Plant Hire Limited	0218
					Jewsons (May Trade Under Other Name for Each Contract)	0218
					Kelvin Powertools Ltd	0218
					MacGregor Industrial Supplies Ltd	0218
					S.i.i.s. Limited	0218
18/07/2018	Roadstone	£20,000,000.00	01/07/2018	30/06/2022	Beatsons Building Supplies Ltd	2817
					Breedon Northern Limited	2817
					Cemex UK Materials Limited	2817
					D. Geddes (contractors) Limited	2817
					Fleximix Concrete Ltd	2817
					Hillhouse Quarry Group Ltd	2817
					John Gunn & Sons Limited	2817
					Leiths (scotland) Ltd	2817
					Macdonald Groundworks Ltd	2817
					Pat Munro (alness) Limited	2817
					Patersons Of Greenoakhill Limited	2817
					Tarmac Trading Limited	2817
					Tillicoultry Quarries Limited	2817
					William Thompson & Son (dumbarton) Limited	2817
01/07/2018	Salt for Winter Maintenance	£65,000,000.00	01/07/2018	30/06/2022	Compass Minerals Uk Ltd	2917
					Delmon Uk Limited	2917
					Glasdon UK Ltd	2917
					Icl Uk (sales) Limited	2917
					J C Peacock & Co Ltd (T/A Peacock Salt)	2917
					Maklad International Limited	2917
					Salt And Grit Solutions Limited	2917
					The Irish Salt Mining & Exploration Company (T/A Salt Sales Company)	2917
					Wm Hamilton & Sons Limited	2917
27/07/2018	Social Care Agency Workers	£80,000,000.00	01/08/2018	31/07/2022	Ailsa Care Services Limited	2017
					Asa International Limited, Trading As Asa Recruitment	2017
					Asphalia Holdings T/a Care Field	2017
					Black And Black Recruitment Ltd	2017
					Brightwork Limited	2017
					Jobs & Co Limited	2017
					Randstad Public Services Limited	2017
					Reed Specialist Recruitment Limited T/a Reed Community Care	2017
					Sanctuary Personnel Limited	2017
					Scp Recruitment Limited (social Care Professionals)	2017
					Search Consultancy Ltd	2017
					Service Care Solutions Limited	2017
					Sugarman Health And Wellbeing Ltd	2017
					The Social Care Community Partnership Limited (tsccp)	2017
					Tripod Partners Limited	2017
19/10/2018	Boiler Maintenance	£40,000,000.00	14/09/2018	13/09/2020	City Building Contracts LLP (RSBi)	2217
					City Technical Services (uk) Ltd	2217
					Everwarm Limited	2217
					Gas Call Services Ltd	2217

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						James Frew Limited	2217
						O'neil Gas Services Limited	2217
						Richard Irvin & Sons Ltd (t/a Richard Irvin Energy Solutions)	2217
						Saltire Facilities Management Limited	2217
						Wrb Gas (contracts) Limited	2217
12/09/2018	Road Maintenance Materials	£10,000,000.00	17/09/2018	31/08/2022		Broxap Ltd	3017
						Bunzl UK Ltd (T/A Greenham)	3017
						Fabrikat (nottingham) Ltd	3017
						Fleming and Company (Machinery) Ltd	3017
						Geveko Markings Uk Ltd	3017
						Glasdon UK Ltd	3017
						Gph Builders Merchants Limited	3017
						Grafton Merchanting Gb Ltd	3017
						Hugh Logan Plant & Engineering Services Ltd	3017
						Jack Coupe & Sons Limited	3017
						James Cowie And Co Ltd	3017
						Keyline Builders Merchants Limited	3017
						Lc Packaging Uk Ltd	3017
						Mallatite Limited	3017
						Marwood Electrical Co Ltd	3017
						P. F. Cusack (tools Supplies) Limited	3017
						Saint-gobain Building Distribution Limited	3017
						Scotia Supply Company Ltd	3017
						Traffic Management Products Ltd	3017
08/08/2018	Fresh Meat, Cooked Meats & Fresh Fish	£40,000,000.00	01/10/2018	30/09/2021		Brake Bros Ltd	0118
						Campbell Brothers Limited	0118
						Campbells Prime Meat Ltd	0118
						Gordon McWilliams (Aberdeen) Ltd	0118
						J Pieroni & Sons Ltd	0118
						McLays Ltd	0118
						Pdf (carlisle) Ltd T/a Pioneer Foodservice	0118
12/09/2018	First Aid Materials	£8,000,000.00	01/10/2018	30/09/2021		Aero Healthcare Ltd	1018
						Arco Ltd	1018
						Bunzl UK Ltd (T/A Greenham)	1018
						Cardiac Science Holdings (uk) Ltd	1018
						Crest Medical Ltd T/a Wallace Cameron International	1018
						Fast-aid Products Ltd	1018
						Prometheus Alphamed Ltd	1018
						Sp Services (uk) Ltd	1018
01/08/2018	Street Lighting Materials	£140,000,000.00	01/10/2018	31/07/2021		Asd Lighting Plc	2617
						Batt Cables Public Limited Company	2617
						C. U. Lighting Limited	2617
						City Electrical Factors Ltd	2617
						Cleveland Cable Company Ltd	2617
						D.w. Windsor Limited	2617
						Fabrikat (nottingham) Ltd	2617
						Glasdon UK Ltd	2617
						Indo Lighting Limited	2617
						James M Anderson Ltd	2617
						Light And Energy Distribution Limited	2617
						Mallatite Limited	2617
						Marwood Electrical Co Ltd	2617
						Orangetek Ltd	2617

					Philips Lighting Uk Limited	2617
					Simmonsigns Limited	2617
					Snapfast	2617
					Street Lighting Supplies & Co Ltd	2617
					The Aluminium Lighting Company Ltd	2617
					Traffic Management Products Ltd	2617
					Trt Lighting Limited	2617
					Uk Electric Limited T/a Bei Lighting	2617
					Urbis Schreder	2617
					Zeta Specialist Lighting Limited	2617
					Zg Lighting (uk) Limited	2617
11/11/2018	Washroom Solutions and Sanitary Products	£14,000,000.00	01/10/2018	30/09/2022	Cannon (OCS Group UK Ltd)	3217
					Co-an Uk Ltd	3217
					Greenleaf Hygiene Solutions (scotland) Ltd	3217
					Healthcare Environmental Services Ltd	3217
					Hey Girls Cic	3217
					Rentokil Initial Services Limited T/a Initial Washroom Hygiene	3217
23/11/2018	Commercial Catering Equipment	£16,000,000.00	01/11/2018	31/10/2021	Airedale Catering Equipment Limited	1118
					Brake Bros Ltd	1118
					Electrical Catering Services Limited	1118
					Fast Fixx	1118
					Instock Disposables Ltd	1118
					Itw Limited	1118
					Jla Limited	1118
					Lovat's Catering Engineering Services Ltd T/a Lovat's Group	1118
					Meiko Uk Limited	1118
					Scomac Catering Equipment Ltd	1118
					Stephens Catering Equipment Company Limited	1118
					The Acme Facilities Group Limited	1118
					Victor Manufacturing Limited	1118
19/11/2018	Road Signage Materials	£5,000,000.00	01/12/2018	30/11/2021	Ansco Signs Ltd	1418
					Coeval Ltd	1418
					Eurosigns (uk) Ltd	1418
					Limelight Signs Ltd	1418
					Mallatite Limited	1418
					Marwood Electrical Co Ltd	1418
					P. F. Cusack (tools Supplies) Limited	1418
					Royal British Legion Industries Ltd T/a Scotland's Bravest Manufacturing Company	1418
					Street Lighting Supplies & Co Ltd	1418
					Swarco Traffic Ltd	1418
					Twm Traffic Control Systems Ltd	1418
02/12/2018	Vehicle Purchase RM6060	£20,000,000.00	02/12/2018	01/12/2022	Audi Uk	0201
					Bmw (uk) Ltd	0201
					Citroen UK Ltd	0201
					Evobus (uk) Ltd	0201
					Fiat Group Automobiles Ltd	0201
					Ford Motor Company Ltd	0201
					General Motors UK Ltd (T/A Vauxhall)	0201
					Hyundai Motor Uk Ltd	0201
					Isuzu Truck (UK) Ltd	0201
					Iveco Ltd	0201
					Jaguar Landrover Ltd	0201

					Kia Motors (u K) Ltd	0201
					London Ev Company	0201
					MAN Truck & Bus UK Ltd	0201
					Mercedes-benz Cars Uk Limited	0201
					Mercedes-benz Vans Uk Limited	0201
					Nissan Motor (GB) Ltd.	0201
					Nu-Track Ltd	0201
					Peugeot Motor Company Plc	0201
					Renault Trucks Uk Ltd	0201
					Renault UK Ltd	0201
					Seat	0201
					Skoda Auto	0201
					Ssangyong Motor Uk Ltd.	0201
					Subaru (uk) Ltd	0201
					Suzuki Gb Plc	0201
					The Colt Car Company Ltd T/a Mitsubishi Motors	0201
					Toyota (gb) Plc	0201
					Toyota Gibraltar Stockholdings Ltd	0201
					Volkswagen Commercial Vehicles	0201
					Volkswagen Group United Kingdon Limited Trading As Volkswagen Passenger Cars	0201
					Volvo Car Uk Ltd	0201
02/12/2018	Vehicle Purchase RM6060 (Leasing)	£20,000,000.00	02/12/2018	01/12/2022	Audi Uk	0201b
					Bmw (uk) Ltd	0201b
					Citroen UK Ltd	0201b
					Evobus (uk) Ltd	0201b
					Fiat Group Automobiles Ltd	0201b
					Ford Motor Company Ltd	0201b
					General Motors UK Ltd (T/A Vauxhall)	0201b
					Hyundai Motor Uk Ltd	0201b
					Isuzu Uk Ltd	0201b
					Iveco Ltd	0201b
					Jaguar Landrover Ltd	0201b
					Kia Motors (u K) Ltd	0201b
					London Ev Company	0201b
					MAN Truck & Bus UK Ltd	0201b
					Mercedes-benz Cars Uk Limited	0201b
					Mercedes-benz Vans Uk Limited	0201b
					Nissan Motor (GB) Ltd.	0201b
					Nu-Track Ltd	0201b
					Peugeot Motor Company Plc	0201b
					Renault Trucks Uk Ltd	0201b
					Renault UK Ltd	0201b
					Seat	0201b
					Skoda Auto	0201b
					Ssangyong Motor Uk Ltd.	0201b
					Subaru (uk) Ltd	0201b
					Suzuki Gb Plc	0201b
					The Colt Car Company Ltd T/a Mitsubishi Motors	0201b
					Toyota (gb) Plc	0201b
					Toyota Gibraltar Stockholdings Ltd	0201b
					Volkswagen Commercial Vehicles	0201b
					Volkswagen Group United Kingdon Limited Trading As Volkswagen Passenger Cars	0201b
					Volvo Car Uk Ltd	0201b
23/11/2018	Technology Enabled Care	£25,200,000.00	01/01/2019	31/12/2019	Buddi Limited	3117
					Cair (uk) Ltd	3117

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					Chubb Systems Limited	3117
					Communicare247 Ltd	3117
					Doro Ab	3117
					Its Designs Ltd Trading As Alert-it	3117
					Just Checking Ltd	3117
					Kinetik Medical Devices Ltd	3117
					Possum Limited	3117
					Solon Security Limited	3117
					Spie Scotshield Limited	3117
					Telealarm Europe Gmbh	3117
					Tunstall Healthcare (UK) Limited (T/A Tunstall Electronics)	3117
					Tynetec Ltd	3117
08/01/2019	Hot Beverages	£4,000,000.00	14/01/2019	13/01/2022	Bewley's Tea And Coffee Uk Limited	1618
					Brodie Melrose Drysdale & Co Ltd	1618
					Caber Coffee Limited	1618
					Cg Coffee Ltd	1618
					Coffee Conscience Ltd	1618
					Early Bird Catering Ltd	1618
					Eden Springs Uk Ltd	1618
					Excel Vending Ltd	1618
					Ipex Investments Limited T/a Capital Vending	1618
					Karing International Limited	1618
					Lyreco Uk Limited	1618
					Matthew Algie & Company Limited	1618
					Myrtle Coffee Services Ltd	1618
					Scotbev Supplies Limited	1618
					Tchibo Coffee International Limited	1618
					Templeman Retailing & Vending Ltd	1618
					The Loch Ness Coffee Company Limited	1618
					We Love Coffee Ltd	1618
08/01/2019	Energy Advice	£4,000,000.00	14/01/2019	13/01/2022	Argyll, Lomond And The Islands Energy Agency (alienergy)	1718
					Changeworks Resources For Life	1718
					Energy Agency	1718
					Greener Kirkcaldy Ltd	1718
					Mpc Energy Ltd	1718
					Scarf	1718
					Social Enterprise Direct	1718
					The Wise Group	1718
					Tighean Innse Gall Limited	1718
21/02/2019	Recyclable & Residual Waste	£200,000,000.00	11/02/2019	10/02/2024	A & M Smith Skip Hire Limited	2717
					Accident Repair Centre (scotland) Limited Trading As Arc Fleet Services	2717
					Acre Industrial & Cleaning Services Ltd	2717
					Associated Waste Management Limited	2717
					Avondale Environmental Ltd	2717
					Aw Jenkinson (woodwaste) Limited	2717
					Ayrshire Waste Management Limited	2717
					Barr Environmental Ltd	2717
					Biffa Waste Services Ltd.	2717
					Binn Skips Ltd.	2717
					Blythswood Care	2717
					Buchanan Skip Hire Ltd.	2717
					Changeworks Recycling Limited	2717
					Dalton Demolition Recycling Ltd	2717
					Doherty And Lafferty Ltd	2717

					Dow Group Limited	2717
					Eis Waste Services Limited	2717
					Enva Scotland Limited	2717
					Enviroclean (scotland) Ltd	2717
					Fcc Recycling (uk) Limited	2717
					Geminor Uk Limited	2717
					Gogar Services Limited	2717
					Green Circle Polymers Limited	2717
					J & A Young (Leicester) Ltd	2717
					J & B Recycling Limited	2717
					J & M Murdoch & Son Ltd	2717
					John Graham (metals) Limited	2717
					Levenseat Ltd	2717
					Locheil Logistics Limited	2717
					Lowmac Alloys Ltd	2717
					Mvv Enironment Limited	2717
					Nathans Waste Savers Ltd	2717
					Oakbank Waste Management Limited	2717
					Palm Recycling Ltd	2717
					Patersons Of Greenoakhill Limited	2717
					Recycling Lives Limited	2717
					Regen Waste Ltd	2717
					Resource Efficient Solutions Llp	2717
					Robertson Metals Recycling Limited	2717
					Safety-kleen U.k. Limited	2717
					Saica Natur Uk Limited	2717
					Scotwaste Recycling Limited	2717
					Smurfit Kappa Uk Ltd	2717
					Stobart Biomass Products Limited	2717
					Suez Recycling And Recovery Uk Ltd	2717
					Timberpak Ltd	2717
					Upm Kymmene Limited	2717
					Urm (uk) Limited	2717
					Viridor Waste Management Ltd	2717
					Ward Recycling Limited	2717
					William Munro Construction (highland) Ltd	2717
					William Thompson & Son (dumbarton) Limited	2717
					Wood Recyclability Ltd	2717
					Wrc Recycling Limited	2717
					Wyllie Recycling Limited	2717
13/03/2019	Light and Heavy Plant	£40,000,000.00	01/03/2019	28/02/2023	Balgownie Limited	0818
					Bomag (great Britain) Limited	0818
					Bryson Tractors Limited	0818
					Finning (uk) Ltd.	0818
					Fraser C Robb Limited	0818
					Groundwater Lift Trucks Limited	0818
					Hamilton Bros (engineering) Limited	0818
					Indespension Ltd	0818
					Lloyd Limited	0818
					Powerwasher Services Ltd	0818
					R & L Miller Limited	0818
					Ravenhill Limited	0818
					Reid Hydraulic Services Limited	0818
					Scot Jcb Limited	0818
					Vantech Engineering Services Limited	0818
					Young, Plant And Equipment Sales Limited	0818

26/04/2019	**Grounds Maintenance Equipment**	£24,000,000.00	01/03/2019	28/02/2022	Agricar Ltd.	0918
					Agrovista Uk Limited T/a Terra Firma (scotland)	0918
					Alex Mcdougall (mowers) Limited	0918
					Balgownie Limited	0918
					Bryson Tractors Limited	0918
					Fairways (gm) Ltd	0918
					Frank Nicol Farm & Garden Machinery Ltd	0918
					Fraser C Robb Limited	0918
					Gammies Groundcare Limited	0918
					Garden Machinery & Small Engine Services	0918
					Hamilton Bros (engineering) Limited	0918
					Henderson Grass Machinery Ltd	0918
					Henry Sheach Lawnmower Services Limited	0918
					J & S Montgomery Limited	0918
					James A. Cuthbertson, Limited	0918
					Lloyd Limited	0918
					Mts Nationwide Limited	0918
					Nairn Brown (glasgow) Limited	0918
					Ransomes Jacobsen Limited	0918
					Ravenhill Limited	0918
					Reesink Turkcare Uk Limited	0918
					Rickerby Limited	0918
					Simon Tullett Machinery Company Limited	0918
					Spaldings Limited	0918
					The Double A Trading Company Limited	0918
					Thomas Sherriff And Company Limited	0918
20/03/2019	**Janitorial Products**	£48,000,000.00	01/03/2019	28/02/2023	Alliance Disposables Ltd	1218
					Arrow County Supplies Limited	1218
					Bunzl Uk Limited T/a Bunzl Cleaning And Hygiene Supplies	1218
					Hci Supplies Llp	1218
					Instock Disposables Ltd	1218
					The Guthrie Group Ltd	1218
					Unico Ltd	1218

Appendix 1 – Part 2

Appointments to DPS

for

Treatment and Disposal of Recyclable and Residual Waste

New Entrants

Service Provider Name	Lots Approved	Effective Date
Blythswood Care	Lots 9 and 11	21st March 2019
Dalton Demolition Recycling Ltd	Lot 7	10th April 2019
EIS Waste Services Ltd	Lots 1-17 and 19-22	25th April 2019
Oakbank Waste Management Limited	Lots 1-10	17th May 2019
Robertson Metals Recycling Ltd	Lots 4 and 7	5th April 2019
UPM Kymmene (UK) Limited	Lots 1-2 and 10	22nd March 2019
URM (UK) Limited	Lot 3	25th March 2019

New Offers

Service Provider Name	Additonal Lots Approved	Effective Date
A&M Smith Skip Hire Ltd	11-13, 15 and 21	15th March 2019
Avondale Environmental Ltd	11,13 and 17	15th March 2019

Appendix 2

Governance (Procurement Process) Gateways

		Contract Steering Group – Process Gateways
		Process Stage
	1	Contract Initiation
	2	Market Research and Analysis
	3	Communicate Strategy Pack to UIG for Review
	4	**Strategy Approved**
		4a Initial Approval
		4b.Alignment with overall corporate objectives
		4c Approach for Participation & Benchmarking
		4d. Sustainable Procurement Duty
		4e. Authorise release to UIG & CPM's for information with benchmarking requests
	5	Draft PQQ
	6 -17	**PQQ Approved (sub -stages subject to use of Restricted Process)**
	18	**Tender Documents Approved**
		18a Overall Tender Approved
		18b Approved that Strategy Requirements met
		18c Evaluation Methodology and Weightings Approved
	19	ITT Issued via PCS and benchmarking templates to Councils
	20	Tender Period (Incl Clarifications)
	21	Tender Return Date - Any Extension?
	22	Tenders Opened and Recorded
	23	Tender Analysis Evaluation
	24	**Tender Evaluation Approved (includes sub stages 24a-24e)**
	25	Prepare Sub Executive Committee Report
	26	PTN Approved
	27	Conduct PTN
	28	**Executive Sub-Committee Report Approved**
	29	Executive Sub-Committee Authorisation to Award
	30	Prepare and Issue Standstill Letters
	31	Standstill Period
	32	De-brief Unsuccessful Tenderers
	33	Standstill Period Expired
	34	Prepare Contract Award Letters
	35	Contract Award Letters Issued
	36	Contract Award Notice Approved
	37	Contract Award Notice Published
	38	Mobilisation Implementation Plan
	39	Contract Start Date
	40	**Contract Management Annual Review**
		40a Overall CM Report Approved
		40b Approved Strategy Requirements/Agreed Variations met
		40c Next Steps Plans Approved
	41	Extension Reports subject to terms of F/work (incl Approval Requests)

Appendix 3

Performance against our strategy, operating plan and objectives for 2018/19

Review of Regulated Procurement - Performance against our strategy, operating plan and objectives for 2018/19

1. **Purpose of the report**

    In June 2018, Scotland Excel's Joint Committee approved a new five-year corporate strategy which is supported by annual operating plans. This report presents the organisation's performance against the Operating Plan 2018-19.

2. **Reporting methodology**

    Progress reports are produced quarterly to track Scotland Excel's performance against operating plan commitments. Reports are produced at the end of each quarter and submitted to Executive Sub-Committee meetings. Half yearly and annual reports are also submitted to Joint Committee meetings.

    The reports summarise the progress made against operating plan commitments and uses a 'traffic light' symbol to provide a guide to the status of each activity. This guide was revised in 2018-19 to include symbols to indicate projects or activities which have not yet started, and projects or activities which have been completed:

W	Project or activity not yet started
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 is progressing in line with expected/agreed timelines and results
B	Project or activity completed

    The report also tracks performance against thirteen key performance indicators (KPIs) linked to strategic outcomes.

3. **Performance**

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

    Seven activities are progressing more slowly than anticipated, predominantly due to external factors, and these are indicated as amber within the report. Scotland Excel will deliver these commitments during 2019-20 and take action to mitigate the impact of any external factors which are delaying progress.

    Seven commitments were completed during 2018-19 and are indicated as black within the report.

Nine commitments are indicated as white and will commence during 2019-20. Most of these activities have dependencies on the outcome of other commitments that are still in progress.

SCOTLAND EXCEL

Operating Plan
2018 – 2019

Year End Report

Goa1 1: Shaping the delivery of innovative public services

Strategic Objective	Commitment	RAG status	Progress summary
1.1 Deliver a programme of collaborative procurement to support early intervention and the delivery of public services	• Develop plans which support direct engagement with local authority services to identify new collaborative procurement opportunities	G	• Scotland Excel has continued to engage directly with stakeholders in local authority services throughout 2018-19, particularly where funding has been secured to meet specific requirements such as the new build housing framework and the new social care frameworks.
	• Complete the sourcing strategy and initiate the tender process for a new build housing framework on behalf of participating local authorities	G	• The first stage of a two-part tender process has been concluded for the new build housing framework and 26 contractors have been invited to participate in the second stage. The return date for submissions is early May 2019, and tender evaluations will take place in May and June.
	• Implement a procurement strategy for older people care home services for that provides choice, continuity of care and innovation in service delivery	A	• The implementation of the sourcing strategy has been delayed to allow for further discussions with the sector. Scotland Excel, Scottish Care and the Care Inspectorate are working together to ensure that the checks set out in the sourcing strategy are conducted by the most appropriate organisation.
	• Implement the procurement strategy for adult care and support services and secure sustainable funding for ongoing delivery as part of the social care portfolio	G	• Following successful consultation events on the service specification for care and support, a draft specification is now with local authorities and providers for review. A technical group has been established to support the development of procurement documents, and will meet next quarter to look at the terms, conditions and approach to rates for the framework.
	• Continue to pursue funding to deliver proposals which support the expansion of early learning and childcare provision	B	• Funding has been secured for Scotland Excel to produce guidance, template procurement documents, and terms and conditions to support the expansion of early learning and childcare provision. Work is now underway to deliver this project, with the guidance documents due to be published in April 2019.

	• Develop and implement contract and supplier management (CSM) and key supplier management (KSM) programmes which monitor and enhance the performance of Scotland Excel contracts	**G**	• The new CSM programme is now in place for 26 contracts. Contracts are segmented into 12 CSM levels to incorporate assessment of additional risk factors which ensure an appropriate level of oversight for each contract. Scotland Excel is continuing to work with the Commercial UIG steering group on the development of a KSM programme. Six key suppliers have been identified, and will be shared with other sectors to ascertain their interest in participating in the programme.
	• Identify opportunities to lead and/or participate in national cross-sector procurement opportunities and initiatives with partners in health, further and higher education, and central government	**G**	• Engagement has been taking place with key public sector partners throughout 2018-19. Following recent discussions with partners on preventing the participation of organised crime in public procurement, NHS National Procurement agreed to use Scotland Excel's demolition framework instead of developing their own.
	• Continue to inform and support national procurement policy in consultation with the local government procurement community	**G**	• Scotland Excel presented on the potential impact of Brexit on food procurement at a COSLA event in January 2019, and provided input for a Scottish Government's Economy, Energy and Fair Work Committee meeting reviewing amendments to public procurement regulations following the UK withdrawal from the EU.
1.2 Deliver programmes which lead and develop professional, organisational and commercial capability	• Develop and deliver a targeted programme of change projects based on development needs identified by Procurement & Commercial Improvement Programme (PCIP) assessments	**A**	• Three of the six change projects targeted for 2018-19 have been completed. A further two projects in are progress and will be completed in 2019-20. The sixth project is in the early planning stage following confirmation of stakeholder requirements. Scotland Excel is reviewing sector-wide change project opportunities for 2019-20 with the Procurement Improvement Programme (PIP) steering group, which will be based on the outputs of the current cycle of PCIP assessments.

	• Deliver a second cycle of local government PCIP assessments for all local authorities	G	• PCIP assessments had been completed with 25 councils by the end of March 2019. Assessments will be completed with all councils by September 2019.
	• Deliver the chargeable consultancy projects and transformation programmes agreed for Aberdeen City and Fife Councils, and respond to any further requests for these types of services from other councils	G	• Scotland Excel's consultancy programme for Aberdeen City Council has now concluded and outputs have been received positively by the council. The transformation programme for Fife Council continues to progress well and has met its target for a savings pipeline which is now being delivered. The second phase of the project for East Renfrewshire Council has been completed and a third phase will begin in early 2019-20. The Tayside consultancy programme has been initiated and recruitment of a project team is underway.
	• Continue to develop and deliver accredited work-based learning programmes through the Scotland Excel Academy	G	• During 2018-19, six courses were completed and a further six were in progress across the three key disciplines of procurement, leadership and management, and project management. A total of 107 learners took part in courses this year, of which 10 have achieved qualifications. Following its success at the GO Scotland Awards in October 2018, the Academy has been shortlisted for the National GO Awards which take place in April 2019. Preparations are underway to establish 11 new cohorts in 2019-20, including new programmes for strategic leadership, coaching and mentoring, and business analysis and innovation.
	• Develop and deliver a programme of practitioner workshops, masterclasses and events to lead best practice through the Scotland Excel Academy	A	• Three practitioner workshops and one masterclass took place in 2018-19. This is slightly lower than anticipated, and a new approach is being developed for 2019-20 which encompasses c. 20 practice workshops based on content from the Academy's accredited programmes.

	• Continue to develop Scotland Excel Academy online resources to support learning programmes and create a community platform for sharing best practice	G	• Academy online resources are continually evolving as new programmes and cohorts are introduced. Content from events and practitioner workshops is shared with the wider procurement community.
1.3 Harness the potential of digital technology and data insight to support the delivery of public services	• Continue to provide ICT procurement services for the Digital Office for Scottish Local Government, engaging proactively with stakeholders to promote a collaborative approach to the adoption of digital technologies	A	• Scotland Excel has continued to provide support for the Digital Office throughout 2018-19. As collaborative procurement opportunities have been limited, an information sharing tool providing Scotland-wide visibility of software contract information has been implemented to identify future opportunities. The strategy and specifications for a replacement social work care case management system have been agreed and the tender will be released in early 2019-20. A strategy meeting with the Digital Office took place in March 2019 to agree activity for the next two years.
	• Continue to develop data analytic tools and resources to support the expansion of the contract portfolio and provide management information to the sector	G	• Scotland Excel is continuing to develop resources and tools for analysing contract spend data using an agile model in which software requirements are developed incrementally and each phase is tested before building further functionality.
	• Continue to develop and share access to the Cost of Care calculator to support the delivery of affordable and sustainable social care services	A	• Scotland Excel has now taken over operational management of the National Care Home Contract (NCHC) from COSLA and will be leading the next stage of negotiations to conclude the cost of care calculator, now officially named the NCHC Cost Model ©. This is expected to be concluded by September 2019 to enable the model to be in place for fee setting in 2020-21.
	• Continue to develop and share access to Indexation Modelling to track market influences on costs	G	• Indexation Modelling continues to form part of contract management activities. Following successful indexation events held for the sector, in-house workshops have been delivered for Fife Council and Glasgow City Council procurement teams. Similar workshops are being planned for Angus, Dundee and Perth & Kinross councils as part of the Tayside consultancy programme.

	• Deliver market analysis reports in support of new collaborative procurement or service opportunities	**B**	• IBIS World and Company Watch are now established as market intelligence resources across Scotland Excel's procurement teams, and access has been renewed for 2019-20.
	• Develop plans to roll out data analytic tools to staff across the organisation	W	• Power BI data analytics tools will be rolled out to staff during 2019-20 once the first development phase has been completed.
1.4 Use our insight and experience to shape policy and meet the challenges of future public service delivery	• Continue to work with the Scottish Government, COSLA and other partners to support the development and/or delivery of national policy in social care	**G**	• Scotland Excel is continuing to engage with the Scottish Government, COSLA, Health & Social Care Partnerships and care providers on the NCHC Cost Model © and new frameworks for care and support and older people's care homes.
	• Continue to work with the Scottish Government and other partners to support the development and/or delivery of education policies such as early learning provision, pupil attainment funding, and food procurement for school meals	**G**	• Scotland Excel is completing a strategic review of food procurement in response to policy and legislative changes for school meals, including the possible expansion of free meal entitlement within schools and nurseries. Scotland Excel is also working with the Scottish Government to assess the risks and impact of Brexit on food procurement.
	• Continue to work with the Scottish Government, Association of Local Authority Chief Housing Officers (ALACHO) and other partners to support the development and/or delivery of national policy in affordable housing	W	• Scotland Excel will focus on the development of the new build housing framework in 2018-19 and will explore further opportunities to influence or support affordable housing policy in 2019-20.
	• Continue to work with the Scottish Government, Zero Waste Scotland and other partners to support the development and/or delivery of national environmental policy	**G**	• Scotland Excel continues to work with Zero Waste Scotland on environmental matters across the procurement portfolio. The support of Zero Waste Scotland and other partners has been particularly valuable for developing a dynamic purchasing system for recyclable and residual waste. Zero Waste Scotland have been invited to speak At Scotland Excel's annual conference in April 2019.

	• Develop and deliver a calendar of communications activities which promotes our knowledge and experience in support of our policy and public affairs goals	G	• Scotland Excel held a successful event at the Scottish Parliament for MSPs and senior stakeholders in January 2019. This was the final initiative of the '10 Years' anniversary campaign which raised awareness of Scotland Excel through publications, social media and events. In February 2019, Scotland Excel was a key partner in the successful Delivering on Digital event to promote digital transformation in local government.
	• Continue play a lead role in the development and delivery of national Graduate Apprenticeships as a cost-effective talent management opportunity for the local government sector	G	• Scotland Excel is continuing to engage with public sector and academic partners to position the Academy as a potential Graduate Apprenticeship assessment partner.

Goa1 2: Being sustainable in everything we do

Strategic Objective	Commitment	RAG status	Progress summary
2.1 Deliver positive and measurable social value through our contracts and services	• Develop plans to increase the proportion of Scotland Excel suppliers paying their staff the Scottish Living Wage	B	• An analysis undertaken in 2018-19 indicated that around 80% of Scotland Excel suppliers are paying the Scottish Living Wage which limits the scope for further increases. This will be examined again in 2019-20 once the new CSM programme is in place across the contract portfolio.
	• Continue to develop community benefit models which enable councils to achieve direct benefits for their areas	G	• A revised evaluation model for community benefits is now being embedded in all tenders to ensure that benefits are delivered to each council using the framework,
	• Continue to support opportunities for disabled/ disadvantaged workers through community benefits and/or the participation of supported businesses and the third sector within our supply chain	G	• The supported business, Scottish Bravest Manufacturer, which services Scotland Excel's road signage framework, has reported c. £1m of business from participation in national frameworks. Work to develop a strategy for engaging with supported businesses will be developed in 2019-20.
2.2 Deliver positive and measurable local economic impact through SME and third sector participation in our contracts	• Continue to work with the Supplier Development Programme (SDP) to raise awareness of public procurement opportunities and encourage participation among Scottish SMEs	G	• In Q4, Scotland Excel attended SDP Meet the Buyer events in Kirkintilloch and Dundee. Over the course of 2018-19, Scotland Excel delivered 7 SDP training seminars for SMEs and attended 5 events.
	• Increase direct and supply chain opportunities for Scottish SMEs and contractors within Scotland Excel contracts, particularly within the construction portfolio	G	• Opportunities to encourage participation by Scottish SMEs continue to be considered in strategy development for all contracts.
	• Encourage housing associations to consider the local economic impact they can deliver through the use of Scotland Excel contracts	G	• Consideration of local economic impact forms a key part of the PCIP assessment undertaken with housing associations. Scotland Excel and the Scottish Federation of Housing Associations (SFHA) have co-produced a publication showcasing good practice in community benefits.

2.3 Deliver positive and measurable environmental benefits through our contracts	• Continue to encourage suppliers to Scotland Excel contracts to consider opportunities to increase recycling of their products and packaging and/or reduce their carbon footprint	**G**	• Scotland Excel's tender documentation continues to include appropriate environmental considerations including, where appropriate, the weighting and scoring of emissions.
	• Develop and implement a model for considering 'whole life' costing within tender evaluations, including plans for monitoring costs over the lifecycle of products and services	**G**	• Scotland Excel's tender documentation continues to include appropriate cost evaluation to ensure that lifetime value is assessed.
	• Continue to support the collection, handling, treatment and recovery of value from waste by implementing new recyclable and residual waste arrangements which offer increased options for recycling and/or disposal and cover additional types of waste	**B**	• A dynamic purchasing system (DPS) for recyclable and residual waste was approved in February 2019 and includes 53 suppliers. This approach will allow councils full flexibility over their requirements for waste handling and will allow new entrants to the marketplace on an annual basis.
	• Develop plans for assessing and mitigating the environmental impact of Scotland Excel's activities	**W**	• Scotland Excel has now appointed a new Corporate Services Manager who took up his post in March 2019. Plans for assessing and mitigating the organisation's environmental impact will form part of his activities in 2018-19.
2.4 Lead and develop sustainable procurement knowledge and practice	• Produce an annual report on procurement activity in line with the requirements of the Procurement Reform (Scotland) Act 2014, providing support and guidance on reporting commitments to the local authorities	**B**	• An Annual Procurement Report for 2017-18 has been published in line with the requirements of the Procurement Reform (Scotland) Act 2014.
	• Continue to work with national partners on the development of sustainable procurement guidance and tools	**G**	• Scotland Excel has continued to engage with national partners through the Scottish Government's Best Practice Working Group throughout 2018-19. A workplans for 2019 has been agreed and will include sustainable procurement guidance for the Procurement Journey.

	• Develop plans to increase the local government sector's sustainable procurement knowledge and capability through the Scotland Excel Academy	W	• Sustainable procurement is embedded in the CIPS accredited course delivered through the Scotland Excel Academy, and will form part of a non-accredited 'introduction to procurement' course which will be available in 2019-20.
	• Develop and implement plans to promote sustainable procurement to elected members and senior officers to support a 'whole organisation' approach	W	• Plans to promote sustainable procurement to elected members and senior officers will form part of senior stakeholder engagement plans which will be developed in 2019-20.

Goa1 3: Placing people at the heart of our business

Strategic Objective	Commitment	RAG status	Progress summary
3.1 Ensure our customers continue to receive maximum value from our services	• Continue to develop Scotland Excel's account management services to ensure they deliver value to local authority procurement teams and support a positive customer experience for councils	G	• Scotland Excel's account managers are delivering a range of initiatives including change projects, PCIP assessments and practitioner workshops in addition to their quarterly business reviews. The team is also supporting the development of online management information tools for councils.
	• Explore further opportunities to use digital technologies to engage with customers and/or expand online 'self-service' facilities, incorporating the findings into Scotland Excel's ICT strategy and roadmap	G	• Following the successful implementation of self-service reports for social care information, Scotland Excel has been working on the delivery of self-service contract spend reports. User acceptance testing (UAT) will take place in early 2019-20 before rolling out to all relevant stakeholders.
	• Explore the feasibility of providing additional services requested by customers, incorporating the findings into future operational plans	W	• In 2018-19, Scotland Excel has focused on expanding the range of courses available through the Academy, extending the portfolio of small value contracts, developing a new build housing framework and delivering consultancy services to councils. An innovation model is being developed to support the identification of further new service opportunities in 2019-20.
	• Embed the outputs of Scotland Excel's stakeholder engagement project into customer and stakeholder engagement plans and activities, ensuring that these reflect the organisation's expanding customer base	A	• Work to expand and refresh customer and stakeholder engagement plans which was due to take place in Q4 has now been scheduled for the first quarter of 2019-20.
3.2 Engage stakeholders in the delivery of effective local solutions	• Develop a model for incorporating community engagement, where appropriate, into the development of procurement strategies	G	• Opportunities for stakeholder participation, including wider community engagement, are now reviewed as part of the governance process for procurement strategies. Scotland Excel has also contacted the Scottish Government to offer any support that may be required for the Review of Local Governance.

	• Continue to engage directly with service users, where appropriate, to ensure their needs are considered within service design	G	• Scotland Excel has continued to consider the involvement of service users, where appropriate, in contract development throughout 2018-19. Although opportunities have been limited this year, service users will once again by involved in the evaluation of meals for the upcoming community meals framework renewal in 2019-20.
	• Explore the feasibility of working with educational partners and/or suppliers to promote the benefits of procurement to pupils, incorporating the findings into future operational plans	G	• Scotland Excel is continuing to work with educational charity, Founders4Schools. In 2018-19, Scotland Excel staff attended seven school careers events through the charity and direct contact. An initiative is being explored which would provide an annual forum for head teachers to learn about educational frameworks and community benefits which may benefit their pupils.
3.3 Represent the collective views of stakeholders at a national level	• Review Scotland Excel's representation activities to ensure that these are targeted where they can have the greatest impact	A	• A review of national engagement activity will take place to ensure that resources are targeted effectively for the benefit of stakeholders. Originally scheduled for completion by December 2018, this will now take place in early 2019-20.
	• Establish a model for undertaking representation activities, including a clear feedback loop for customers and/or communities	W	• The model will be developed on completion of the review of national engagement activity. Outputs will be discussed with key stakeholders including the Scottish Local Government Procurement Forum (SLGPF) to ensure that national engagement activities undertaken by Scotland Excel incorporate local views.
	• Build on relationships with the Convention of Scottish Local Authorities (COSLA) and/or elected members to represent customers and communities in appropriate policy and political matters	G	• Scotland Excel has continued to engage with COSLA throughout 2018-19. Recent engagement has focused on the handover of the National Care Homes Contract (NCHC) which Scotland Excel will manage from April 2019. Further discussions are required on profit levels within the care cost model which underpins fee negotiations for this contract.

3.4 Implement policies which develop, empower, value and engage our workforce	• Continue to deliver Scotland Excel's organisational development strategy and rolling improvement plans, involving staff in the development of plans, policies and initiatives where appropriate	G	• Implementation of the organisational development (OD) strategy has continued throughout 2018-19. New approaches to recruitment and performance review and development (PRD) have been developed in response to staff feedback. Scotland Excel's Investors in People (IiP) assessment was completed in March 2019 and indications are that the organisation will achieve Silver accreditation. The findings from the IiP assessment will be explored with staff at a development day in June 2019, and will inform a refresh of the OD strategy in 2019-20.
	• Develop and implement a talent management programme to inspire and develop staff, increase Scotland Excel's capability, and support succession planning	W	• Following feedback from staff, plans for developing a talent management programme have been put on hold. In the meantime, staff are being encouraged to participate in Scotland Excel Academy programmes relevant to their role and aspirations.
	• Develop plans for agile working to create a productive working environment that benefits staff, Scotland Excel, and customers	G	• Technology solutions which support agile working are now in place and the number of hot desks available in the office has been increased. A review of telephony arrangements has been completed and a new solution will be implemented in May 2019. A policy to support agile working has been put in place for staff.

Goa1 4: Delivering sustainable and scalable growth

Strategic Objective	Commitment	RAG status	Progress summary
4.1 Implement a new governance model which supports scalable business growth	• Complete the review of Scotland Excel's governance and funding models, presenting recommendations to the Joint Committee for approval	B	• Scotland Excel will continue to operate its existing governance model in support of the 2018-23 strategy. Governance arrangements will continue be reviewed periodically to ensure they align with the organisation's ambitions.
	• Develop plans to implement the governance recommendations approved by the Joint Committee	B	• Governance and funding proposals to support the delivery of the 2018-23 strategy were approved by the Joint Committee in June 2018.
	• Implement appropriate funding models to support the delivery of new and existing services	G	• Income is being accrued through Academy, consultancy and associate member revenue. All new or renewed contracts in development are being assessed for rebate potential. Income from the new build housing framework is expected to be begin in Q4 of 2019-20. An income review board has being established to monitor revenue generation against targets, and reports on funding will be submitted to the Joint Committee.
4.2 Continue to maintain a robust business infrastructure to support our growth ambitions	• Review Scotland Excel's business infrastructure to ensure it can support the organisation's growth ambitions, developing plans for continuous improvement initiatives and to address any gaps in capacity and/or capability	G	• Scotland Excel has strategies and plans in place for the continuous development of key business areas including ICT and OD. Additional space has been secured in Renfrewshire House from April 2019 to accommodate growing staff numbers.
	• Develop a risk model for evaluating new business opportunities to assess their impact on internal resources and/or existing customers	W	• A new business evaluation model will be developed during 2019-20, and some exploratory work has been initiated to determine the organisation's risk appetite. In the meantime, Scotland Excel has refined its new business pitching process to ensure that a sufficient level of commitment is secured before detailed proposals are developed.

	• Continue to implement technology solutions which increase efficiency, support agile working and offer scalability for business growth	G	• The key focus of the ICT strategy in 2018-19 was to create a robust ICT infrastructure, including migration to a cloud server and virtualisation of key applications to support agile working and data retention. This has created solid foundations for further ICT development in 2019-20.
4.3 Use our knowledge and insight to identify new services and/or sectors which provide growth opportunities	• Review collaborative procurement and leading change solutions available in other public sector markets to identify potential business opportunities, reporting on the findings to inform future operational plans	G	• Scotland Excel has been undertaking competitive analysis as part of market opportunity reports for income-generating services. A comprehensive competitive review across all aspects of the organisation will be undertaken in 2019-20.
	• Continue to deliver procurement support to housing associations on behalf of the Scottish Government and develop plans to market additional Scotland Excel services which secure the long term sustainability of this service	G	• Scotland Excel completed 13 PCIP assessments with housing associations on behalf of the Scottish Government during Q4. Overall, engagement took place with 96 housing associations during the two-year programme, and 53 assessments were completed which covers one third of the sector and 62% of all housing stock. A further 19 housing associations completed a pre-assessment which provided them with a better understanding of public procurement. Scotland Excel will continue to offer support during 2019-20.
	• Continue to develop and market Scotland Excel's associate membership programme to maximise its commercial potential for the organisation and the benefits it provides to members	G	• Seven new associate members were recruited during 2018-19, generating an additional £18,260 in revenue from membership fees. A market opportunity report has been completed for the social housing sector and will inform plans for increasing associate membership within this and other sectors during 2019-20. Chargeable consultancy projects are being delivered for associate members, City Property and Cycling Scotland.

	• Continue to market Scotland Excel through traditional and social media, targeted communications activity and political engagement to support new business opportunities	G	• In 2018-19, marketing and communications campaigns were delivered to attract housing associations as associate members, promote participation in the new build housing tender to contractors, and raise awareness of Scotland Excel Academy programmes. Market opportunity reports are being produced to inform strategic marketing activities for income-generating products and services in 2019-20.
	• Identify opportunities arising for staff development through new business opportunities, fostering an understanding of commercial and entrepreneurial approaches across the organisation	G	• A number of staff are working on external consultancy projects as full-time team members while others are providing support for projects in specific areas. Senior Management Team members are now taking part in business development meetings with senior stakeholders.
4.4 Explore opportunities to work with partners on the development and delivery of new business opportunities	• Explore opportunities to work in partnership with other public sector bodies to increase internal efficiency and/or improve service delivery for customers, reporting on the findings to inform future operational plans	G	• Following the successful launch of a Professional Development Award (PDA) in project management, developed and delivered in partnership with the Improvement Service, a PDA in business analysis and innovation is now in development.
	• Continue to manage Scotland Excel's partnership with Crown Commercial Services (CCS) to ensure it is delivering against customer expectations, and explore opportunities to extend this partnership	G	• The CCS framework for vehicle purchases awarded in 2018-19 continues to work well. Scotland Excel has had significant input into the strategy for a new CCS vehicle leasing framework to ensure that it meets the needs of councils. This new framework goes live in the summer of 2019.
	• Design a model for providing procurement support to SEEMiS in line with the partnership agreement	G	• Scotland Excel has agreed with SEEMiS to provide procurement support for a range of projects until the end of March 2020. Priorities include a Management Information System (MIS) for early learning and childcare services, school text messaging and the second phase of the Next Generation MIS for schools.

Report Key	
W	Project not yet started
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 is progressing in line with expected/agreed timelines and results
B	Project completed

Key Performance Indicators

Outcomes	Key Performance Indicators	Year End Status
Our services shape the effective and efficient delivery of public services	• Number of contracts delivered v plan[1] • Value of contract portfolio v target	• 31 contracts delivered v 31 targeted • £1.02bn value v £1.4bn target
Our expertise leads continuous improvement in commercial performance	• Number of PCIP assessments delivered v plan • Number of Scotland Excel Academy courses v plan[2]	• 25 assessments delivered v 22 targeted • 49 courses delivered v 40 targeted
Our services facilitate the delivery of national and local policy priorities	• Tonnes of waste diverted from landfill through Scotland Excel contracts • Number of Scottish suppliers & percentage SMEs	• 44,092 tonnes (Oct to Dec 2018) • 524 Scottish suppliers of which 75.8% are SMEs
Our services enable positive and sustainable outcomes for people and communities	• Number of community benefits realised to date	• 629 jobs • 254 apprenticeships • 165 work placements • 61,313 hours work experience • 5761 hours volunteering/mentoring • £902k value of other initiatives
Our insight and knowledge underpin innovative solutions for our customers	• Number of business change initiatives delivered v plan	• X initiatives delivered v 6 targeted
Our activities are recognised as leading the way in public procurement	• Media coverage v target • Number of speaking engagements v target	• 68 media items published v 60 targeted • 17 speaking engagements v 12 targeted
Our customers receive a measurable return on investment through savings	• Percentage savings achieved across the portfolio v target[3] • Savings achieved in the last quarter	• 4.2% savings v 2.5% target • £2.9m (Oct to Dec 2018)
Our customers are satisfied with our services and how we deliver them	• Customer satisfaction scores v target[4]	• 80% of respondents

Report issued: May 20

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[1] Contracts developed, renewed or extended
[2] Programmes, workshops and masterclasses
[3] Average savings during the strategy period (2018-23) excluding social care contracts
[4] Percentage of respondents reporting 'good' or 'very good' overall satisfaction in the most recent customer satisfaction survey (currently 2017)

Appendix 4

Planned Procurement to 31/03/2021

Frameworks due for renewal (or subject to contract extension) by 31 Mar 2021		
Contract Title	Schedule Number	End Date of current framework
Presentation & Audio Visual Equipment	1214	31/03/2019
Asbestos	1114	31/03/2019
Building And Timber Materials	1314	31/03/2019
Security (Services)	0814	31/03/2019
Security (Equipment)	0814b	31/03/2019
Energy Efficiency Contractors	0913	30/04/2019
Community Meals	0115	31/08/2019
Care Homes for Adults (LD)	0511	15/09/2019
Buildings Related Engineering Consultancy	1113	30/09/2019
Steeplejack Services	1017	31/10/2019
Bottled Gas	0817	05/11/2019
Laundry Equipment	0917	05/11/2019
Plumbing and Heating Materials	1714	30/11/2019
Pest Control Services	1217	30/11/2019
Technology Enabled Care	3117	31/12/2019
Water Coolers	1317	07/01/2020
Catering Machines	2117	07/01/2020
Swimming Pool Chemicals	1517	07/01/2020
Digital Publications and Services	2517	31/01/2020
Education And Office Furniture	0216	29/02/2020
Outdoor Play Equipment and Artificial Surfaces	0215	12/03/2020
Electrical Materials	0615	31/03/2020
Secure Care	0716	31/03/2020
Waste Disposal Equipment	0315	31/03/2020
Organic Waste	0816	31/03/2020
Fire Safety Products	1617	15/04/2020
Groceries & Provisions	0515	30/04/2020
Customer Service Platform	0415	31/05/2020
Street Lighting Bulk Renewal of Luminaires	1013	30/06/2020
Demolition	1115	31/07/2020
Catering Sundries	0915	31/07/2020
Boiler Maintenance	2217	13/09/2020

Domestic Furniture and Furnishings	0815	31/10/2020
Recycle And Refuse Containers	0117	02/11/2020
Vehicle Parts	0116	31/12/2020
Trade Materials	0717	16/02/2021
Power Tools	0218	16/02/2021
Personal Protective Equipment	0416	28/02/2021
Bitumen Products	0516	28/02/2021
Milk	1917	28/02/2021
Engineering Consultancy	0616	17/03/2021
Fostering	1015	24/03/2021
Frozen Foods	1016	30/06/2021

New Contract Areas

Contract Title	Forecast Delivery date
Social Care Case Management Solutions	Oct 19
Care Home Services for Older People	Apr 19
Care and Support	Jan 20
Alcoholic Beverages (OSS)	Aug19
Bikeability Scotland Training Providers (OSS)	Aug 19
New Build Residential	Sep19
Swimming Pool Contractors (OSS)	Oct 19
Bread and Rolls (OSS)	Oct 19
Legionella And Water Control Services	Dec 19
Sheriff Officers	Dec 19
Fresh Fruit & Veg (OSS)	Apr 20
Building Related Professional Services	Jun 20

Scotland Excel

To: **Executive Sub Committee**

On: **21 June 2019**

**Report
by
Director Scotland Excel**

Update on the Contract Delivery Plan

1.   **Introduction**

    This report provides a progress update on the 2019/ 2020 contract delivery plan.

2.   **Progress to Date**

    As detailed in Appendices 1 – 3, the 2019/ 2020 contract delivery plan comprises framework renewals, new developments, framework extensions and frameworks with ongoing contract management only.

    There are 68 current frameworks in the Scotland Excel contract portfolio, with 11 of these frameworks to be renewed before 31 March 2020 (Appendix 1).

    Scotland Excel plans to add a further 11 new frameworks to its contract portfolio by 31 March 2020 (Appendix 2). The 11 planned first generation frameworks include eight being coordinated through the operational supplies and services team.

    A further 19 of the frameworks on the current portfolio have extension options that are likely to be exercised in 2019/ 2020 with seven of these extensions already approved (Appendix 3).

    The estimated forecast value of the Scotland Excel framework portfolio by 31 March 2020 will be approximately £1.9Billion.

    Overall, efficiencies delivered to date in 2019/ 2020 are 1.0%, which is below the 2-4% forecast savings range. It should be noted that this figure is based on a single contract delivered in 2019/2020.

    In addition to the activity detailed in Appendices 1 -3, Scotland Excel is exploring the benefits of further collaborative procurement across high spend, critical service areas of adult social care and construction.

    Scotland Excel has finalised the procurement strategy for care and support services. In 2019/ 2020, Scotland Excel will continue to work with a range of partners to implement the procurement strategy.

    In 2019/ 2020, Scotland Excel continues to work with key stakeholder to deliver a new sourcing strategy for care home services for older people. This strategy, again co-produced with stakeholders, builds on current best practice and

complements local strategic commissioning plans. Scotland Excel has taken over operational contract management of care home services for older people from COSLA on 1 April 2019.

The first generation new build residential construction framework is progressing well. The framework will support councils to deliver new affordable houses in line with Strategic Housing Investment Plans (SHIPs). The second stage of the two-stage tender procedure was issued in March 2019. The procurement exercise was extended by three weeks to allow tenderers to provide all required documentation but remains on course for going live in September 2019.

Work continues in conjunction with the Digital Office, to procure a replacement Social Work Care Case Management system. The publication of the ITT is in progress, with the evaluation anticipated to take take place during the summer of 2019 with award being made October 2019.

There is now a plan to create a framework to replace the expired online school payments framework with enhanced content. The original framework covered the ability to pay for meals, school trips, uniforms etc. using a web-based solution. The new framework will continue to offer this but will also be expanded to cover cashless catering and will include peripherals such as ordering hardware, biometric recognition and enhanced reporting functionality.

3. **Conclusion**

Members are invited to note the progress made to date.

Appendix 1 - List of contracts to be renewed in 2019/20

Service	Estimated Annual Collaborative Contract Opportunity	Activity	Original Forecast Date	Previous Forecast Date	Delivered Date	Latest Forecast Date if Different	Forecast Savings Range	Delivered Savings Forecast	Comments
Asbestos	12,000,000	Renew	Apr-19	Jul-19			2% - 4%		Recommendations to be presented to Executive Sub Committee on 21 June 2019
Online School Payments	2,500,000	Renew	Dec-18	Dec-19			2% - 4%		Plan delayed to incorporate additional requirements
Security Services and Cash Collection	12,500,000	Renew	Apr-19	Sep-19			2% - 4%		Evaluating Pre Qualification Questionnaire
Fire and Security Equipment	7,500,000	Renew	Oct-19				2% - 4%		Tender development
Building & Timber	15,000,000	Renew	Apr-19	Jun-19			2% - 4%	1.0%	Recommendations approved at Executive Sub Committee on 26 April 2019
Care Homes For Adults With LD Inc Autism	12,500,000	Renew	May-19	Sep-19			N/A		Evaluating
Community Meals	4,000,000	Renew	Sep-19				N/A		Evaluating
Plumbing and Heating Materials	20,000,000	Renew	Dec-19				2% - 4%		Strategy approved
Secure Care	20,000,000	Renew	Apr-20				N/A		Strategy in development
Electrical Materials	14,000,000	Renew	Apr-20				2% - 4%		Strategy in development
Waste Disposal Equipment	1,250,000	Renew	Apr-20				2% - 4%		Strategy in development
Groceries & Provisions	30,000,000	Renew	May-20				2% - 4%		Strategy in development

Appendix 2 – List of new contracts to be developed and delivered in 2019/2020

Service	Estimated Annual Collaborative Contract Opportunity	Activity	Original Forecast Date	Previous Forecast Date	Delivered Date	Latest Forecast Date if Different	Forecast Savings Range	Delivered Savings Forecast	Comments
Social Care Case Management Solutions	8,500,000	New Contract	Nov-18	Oct-19			5.5%		Strategy in development
Care Home Services for Older People	450,000,000	New Contract	Jan-19		Apr-19		N/A	N/A	Scotland Excel took over operational contract management from COSLA on 1 April 2019
Cleaning Equipment (OSS)	2,500,000	New Contract	Apr-19		Mar-19		5.5%	7.5%	Framework is live
Vending Machines (OSS)	1,250,000	New Contract	May-19		Mar-19		5.5%	6.0%	Framework is live
Care and Support	102,250,000	New Contract	Aug-19	Jan-20			N/A		Tender development
Alcoholic Beverages (OSS)	1,250,000	New Contract	Aug-19				5.5%		Recommendations to be presented to Executive Sub Committee on 21 June 2019
Bikeability Scotland Training Providers (OSS)	300,000	New Contract	Aug-19				N/A		Recommendations to be presented to Executive Sub Committee on 21 June 2019
New Build Residential	375,000,000	New Contract	Sep-19				5.5%		Evaluating
Swimming Pool Contractors (OSS)	2,000,000	New Contract	Oct-19				5.5%		Strategy in development
Bread and Rolls (OSS)	2,000,000	New Contract	Oct-19				5.5%		Strategy approved
Legionella And Water Control Services (OSS)	TBC	New Contract	Dec-19				5.5%		Strategy in development
Sheriff Officers (OSS)	TBC	New Contract	Dec-19				5.5%		Strategy in development
Lift Maintenance (OSS)	TBC	New Contract	Mar-20				5.5%		Strategy in development
Fresh Fruit & Veg (OSS)	TBC	New Contract	Apr-20				5.5%		Strategy in development

Appendix 3 – Contracts with extension options and contract management activity ongoing in 2019/2020

Contracts with extension options in 2019/20

Contract Description	Est Annual Value
Bitumen Products	£12,000,000
Bottled Gas (OSS)	£2,000,000
Catering Machines (OSS)	£2,000,000
Customer Service Platform	£3,750,000
Digital Publications and Services	£1,000,000
Domestic Furniture and Furnishings	£20,000,000
Education & Office Furniture	£9,000,000
Education Materials	£17,500,000
Energy Efficiency Contractors	£200,000,000
Frozen Foods	£25,000,000
Laundry Equipment (OSS)	£1,100,000
Library Books & Textbooks	£14,000,000
Outdoor Play Equipment and Artificial Surfaces	£17,500,000
Personal Protective Equipment	£10,000,000
Pest Control (OSS)	£1,500,000
Steeplejacks Services (OSS)	£1,750,000
Swimming Pool Chemicals (OSS)	£1,250,000
Technology Enabled Care	£6,300,000
Water Coolers (OSS)	£1,500,000

Contracts which are shaded have been approved for extension

Contracts with no renewal or extension activity and contract management activity ongoing in 2019/20

Contract Description	Est Annual Value	Contract Description	Est Annual Value
Boiler Maintenance	£10,000,000	Power Tools	£681,818
Buildings Related Engineering Consultancy	£10,000,000	Recyclable & Residual Waste	£40,000,000
Catering Sundries	£6,000,000	Recycle and Refuse Containers	£12,500,000
Children's Residential	£105,400,000	Road Maintenance Materials	£2,500,000
Commercial Catering Equipment (OSS)	£4,000,000	Road Signage Materials	£1,250,000
Energy Advice (OSS)	£1,000,000	Roadstone	£5,000,000
Engineering Consultancy	£17,000,000	Salt for Winter Maintenance	£16,250,000
Fire Safety Products (OSS)	£2,500,000	Social Care Agency Workers	£20,000,000
First Aid Materials (OSS)	£2,000,000	Street Lighting Bulk Renewal of Luminaires	£5,000,000
Fostering	£25,000,000	Street Lighting Materials	£35,000,000
Fresh Meat, Cooked Meats & Fresh Fish	£10,000,000	Trade Materials	£10,000,000
Heavy Vehicles	£40,000,000	Tyres for Vehicles & Plant	£6,500,000
Hot Beverages (OSS)	£1,000,000	Vehicle & Plant Hire	£15,000,000
Janitorial Products	£12,000,000	Vehicle Parts	£12,000,000
Light and Heavy Plant	£10,000,000	Vehicle Purchase RM6060	£15,000,000
Milk	£9,000,000	Washroom Solutions and Sanitary Products	£3,500,000
Organic Waste	£12,000,000		

Appendix 4 – Expenditure Summary per Council

Contract Spend and Estimated Savings Report
1. Expenditure/Estimated Savings Summary -Year To Date as at: Q4 (Jan 2019 - Mar 2019)

SCOTLAND EXCEL

Organisation	Contracts Available	Contracts Used	Participation	Quarter 1		Quarter 2		Quarter 3		Quarter 4		Total			
				Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Actual Spend (£)	Estimated Saving (£)	Forecast Spend (£)	Actual v Forecast %
Aberdeen City Council	80	54	68%	6,382,850	200,575	7,860,805	42,711	6,763,058	75,225	6,015,326	68,100	27,022,039	386,610	38,004,873	71.1%
Aberdeenshire Council	80	62	78%	8,100,385	252,493	7,937,582	128,567	8,242,995	119,777	9,618,010	96,630	33,898,973	597,466	41,546,881	81.6%
Angus Council	80	49	61%	1,357,138	33,369	1,346,471	14,547	1,211,596	5,251	1,749,516	14,324	5,664,721	67,490	7,440,144	76.1%
Argyll & Bute Council	80	55	69%	2,437,565	78,372	2,189,085	57,748	2,769,598	36,279	2,962,784	52,526	10,359,031	224,925	17,126,030	60.5%
City of Edinburgh Council	80	55	69%	8,413,135	167,552	7,489,476	46,953	8,328,134	164,866	10,449,547	178,668	34,680,292	558,039	37,485,887	92.5%
Clackmannanshire Council	80	55	69%	1,812,929	37,387	1,172,142	28,604	1,729,565	16,552	1,986,837	16,951	6,701,474	99,494	10,332,805	64.9%
Comhairle nan Eilean Siar	78	34	44%	626,041	31,300	309,157	23,802	318,356	22,509	482,376	18,849	1,735,931	96,460	4,846,954	35.8%
Dumfries & Galloway Council	80	52	65%	1,770,795	77,515	2,110,754	42,763	2,907,634	46,805	2,851,032	103,564	9,640,215	270,647	13,965,827	69.0%
Dundee City Council	80	48	60%	3,304,498	100,869	3,798,509	99,893	5,101,065	93,302	3,963,169	53,054	16,167,241	347,117	14,050,357	115.1%
East Ayrshire Council	80	52	65%	2,103,223	32,709	2,219,166	11,373	2,664,325	42,639	3,467,629	95,652	10,454,342	182,373	13,997,612	74.7%
East Dunbartonshire	80	55	69%	3,595,631	61,606	3,917,917	36,344	3,325,981	33,959	2,906,372	16,492	13,745,900	148,400	14,371,247	95.6%
East Lothian Council	80	57	71%	2,485,620	74,708	2,602,816	44,357	3,261,015	50,463	4,160,700	70,422	12,510,151	239,951	15,482,019	80.8%
East Renfrewshire Council	80	56	70%	2,072,853	110,593	1,310,294	83,704	1,778,060	99,347	3,423,240	146,972	8,584,447	440,616	12,358,187	69.5%
Falkirk Council	80	58	73%	5,475,514	149,746	3,915,706	85,449	4,113,492	124,925	5,806,084	322,265	19,310,796	682,386	17,229,774	112.1%
Fife Council	80	60	75%	9,716,439	130,940	9,466,947	-8,108	10,876,084	104,855	12,850,615	149,341	42,910,086	377,027	46,694,769	91.9%
Glasgow City Council	80	47	59%	9,171,002	220,730	10,138,327	207,355	9,585,084	161,437	10,039,059	257,798	38,933,472	847,321	52,666,440	73.9%
Highland Council	80	51	64%	4,417,719	179,801	3,958,977	90,410	5,347,139	78,184	4,893,579	77,073	18,617,415	425,467	29,066,546	64.1%
Inverclyde Council	80	61	76%	2,372,020	74,338	1,824,675	70,428	1,859,847	52,687	2,062,227	101,565	8,118,769	299,018	10,551,157	76.9%
Midlothian Council	80	58	73%	2,488,227	70,617	2,128,417	73,121	2,321,438	250,330	1,840,015	34,636	8,778,096	428,704	15,529,493	56.5%
Moray Council	80	52	65%	3,855,042	82,259	2,507,520	-9,105	2,443,481	20,194	3,907,294	52,955	12,713,337	146,302	17,838,062	71.3%
North Ayrshire Council	79	60	76%	4,872,080	125,289	4,042,237	73,753	4,390,308	51,045	6,517,176	135,500	19,821,800	385,588	19,874,940	99.7%
North Lanarkshire Council	80	51	64%	5,758,486	184,981	3,841,580	181,351	6,650,885	167,829	8,854,679	197,016	25,105,629	731,177	26,604,446	94.4%
Orkney Islands Council	76	30	39%	782,064	14,801	577,960	380	391,713	-2,772	1,039,361	-2,130	2,791,705	10,279	3,348,600	83.4%
Perth & Kinross Council	80	53	66%	2,089,945	101,637	3,545,754	192,909	4,115,395	186,877	2,739,351	69,921	12,490,444	551,343	10,766,174	116.0%
Renfrewshire Council	80	62	78%	7,497,659	228,471	4,487,639	149,310	5,721,736	117,312	6,276,145	155,630	23,983,179	650,722	21,175,862	113.3%
Scottish Borders Council	80	56	70%	3,079,030	38,605	2,698,299	35,288	2,222,787	-3,501	2,178,138	-9,858	10,178,254	60,534	17,340,634	58.7%
Shetland Islands Council	77	34	44%	599,187	6,440	760,343	2,435	1,099,646	-13,938	910,858	2,291	3,370,033	-2,773	4,385,942	76.8%
South Ayrshire Council	80	46	58%	2,984,722	99,360	3,165,804	42,809	3,367,134	46,952	3,721,152	64,276	13,238,813	253,396	17,314,569	76.5%
South Lanarkshire Council	80	59	74%	6,476,692	224,052	5,238,337	137,709	7,572,170	242,228	8,678,657	215,490	27,965,856	819,479	42,254,592	66.2%
Stirling Council	80	50	63%	1,851,824	2,717	1,815,706	-29,305	1,648,418	-4,112	2,251,709	8,834	7,567,658	-21,866	12,030,696	62.9%
West Dunbartonshire	80	56	70%	5,360,920	163,002	3,176,212	113,492	4,282,244	120,762	5,607,005	95,455	18,426,381	492,711	17,742,506	103.9%
West Lothian Council	80	57	71%	5,195,927	88,679	4,644,395	31,479	4,795,311	81,960	5,964,422	148,039	20,600,056	350,157	35,036,840	58.8%
Associate Members	78	50	64%	5,588,451	19,910	4,751,919	26,453	5,517,656	19,644	6,697,368	155,297	22,555,394	221,304	8,124,854	277.6%
Tayside Contracts	77	28	36%	3,484,127	36,846	2,767,284	106,561	3,909,554	179,133	4,053,630	247,787	14,214,595	570,327	18,449,349	77.0%
Totals:				137,579,742	3,502,267	123,718,213	2,235,539	140,632,902	2,789,003	160,925,669	3,411,385	562,856,525	11,938,194	685,035,071	82.2%

Notes:
1. Contracts Available - The number of contracts available to members during the full reporting period (inclusive of those contracts that may have expired within the reporting timeframe).
2. Contracts Used - The number of contracts which spend has been recorded against during the reporting period (inclusive of those contracts that may have expired within the reporting timeframe).
3. Actual Spend - Total actual spend (net of saving) on contracts during the reporting period compiled using spend data returns provided by contracted suppliers.
4. Saving - Calculated using the estimated forecast saving percentage figure attributed to each contract as per Executive Sub-Committee reports (or variation thereof subsequently agreed with the customer).
5. Forecast Spend - Estimated total spend anticipated in the reporting period.

Scotland Excel

To: **Joint Committee**

On: **21 June 2019**

**Report
by
Director Scotland Excel**

Community Benefits and Fair Work Practices Update

1 Introduction

In line with legislative requirements and Scotland Excel's sustainable procurement duty this report will highlight the community benefits delivered, in the period of 1 October 2018 to 31 March 2019, as a result of the Scotland Excel framework portfolio. Additionally, an update will be provided regarding Fair Work Practices which will give an analysis of suppliers and providers' Living Wage status.

Scotland Excel continually strives to be innovative in its approach to community benefits. There is a recognition that community benefits have a considerable social, environmental and economic impact within local communities and we continue to encourage and grow awareness in this regard. Our approach to community benefit commitments at point of tender has been developed to further advance the undertakings made by suppliers and to facilitate a robust process for the collection of responses. The newly developed community benefit menu has been favoured by procurement specialists when embarking on new procurement exercises and offers a focused approach across the Scotland Excel procurement portfolio.   Furthermore, it aims to encourage suppliers and providers to deliver community benefits within the awarding local authority area.

2 Summary

Twice yearly suppliers and providers are requested to complete a comprehensive community benefits template. This information is collated to illustrate the variety and extent of community benefits delivered as a result of Scotland Excel frameworks. This method of collection together with ongoing contract management aims to support the delivery of the commitments made by suppliers and providers at point of tender. For the return through to 31 March 2019, community benefits have been sought from suppliers and providers who have received in excess of £50,000 spend over the preceding two quarters via a Scotland Excel framework.

Table 1 shows a summary of the social value added across the Scotland Excel procurement portfolio since 2013. The figures are complete for the 12-month period through to the end of March 2019.

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Total
No of Apprentices	9	92	49	18	52	34	254
No of New Jobs	78	43	29	53	146	280	629
No of Work Placements	0	5	6	17	30	107	165
Hours of Volunteering & Mentoring	95	377	1279	1570	1637	803	5761
Hours of Work Experience	5305	28214	16734	7852	2541	667	61313
Value of Other Community Benefits	£2,474	£16,550	£46,140	£87,814	£311,549	£437,443	£901,970

Table 1: Summary of social value added across the collaborative portfolio

Community benefits delivered via Scotland Excel frameworks continue to be positive. Figures in terms of 'number of new jobs' for the current return period have seen exponential growth with Renfrewshire being of particular note. These are a result of the business associated with Agency Workers – Social Care framework, where one supplier recruited 10 new full-time employees. It is also worth noting that a total of 3 new apprentices have been recruited within Edinburgh, all of which are from priority groups. In relation to 'hours of volunteering and mentoring' the highest number was provided within South Ayrshire where the supplier supported a local Community Landscape project. Further, suppliers within both Fife and South Lanarkshire provided 15 work placements each for Adults and School-aged children.

As shown in Appendix 1, returns illustrate that North Lanarkshire received the most substantial amount of 'Other Community Benefits'. This is largely made up of donations to various charities, sponsorship of local clubs and school visits.

With regard to Fair Work Practices (including the Living Wage) Scotland Excel commenced formal consideration within Tenders in early 2015. Since this time the respective position on bidders' work practices has been outlined within Executive Sub Committee Contracts for Approval Reports. From a review of the data available since 2015 the overall position across Scotland Excel's portfolio is:

Of the 934 suppliers appointed since formal consideration:

762 (81.6%) notified that they pay the Living Wage
- o Living Wage Accredited – 153 (16.4%)
- o Progress towards accreditation – 40 (4.3%)
- o Committed to gaining accreditation over the first 2 years of the framework – 98 (10.5%)
- o Not accredited but paying the Living Wage – 471 (50.4%)
- Not accredited or paying the Living Wage but committed to doing so within 2 years – 37 (4.0%)
- Neither accredited nor paying Living Wage – 135 (14.4%)

Scotland Excel continue to ensure transparency within the tender process and focus on aspects of fair work practices deemed relevant for each framework. Scotland Excel continue to monitor and encourage the implementation of fair working practices and to work closely with suppliers to review their progress in this area.

3   Next Steps

The next community benefits data collection, analysis and review cycle will be completed in line with the Management Information process to cover the period through to the end of 30 September 2019. The results will be reviewed with the supply base and where appropriate will be incorporated into supplier performance objectives.

4   Conclusion

Committee members are requested to note the content of this report.

Appendix 1 Community Benefits by Council Oct 18-Mar 19

	Number of new apprentices	Number of new employees	Number of work placements	Hours of volunteering	Hours of work experience	Monetary value of Other Community Benefits
Aberdeen City	0.15	4.5	2			£4,151
Aberdeenshire	0.15	3.1	1.5	52		£6,292
Angus		1				£259
Argyll & Bute						£2,750
Clackmannanshire	0.33	2.41				£270
Dumfries & Galloway	0.5	8				£1350
Dundee	0.5	8.89	10.36		216	£5,593
East Ayrshire		0.5	0.1			£1,727
East Dunbartonshire		1				£2,423
East Lothian	2.33	9.96				£2,084
East Renfrewshire		4				£811
Edinburgh	3	9.64	4	2.25		£25,537
Falkirk	2	6.65				£5,420
Fife	0.25	5	15			£10,904
Glasgow	0.2	3.3	4.28		3.75	£8,676
Highland	0.15					£15,159
Inverclyde						£1,250
Midlothian						£400
Moray						£1,300
North Ayrshire	0.3	3.6	2			£604
North Lanarkshire	0.25	12.48	7.15			£42,384

Orkney					
Perth & Kinross	0.33	10.76				£7,085
Renfrewshire		17.15	4			£6,145
Scottish Borders		11.57	4			£9,530
Shetland						£248
South Ayrshire		1	3	50		£6,249
South Lanarkshire	1.5	7.69	15.37			£11,885
Stirling		4.53	2	24	40	£1,785
West Dunbartonshire						£2,030
West Lothian	0.5	14.71				£14,892
Western Isles						£1,750
Blanks		3.5	2			£30,179
Total	**12.4**	**154.9**	**76.8**	**128.3**	**259.8**	**£231,122**

Page **5** of **5**

Scotland Excel

To: **Joint Committee**

On: **21 June 2019**

**Report
by
Director Scotland Excel**

Procurement Commercial Improvement Programme (PCIP) Update

1. Introduction

This report provides an update on the status of the procurement assessment programme with member councils and the work undertaken by Scotland Excel to support councils with the Procurement Commercial Improvement Programme (PCIP).

2. Background

The Procurement and Commercial Improvement Programme was introduced in 2015 and is a maturity model designed to assess Scottish public sector procurement performance in a common format. The PCIP is a continuation of the work undertaken by the Procurement Capability Assessment carried out on an annual basis since 2008 until introduction of the PCIP. The focus of PCIP is on the policies and procedures driving procurement performance and the results they deliver.

The first round of PCIP assessments was carried out with all 32 Councils in 2016/17. Following this, a 'lessons learned' and consultation exercise was carried out with key stakeholders including the Procurement Improvement Programme (PIP) Steering Group to inform the approach for the next round scheduled for 2018/19. The outcome of this was for two assessment routes to be offered to Councils in 2018/19: the existing full assessment route and a streamlined focussed assessment route. Any Councils that scored below 55% in the 2016/17 assessment were automatically subject to the full assessment. The focussed assessment was designed to maintain a proportionate balance between the resources required to undertake assessment, the need to maintain rigour and consistency, and the ability to support continuous improvement.

Following selection of the assessment routes, 25 Councils were subject to focussed assessment and 7 to the full assessment. As of 31ˢᵗ May 2019, 30 of the 32 assessments have been completed and the full programme will be completed by September 2019.

3.   Early Findings

Following 30 completed assessments in 2018/19, the average assessment score across the local government sector is 70% (Band F1), an increase from 64% (Band F3) in the 2016/17 assessments.

Although the PCIP is a common benchmarking tool across the public sector, no national comparison information is yet available.

A summary of the profile of the number of Councils and performance band comparing 2016/17 and 2018/19 assessments is show in table 1 below:

Table 1

Performance Band	Number of Councils 2016/17	Number of Councils 2018/19
F1 (>70%)	11	17
F2 (66<>69%)	2	6
F3 (61<>65%)	7	3
F4 (56<>60%)	5	0
F5 (51<>55%)	1	2
F6 (46<>50%)	5	2
F7 (41<>45%)	1	0
Total	**32**	**30**

A breakdown of the average scores across the local government sector for each section of the PCIP assessment comparing 2016/17 and 2018/19 is shown in Diagram 1 below:

Diagram 1
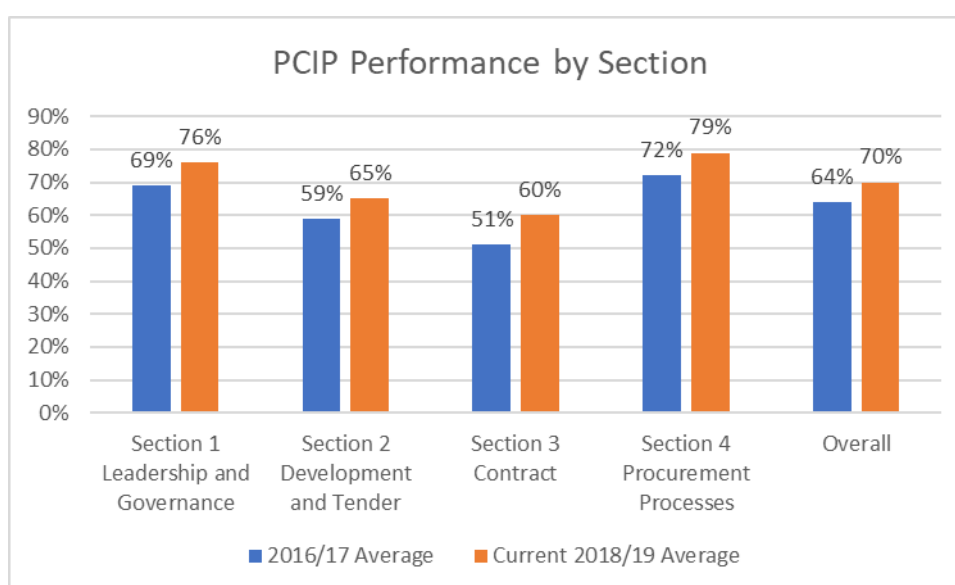
As Diagram 1 shows, the key development areas for the sector are the Development & Tender and Contracts sections. Over the last 2 years, officers have implemented a programme of support focused on addressing the areas of improvement identified through PCIP including:

- Business change projects focussing on Contract and Supplier Management; Demand Management; Developing Councils and Support and Guidance

- Workshops and masterclasses – covering a range of issues identified as key challenges across the sector including Contract and Supplier Management; Demand Management; Indexation; Project Development and Control and Working with Stakeholders

- Accredited work-based learning and development through the Scotland Excel Academy including accredited qualifications.

Work is ongoing with the support of the PIP Steering Group to continue to develop and deliver further support to the sector to enable councils to change and improve in response to the PCIP assessments.

The focussed assessment approach delivered in 2018/19 has been well received by Councils. Scotland Excel will work with Councils, Scottish Government and other Centres of Expertise to share lessons from the 2018/19 programme and ensure that future programmes maintain value and meet the needs and aspirations of the local government sector.

4.   Recommendation

Members are invited to note the progress of the 2018/19 PCIP programme.

Scotland Excel

To: **Joint Committee**

On: **21 June 2019**

**Report
by
Director Scotland Excel**

Special Leave and Hospitality

1. Introduction

As part of the governance process, members of the Joint Committee are advised on an annual basis of staff absence rates, special leave given to staff and hospitality granted by the organisation. The information for the 2018/19 financial year is detailed below.

2. Scotland Excel Staff Absence

The Joint Committee has previously agreed that Scotland Excel should work to an absence rate of below 4%. This target aligns Scotland Excel with partner organisations, supports good practice in this area and demonstrates the ongoing commitment to absence management as a key efficiency target.

During 2018/19, the average sickness absence rate per full time equivalent member of staff has been 1.9 days. In total, 188.5 days sickness leave days were reported across all staff during 2018/19 representing a Sickness Absence Rate of 1.1%. The organisation will continue to monitor this and ensure that, where required, staff are given appropriate support to maintain their attendance.

3. Special Leave

Under item 6.2(w) of the Scheme of Delegation, the Director has the authority to permit any member of staff to absent themselves occasionally and temporarily during business hours to attend to duties or services of a civic honour, charitable, academic or social nature provided that these do not interfere with the efficient discharge of the functions of Scotland Excel and to grant special leave, in accordance with the lead authority's special leave policy.

Scotland Excel follows the HR policies and procedures of the lead authority, Renfrewshire Council. When approving requests for special leave, consideration is always given to the operational requirements of Scotland Excel together with requests that may have been previously granted and outstanding annual leave. Categories of special leave include some medical appointments, illness of family dependants, bereavements, civic duties and exam / study leave. A total of 49.5 days are recorded, 45.5 days paid leave and 4 days unpaid leave, against the undernoted categories.

Reason	Paid or Unpaid	Days
Support family dependants	Paid	11
Support family dependants	Unpaid	1
Bereavement	Paid	14
Exam / Study leave	Paid	13.5
Jury Duty	Unpaid	3
Hospital	Paid	6
Election Duties	Paid	1

4. Hospitality

Under Item 6.2(e) of the Scheme of Delegation, the Director has the authority to approve the provision of reasonable hospitality to a maximum of £1,000 in relation to one occasion where this is thought to be in the interests of Scotland Excel.

In the last financial year there was no spend.

5. Recommendation

The Joint Committee is requested to note the contents of report.