

## Notice of Meeting and Agenda Scotland Excel Executive Sub-committee

Date	Time	Venue
Friday, 23 November 2018	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

KENNETH GRAHAM  
Clerk

### Membership

Provost Bill Howatson (Aberdeenshire Council); Councillor Angus Macmillan Douglas (Angus Council); Councillor Graham Hutchison (City of Edinburgh Council); Provost Norman A Macdonald (Comhairle Nan Eilean Siar); Councillor Stephen Thompson (Dumfries and Galloway Council); Councillor Altany Craik (Fife Council); Bailie Norman MacLeod (Glasgow City Council); Councillor Alister Mackinnon (Highland Council); (North Ayrshire Council); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor John Shaw (Renfrewshire Council); Councillor Amanda Westlake (Shetland Islands Council) and Councillor Collette Stevenson (South Lanarkshire Council)

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

### Video Conferencing

Should any member wish to participate using video conferencing please contact Lesley Jones on 0141 618 7444.

### 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](mailto: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.

- |             |  |                |
|-------------|--|----------------|
| <b>1</b>    | <b>Minute</b>  | <b>5 - 8</b>   |
|             | Minute of meeting of the Executive Sub-committee held on 26 October 2018.  |                |
| <b>2</b>    | <b>Revenue Budget Monitoring</b>   | <b>9 - 12</b>  |
|             | Joint report by Treasurer and Director of Scotland Excel.  |                |
| <b>3(a)</b> | <b>Request for Associate Membership - East Kilbride and District Housing Association Limited</b>                               | <b>13 - 14</b> |
|             | Report by Director of Scotland Excel.  |                |
| <b>3(b)</b> | <b>Request for Associate Membership - Link Group Limited</b>   | <b>15 - 16</b> |
|             | Report by Director of Scotland Excel.  |                |
| <b>4</b>    | <b>Funding 2019/20 Update</b>  | <b>17 - 24</b> |
|             | Report by Director of Scotland Excel.  |                |
| <b>5</b>    | <b>Risk Register Update</b>  | <b>25 - 32</b> |
|             | Report by Director of Scotland Excel.  |                |
| <b>6</b>    | <b>Employee Absence Management Report</b>  | <b>33 - 36</b> |
|             | Report by Director of Scotland Excel.  |                |
| <b>7</b>    | <b>Meetings of Scotland Excel Executive Sub-committee in 2019</b>  | <b>37 - 38</b> |
|             | Report by Clerk.   |                |
| <b>8</b>    | <b>Date of Next Meeting</b>  |                |
|             | Note that the next meeting of the Executive Sub-committee will be held at 9.45 am on 7 December 2018 in Glasgow City Chambers. |                |





## Minute of Meeting Scotland Excel Executive Sub-committee

Date	Time	Venue
Friday, 26 October 2018	10:45	Scotland Excel Meeting Room 1, Renfrewshire House, Cotton Street, Paisley

### Present

Provost Norman A Macdonald (Comhairle Nan Eilean Siar); Bailie Norman MacLeod (Glasgow City Council); Councillor Paul Di Mascio (North Lanarkshire Council); Councillor John Shaw (Renfrewshire Council); Councillor Collette Stevenson (South Lanarkshire Council); and Councillor Amanda Westlake (Shetland Islands Council).

### By Videoconference

Provost William Howatson (Aberdeenshire Council) and Councillor Stephen Thompson (Dumfries and Galloway Council).

### Chair

Councillor Shaw, Convener, presided.

### In Attendance

H Carr, Head of Strategic Procurement, S Brannagan, Head of Customer & Business Services, K Carlin, Procurement Coordinator, E Kidd, Senior Procurement Specialist, and M Robertson, Marketing and Communications Manager (all Scotland Excel); and M Conaghan, Legal and Democratic Services Manager; D Low, Senior Committee Services Officer, K Crawford, Senior Accountant and N O'Brien, Assistant Committee Services Officer (all Renfrewshire Council).

### Apologies

Councillor Angus Macmillan Douglas (Angus Council); Councillor Altany Craik (Fife 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 commencement of the meeting.

### **1 Minute**

There was submitted the Minute of the meeting of the Executive Sub-committee held on 28 September 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 14 September 2018.

The report intimated that gross expenditure was £5,000 under budget and income was currently breakeven which resulted in a net underspend of £5,000.

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

### **3(a) Contract for Approval: Supply and Delivery of Road Signage Materials**

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 signage materials which would be effective from 1 December 2018 until 30 November 2021, with an option to extend for up to an additional one-year period to 30 November 2022.

The report intimated that the framework provided councils with a mechanism to procure materials which would support road maintenance programmes.

The framework had been developed by the Operational Supplies and Services (OSS) Team with a fast-tracked approach involving key stakeholders and had been divided into four lots as detailed in figure 1 of the report and had been advertised at an estimated value of £5 million over the four-year period. Appendix 1 to the report detailed the participation, spend and savings summary of the 31 councils participating in the framework. Orkney Islands Council would not be participating in any new arrangement as they had their own sign shop.

Tender responses had been received 14 suppliers and a summary of offers received and their SME status was detailed in Appendix 2 to the report.

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 11 suppliers across the four lots as outlined in Appendix 3 to the report.

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

**DECIDED:** That placings on this framework for the supply and delivery of road signage materials, be awarded to the suppliers as detailed in Appendix 3 to the report.

## **Declaration of Interest**

Provost Macdonald declared a non-financial interest in item 3(b) of the agenda as he was a retained firefighter with the Scottish Fire and Rescue Service and indicated his intention to remain in the meeting during consideration of the item and not to take part in any discussion or voting thereon.

### **3(b) Contract for Approval: Technology Enabled Care**

There was submitted a report by the Director of Scotland Excel relative to the award of a renewal framework agreement for the supply of telecare and telehealth technologies, renamed as technology enabled care, which would be effective from 1 January 2019 until 31 December 2019, with an option to extend for up to three one-year periods to 31 December 2022.

The report intimated that the framework provided councils, health and social care partnerships and associate members with a mechanism to procure technology enabled care and ancillary monitoring services to maintain, promote and support independent living. The framework would allow for four annual break clauses and would exercise Regulation 72 of the procurement regulations to allow a digital specification to be added to the framework during the four-year duration.

The framework would provide more comprehensive location and lifestyle monitoring services together with consumer grade home health monitoring peripheral devices to help reduce unnecessary routine admissions to primary and secondary healthcare.

The framework had been divided into 10 lots as detailed in table 1 of the report and had been advertised at an annual value of £6.3 million. Appendix 1 to the report detailed the participation, spend and savings summary of the 32 councils/health and social care partnerships, three health boards and three housing associations participating in the framework.

Tender responses had been received from 17 suppliers and a summary of offers received 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.

The offers received within lot 10 (Alarm Receiving Technology) could not be equally evaluated on a like-for-like basis due to the changing nature of current technology available. As a result, lot 10 had not been recommended for award. Further engagement would be carried out to identify the most appropriate method for local authorities to purchase this technology.

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 14 suppliers across the nine lots as outlined in Appendix 3 to the report.

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

It was noted that any reference in the appendices to the report to ITS Design Ltd trading as Alert-It should be replaced with ITS Designs Ltd trading as Alert-It.

**DECIDED:**

(a) That the award of the framework agreement, as detailed in Appendix 3 to the report, be approved; and

(b) That it be noted that any reference in the appendices to the report to ITS Design Ltd trading as Alert-It should be replaced with ITS Designs Ltd trading as Alert-It.

**4(a) Request for Associate Membership: Cairn Housing Association**

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

**DECIDED:** That the application by Cairn Housing Association to become an associate member of Scotland Excel, at an annual membership fee of £4,790, be approved subject to completion and signing of the agreement documentation.

**4(b) Request for Associate Membership: SEStran (South East of Scotland Transport Partnership)**

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

**DECIDED:** That the application by SEStran 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 Operating Plan 2018/19 Update**

There was submitted a report by the Director of Scotland Excel relative to the Q1 progress made against operating plan activities and commitments during 2018/19.

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

**6 Date of Next Meeting**

**DECIDED:** That it be noted that the next meeting of the Executive Sub-committee would be held at 10.45am on 23 November 2018 in Scotland Excel Meeting Room 1, Renfrewshire House, Paisley.





## Scotland Excel

**To: Executive Sub Committee**

**On: 23 November 2018**

**Report  
by  
Joint Report by the Treasurer and the Director**

**Revenue Budget Monitoring Report to 12 October 2018**

**1. Summary**

1.1 Gross expenditure is £4,000 under budget and income is currently £10,000 under recovered which results in a net overspend of £6,000 for Scotland Excel. This is summarised in point 4:

**2 Recommendations**

2.1 It is recommended that members consider the report.

**3 Budget Adjustments Since Last Report**

3.1 There have been no budget adjustments since the last report.

**4 Budget Performance**

<b>4.1 Current Position</b>	<b>Net Overspend £6,000</b>
<i>Previously Reported</i>	<i>Net Underspend £5,000</i>

The variance is due to an underspend in Employee Costs and an overspend in Supplies and Services and Administration Costs.

The underspend in Employee Costs is due to a higher than anticipated staff turnover.

Administration Costs are overspent due to costs relating to external recruitment support.

Supplies and services are overspent due to costs relating to supporting the local government supplier development programme.

All projects are currently projected to break even.

## **4.2 Projected Year End Position**

It is currently forecast that Scotland Excel will over spend by £29,000 at the year end. This is due to unbudgeted costs for ICT software and telephony, the cost of external recruitment support and costs relating to supporting the local government supplier development programme which supports local spend initiatives.

It is forecast that income from our partnership with Crown Commercial Services will be less than anticipated. This is however still being discussed with the organisation.

Scotland Excel management will take remedial action during the remainder of the financial year to mitigate the current forecasted overspend.

RENFREWSHIRE COUNCIL  
REVENUE BUDGET MONITORING STATEMENT 2018/19  
1st April 2018 to 12th October 2018

JOINT COMMITTEE : SCOTLAND EXCEL

Description  (1)	Agreed Annual Budget  (2)	Year to Date Budget  (3)	Year to Date Actual  (4)	Adjustments  (5)	Revised Actual  (6) = (4 + 5)	Budget Variance			Year End Position			
						(7)		Year End	Year end	Year end	Over / Under	
						£000's	%	Projection	Variance	Variance	Spend	
£000's	£000's	£000's	£000's	£000's	£000's	%	£000's	£000's	%			
Employee Costs	3,040	1,428	1,366	40	1,406	22	1.5%	underspend	3,028	12	0.41%	underspend
Property Costs	196	81	81	0	81	0	0.0%	breakeven	196	1	0.26%	breakeven
Supplies & Services	141	83	69	19	88	(5)	-6.0%	overspend	154	(13)	-9.54%	overspend
Contractors and Others	0	0	0	0	0	0	0.0%	breakeven	0	0	0.00%	breakeven
Administration Costs	266	80	104	(10)	94	(14)	-17.5%	overspend	287	(21)	-7.83%	overspend
Payments to Other Bodies	20	1	0	0	0	1	100.0%	underspend	20	0	0.00%	breakeven
<b>GROSS EXPENDITURE</b>	<b>3,663</b>	<b>1,673</b>	<b>1,620</b>	<b>49</b>	<b>1,669</b>	<b>4</b>	<b>0.2%</b>	<b>underspend</b>	<b>3,684</b>	<b>(21)</b>	<b>0.58%</b>	<b>overspend</b>
Contributions from Local Authorities	(3,484)	(82)	(82)	0	(82)	0	0.0%	breakeven	(3,484)	0	0.00%	breakeven
Other Income - Associate Members	(90)	(66)	(56)	0	(56)	(10)	-15.5%	under-recovery	(82)	(8)	-8.89%	under-recovery
<b>INCOME</b>	<b>(3,574)</b>	<b>(148)</b>	<b>(138)</b>	<b>0</b>	<b>(138)</b>	<b>(10)</b>	<b>-6.9%</b>	<b>under-recovery</b>	<b>(3,566)</b>	<b>(8)</b>	<b>-0.22%</b>	<b>under-recovery</b>
<b>TRANSFER (TO)/FROM RESERVES</b>	<b>90</b>	<b>1,525</b>	<b>1,482</b>	<b>49</b>	<b>1,531</b>	<b>(6)</b>	<b>-0.4%</b>	<b>overspend</b>	<b>118</b>	<b>(29)</b>	<b>0.37%</b>	<b>overspend</b>

Summary of In Year Movement of Reserves

	£000's
Opening Reserves 1/4/18	(292)
Budgeted Draw on Reserves (Approved at June 18 Committee)	90
Projected Year End Overspend / (Underspend)	29
Anticipated Closing Reserves	<u>(173)</u>



## Scotland Excel



**To: Executive Sub Committee**

**On: 23 November 2018**

### **Report by Director Scotland Excel**

#### **Request for Associate Membership of Scotland Excel by East Kilbride and District Housing Association**

##### **1 Introduction**

In addition to the 32 local authorities who are full members of Scotland Excel, applications can be made for Associate Membership by organisations such as council arms-length organisations, community groups, charities, housing associations and voluntary organisations which are a public body or a body that engages in activities of a public nature.

Organisations apply to Scotland Excel for Associate Membership to allow them to access the frameworks for goods and services which we have in place for our full members. Associates do not have the opportunity to influence the future contract delivery schedule which is reserved for the full local authority members.

##### **2 Application**

Following work carried out with them as part of a review of procurement capability within the organisation, East Kilbride and District Housing Association has applied to Scotland Excel for associate membership.

East Kilbride and District Housing Association has 524 properties based in South Lanarkshire and are a registered charity.

East Kilbride and District Housing Association strive to improve the quality of life and serve the needs of local people in East Kilbride and surrounding areas by providing high quality social rented housing and related services, and by assisting them in sustaining and strengthening their communities.

East Kilbride and District Housing Association is a Living Wage employer.

To ensure the efficient and cost-effective delivery of these services it has approached Scotland Excel and requested approval to become an associate member with access to our contracts.

##### **3 Legislative Position**

Before any application is submitted to committee for consideration checks are made into the organisation including scrutiny of the Memorandum & Articles of Association, finances and the type of contracts that the organisation wishes to access. Membership commences once committee has approved the

application and a Membership Agreement between Scotland Excel and the organisation is signed.

Scotland Excel monitors all requests from arms-length and other organisations to become associate members to ensure that any legal requirements are met. In this case East Kilbride and District Housing Association qualify for membership as in accordance with the Local Authorities (Goods and Services) Act 1970 section 1 (1B)(c) namely that the organisation is a person who, not being a public body, has functions of a public nature or engages in activities of that nature and the purpose or effect of its access to Scotland Excel's services is to facilitate its discharge of those functions or activities.

### **Recommendation**

It is recommended to committee that the East Kilbride and District Housing Association's application to join Scotland Excel as an associate member be approved. The annual fee will be set at £790, in line with the approved associate member pricing model and subject to completion and signing of the agreement document.

## Scotland Excel



**To: Executive Sub Committee**

**On: 23 November 2018**

### **Report by Director Scotland Excel**

#### **Request for Associate Membership of Scotland Excel by Link Group Ltd**

#### **1 Introduction**

In addition to the 32 local authorities who are full members of Scotland Excel, applications can be made for Associate Membership by organisations such as council arms-length organisations, community groups, charities, housing associations and voluntary organisations which are a public body or a body that engages in activities of a public nature.

Organisations apply to Scotland Excel for Associate Membership to allow them to access the frameworks for goods and services which we have in place for our full members. Associates do not have the opportunity to influence the future contract delivery schedule which is reserved for the full local authority members.

#### **2 Application**

Following work carried out with them as part of a review of procurement capability within the organisation, Link Group Ltd has applied to Scotland Excel for associate membership.

Link Group Ltd has 7,120 properties based across Scotland and is a registered charity.

Link Group Ltd is a group of award-winning social enterprise companies serving more than 15,000 customers – making them one of the largest social landlords in Scotland.

Link Group Ltd is a Living Wage employer.

#### **3 Legislative Position**

Before any application is submitted to committee for consideration checks are made into the organisation including scrutiny of the Memorandum & Articles of Association, finances and the type of contracts that the organisation wishes to access. Membership commences once committee has approved the application and a Membership Agreement between Scotland Excel and the organisation is signed.

Scotland Excel monitors all requests from arms-length and other organisations to become associate members to ensure that any legal requirements are met. In this case Link Group Ltd qualify for membership as

in accordance with the Local Authorities (Goods and Services) Act 1970 section 1 (1B)(c) namely that the organisation is a person who, not being a public body, has functions of a public nature or engages in activities of that nature and the purpose or effect of its access to Scotland Excel's services is to facilitate its discharge of those functions or activities.

### **Recommendation**

It is recommended to committee that the Link Group Ltd application to join Scotland Excel as an associate member be approved. The annual fee will be set at £10,680, in line with the approved associate member pricing model and subject to completion and signing of the agreement document.





## Scotland Excel

To: Executive Sub Committee

On: 23 November 2018

Report  
by  
Director Scotland Excel

Funding 2019/20 Update

### 1 Introduction

This report provides an update on the funding strategy for fiscal period 19/20 set out by Scotland Excel in the “*Funding Model Review*” paper approved at the June 2018 Joint Committee.

### 2 Background

The *Revenue Estimates 2018-19* report presented at the Joint Committee on 8<sup>th</sup> December 2017 and the *Funding Model Review* at the 29<sup>th</sup> June 2018 Joint Committee, highlighted the challenging future financial landscape for local government and the impact on Scotland Excel. It recognised that over the medium term, local government in Scotland is likely to face further contraction in available resources, relating predominantly to the provision of revenue grant from the Scottish Government. In this context, Scotland Excel will continue 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 is achieved.

The reports presented to the Joint Committee stated that “*the indicative medium term financial position, and includes an estimate that Scotland Excel will in 2019/20 (assuming no change in the level of requisition and no reliance on reserves) require to secure additional income or reduce costs by £168,000; rising to £254,000 in 2020/21.*”

The *Funding Model Review* approved at the 29<sup>th</sup> June 2018 Joint Committee presented a number of funding opportunities and made a series of recommendations regarding income generation, use of project reserves and potential requisition increases.

The review concluded with a number of steps that were subsequently approved by the Joint Committee:

1. Approve the proposed hybrid approach to meeting the deficit whereby the funding opportunity projects were progressed by Scotland Excel in addition to potential flexible use of reserves and potential requisitions increases.
2. Agree that the *Care Home for Older People* project continues to be directly funded from the participating councils.
3. Agree that Scotland Excel officers continue to work with the Treasurer to identify methods to address the short to mid-term deficit.
4. Note that an update paper will be presented to the December 2018 Joint Committee along with the annual Revenue Estimates. This paper would provide an update on the steps taken since the June 2018 joint committee and any further steps required to ensure ongoing financial sustainability.

### 3 Funding Opportunity Updates

The *Funding Model Review* presented at the June 2018 Joint Committee presented a number of funding opportunities which were subsequently approved by members.

#### 3.1 Consultancy Services

This project will develop and formalise the chargeable consultancy services offered to members and the wider public sector including the affordable housing sector. No offering will be made beyond the public sector at this stage

The project is anticipated to provide a financial return early in period 2019/20. A prudent approach has been taken to develop and grow this income stream over the coming years and is shown in table 1.

**Table 1.**

Fiscal	Surplus
2019/20	£70,000
2020/21	£70,000
2021/22	£70,000
2022/23	£80,000
2023/24	£90,000

Scotland Excel has been working on a number of consultancy service opportunities since the June Joint Committee and is confident on the projected surplus outlines in table 1.

In 2017/18 projects were initiated with Fife council, East Renfrewshire council and Aberdeen City council. Additionally, work was undertaken with SEEMiS and City Property Ltd for the provision of procurement support. The Fife Council, SEEMiS, and City Property projects will continue into the following fiscal period and therefore contribute towards the target set out.

#### 3.2 New Build Housing

Scotland Excel has initiated a project to meet the procurement demand for new build housing through a new funding approach, which involves

participating members contributing to the total project cost. This new funding approach provides a much needed framework with a number of additional benefits to the wider public sector, and a financial return to those organisations investing in the project.

The project is anticipated to provide a financial return in period 2020/21. A prudent approach has been taken to spend on the framework and is based on current knowledge of house build plans as published by the Association of Local Authority Chief Housing Officers (ALACHO).

Since the June Joint Committee, Scotland Excel has continued to work with member councils to progress the New Build project. Extensive stakeholder engagement has been held to date including those with individual contractors, purchasers, Scottish Government (grant funding & More Homes divisions), Homes for Scotland (contractor representative body), Construction Innovation Centre, Offsite Solutions Scotland (organisation comprising offsite contractors and manufacturers in Scotland) and Construction Industry Training Board (CITB). User intelligence groups have been held over the past five months and the framework strategy is almost complete, with a strategy document to be made available to councils shortly. A restricted procedure has been agreed upon, with the contract notice to be published by the end of November 2018 and a contract start date anticipated in August 2019.

The contribution to deficit is shown in table 2.

**Table 2.**

Fiscal	SXL Rebate
2019/20	£0
2020/21	£95,390
2021/22	£95,390
2022/23	£16,155
2023/24	£16,155

### **3.3 Learning and Development – The Academy**

The creation of a new 5-year Learning and Development strategy has the aim of Scotland Excel being the public-sector partner of choice for procurement and other disciplines. It takes a multi-disciplinary learning approach and learning programmes are currently segmented by procurement, leadership & management and project management.

The Academy has made good progress since the June 2018 Joint Committee. Working with our partner organisation, The Improvement Service, Scotland Excel has introduced a new Professional Diploma Award (PDA) in Project Management. The programme, which is accredited by The Scottish Qualifications Authority (SQA), has commenced and has a pipeline of 4 cohorts. Additionally, two new cohorts have commenced, delivering Practitioner and Advanced Practitioner within the Chartered Institute of Procurement and Supply (CIPS).

The project is anticipated to provide a financial return in 2019/20 and is shown in table 3.

**Table 3.**

Fiscal	Surplus
2019/20	£53,000
2020/21	£53,000
2021/22	£55,000
2022/23	£60,000
2023/24	£62,000

### **3.4 Rebates**

The use of volume rebates has been used to varying degree of success across the Scotland Excel portfolio to date. Some frameworks have had a rebate embedded within the commercial agreement, such as within construction materials, where others have offered successful returns on a one-off basis. There is also the view that if rebates are maintained at very modest levels, for example less than c.0.75%, there is no adverse effect on pricing. It is the intention therefore to include a rebate review as part of the internal contract governance process and consider applicability of the inclusion of rebates as standard practice going forward.

Scotland Excel has undertaken further analysis on the use rebates since the last Joint Committee. The organisation continues to discuss the approach at its User Intelligence Groups.

The project is anticipated to provide a financial return early in period 2020/21. It is provided in table 4.

**Table 4.**

Fiscal	Surplus
2019/20	£0
2020/21	£55,000
2021/22	£100,000
2022/23	£572,000
2023/24	£811,000

### **3.5 Associate Member Expansion**

This project will take a much more proactive approach to the identification and enrolment of associate members to Scotland Excel. The project will make use of the existing affordable housing team to accelerate this within both the housing sector and beyond.

Scottish Government funding for the project supported a team of four specialists within Scotland Excel. The funding for this initiative terminates at the end of the current fiscal period. In addition to the aims of the Scottish

Government funded project, the team have generated an additional £80k of associate annual income.

It is proposed that this future income be utilised to support the project team going forward. The team will be reduced in size to two team members to meet the objectives including the income objectives set out in the '*funding model review*'. The focus for this team will continue to be supporting housing sector growth, whilst seeking wider associate opportunities. A future review will consider the scale of this team based on income generation.

The project is anticipated to provide a financial return in period 2019/20 as outlined in table 5.

**Table 5.**

Fiscal	Surplus
2019/20	£50,000
2020/21	£55,000
2021/22	£55,000
2022/23	£60,000
2023/24	£60,000

#### **4 Funding update**

Work has continued to review the financial sustainability of Scotland Excel since the June Joint Committee and to consider the funding solutions set out at that point.

The organisation has made good progress in developing each of the potential offerings set out in section 3 of this report. Three opportunities are forecast to deliver income in fiscal year 19/20; consultancy, learning and development and associate members expansion. Each project has delivered income within the current fiscal period and measures have been taken to meet the targets set out for the next fiscal period. The remaining two projects are forecast to deliver income within subsequent fiscal periods.

A number of additional financial arrangements were proposed and approved within the June Joint Committee report and they remain valid:

- Use of up to £120k from project reserves currently allocated to the Operational Supplies and Services (OSS) project and repaid in fiscal period 2022/23 when income has grown to a sufficient level.
- Use of £80k of associate income earned in the current fiscal period and allocated to support 2019/20.
- *Care Home for Older People* project continues to be directly funded from the participating councils.

Scotland Excel continues to develop its organisational culture and operational environment to recognise the need for a more commercial outlook to support

future financial sustainability. It is this environment that will allow the organisation to seek out ways to support cost effective member services for the future.

Scotland Excel recognises the need to ensure core member services are at the forefront of its operational goals. This is a key ethos of the organisation and is at the heart of every project decision. A number of projects provide additional benefits to core operations including the generation of surpluses to support financial sustainability.

The organisation has been impacted with additional cost challenges within the current fiscal period. These challenges are no different to the ones faced by its members, but the scale of the organisation clearly means the impact is more pronounced. These challenges include items such as the level of staff pay award and higher than anticipated IT costs. Scotland Excel continues to monitor financial performance on a regular basis and take appropriate corrective actions to achieve its budgetary aims. Staff vacancies and delaying recruitment within the current period has supported these aims.

### Updated financial position

The “*Funding Model Review*” approved at the June 2018 Joint Committee set out the hybrid funding approach shown in table 6 below. The paper estimated that a “requisition increases in the region of 1-3% may be required to bridge the deficit position outlined in specific financial years”.

**Table 6**

Project	Fiscal Period				
	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Deficit	-£168,000	-£254,000	-£334,000	-£414,000	-£494,000
Care Home for Older People	£0	-£97,955	-£99,914	-£101,912	-£103,951
Supported Living and Care at Home	-£169,394	-£172,782	-£176,238	-£179,762	-£183,358
Proposed office expansion	-£50,000	-£50,000	-£50,000	-£50,000	-£50,000
<b>Total</b>	<b>-£387,394</b>	<b>-£574,737</b>	<b>-£660,152</b>	<b>-£745,675</b>	<b>-£831,308</b>
Income options	£173,000	£328,390	£375,390	£788,155	£1,039,155
Associate member income secured 2018/19	£80,000				
Care Home for Older People - Member funded		£97,955	£99,914	£101,912	£103,951
<b>Estimated surplus/deficit</b>	<b>-£134,394</b>	<b>-£148,392</b>	<b>-£184,848</b>	<b>£144,393</b>	<b>£311,797</b>
Opening reserves (general and project)	£ 360,000	£ 240,000	£ 240,000	£ 240,000	£ 360,000
Use of reserves	£ 120,000	£ -	£ -	-£ 120,000	£ -
Closing reserves	£ 240,000	£ 240,000	£ 240,000	£ 360,000	£ 360,000
<b>Remaining surplus/deficit</b>	<b>-£14,394</b>	<b>-£148,392</b>	<b>-£184,848</b>	<b>£24,393</b>	<b>£311,797</b>

Scotland Excel continues to work with its treasurer to calculate the projected outturn for the current fiscal period, level of funding for next fiscal period and any funding gap. At this point it is anticipated that a requisition increase of 2% will be required in fiscal period 19/20. Further work is underway to establish subsequent requirements in future periods.

## **5 Next steps**

Scotland Excel will continue to work with its treasurer to finalise the elements of its budget for next fiscal period and the associated elements described above. This task will be completed and presented at the December 2018 Joint Committee.

## **6 Conclusion/Recommendation**

Committee members are requested to:

- Note the progress made since the June 2018 Joint Committee.
- Endorse the contents of this paper which will be taken to the Joint Committee in December 2018.





**Scotland Excel**



**To: Executive Sub Committee**

**On: 23 November 2018**

**Report  
by  
Director Scotland Excel  
Risk Register Update**

**1. Introduction**

This report provides an update on the risk register which is maintained to assess threats/risks that could impact on the delivery of Scotland Excel's organisational objectives and to identify actions that have been taken to mitigate these risks.

**2. Background**

The attached Risk Register was created in June 2018 when Scotland Excel carried out a full review of the organisation's risk register to reflect the new 5 year operating plan. It was agreed that the risk management plan would be reported to the Executive Sub Committee twice a year and the Joint Committee on an annual basis to give elected members visibility of the risks, and actions taken by the organisation to manage those risks.

**3. Risk Management update**

The risk register is maintained and continues to be a focus for the organisation; a process for regular review is in place including the Senior Management Team meeting quarterly to review, revise and update the register.

The current risk register is attached as an appendix to this report for review by members.

**4. Recommendation**

Members are invited to provide any feedback on the risk register and the actions identified to manage risks.



Appendix 1:

Risk Register

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 1 Organisational Sustainability <u>Context:</u> <ul style="list-style-type: none"> <li>Potential for local government / organisations withdrawing support</li> <li>Need to attract additional resources</li> <li>Council budget cuts impacting upon use of services provided</li> </ul>	Membership of Scotland Excel is optional for all stakeholders and Scotland Excel must be alert to this and the impact of councils or associate members resigning their membership	JW	<ul style="list-style-type: none"> <li>The organisation has developed a number of projects to offer new services which will greatly increase the benefits to stakeholders.</li> <li>Identifying new opportunities to provide additional chargeable services based on customer demand</li> <li>Ongoing robust market testing of all new shared service propositions</li> <li>Ensure ongoing robust business model is in place for all new services (cost to serve, funding/uptake forecasts)</li> <li>Continuing to focus on adding value for all member councils</li> </ul>	2	5	10	8	↓
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 2 Managing growth and diversity <ol style="list-style-type: none"> <li>Failure to identify and manage emerging opportunities</li> <li>Inability to evolve service offering in a changing landscape</li> </ol>	There is a risk to the long term future of the organisation if it fails to grow the portfolio of services offered to members	SB	<ul style="list-style-type: none"> <li>Regular horizon scanning meetings help to identify market development opportunities and give the organisation the time to plan for capability and capacity.</li> <li>OD strategy in development.</li> <li>Workforce planning and "talent management" programmes are being considered as part of the ongoing OD strategy.</li> <li>Innovation management process being developed.</li> </ul>	3	4	12	12	↔
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 3 Political Change	Political change at local, national, UK and international levels which Scotland Excel must be aware of in order to respond to, and maintain services to stakeholders	JW	<ul style="list-style-type: none"> <li>An effective and properly resourced public affairs strategy is in place.</li> <li>Through effective research, engagement, partnership working and briefings – for example Brexit white paper - it ensures that the organisation is aware of and able to respond to challenges and opportunities in the external environment.</li> <li>Active participation by the organisation in various groups and boards influencing policy and "direction of travel".</li> </ul>	3	4	12	9	↓
Context: 1. Legislative changes impact upon the organisation and how it has to operate. 2. Political uncertainty created by, for example, Brexit create unknown challenges								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 4 Title: Reputational Risk	Scotland Excel is faced with negative publicity or a media crisis through a service issue or failure that compromises the organisation's stakeholders	JW	<ul style="list-style-type: none"> <li>Colleagues advise communications colleagues of any potential issues to enable effective planning for "negative" media interest.</li> <li>Pro-active monitoring of press coverage carried out by marketing team and wider organisation.</li> <li>Pro-active and robust engagement with press organisations to ensure positive relationships and coverage</li> <li>Undertake media training.</li> </ul>	3	4	12	8	↓
Context: 1. Negative publicity or media coverage affects the organisation and impacts stakeholders 2. Negative media reports relating to a framework or service provider.								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 5 Supplier Failure	The failure of a service provider could have significant implications for service provision within member council areas.	HC	<ul style="list-style-type: none"> <li>Effective risk management is in place at development and management of contracts</li> <li>Robust processes for monitoring the financial stability of suppliers is carried out prior to award and throughout the life of a contract</li> <li>Specific measures to meet the management of Social Care contracts and these key areas of risk.</li> <li>Scotland Excel has a range of measures for monitoring supplier resilience in addition to the external financial monitoring tools used.</li> <li>To ensure robust financial evaluation and support for teams the option to secure external advice for review of financials for suppliers is being implemented.</li> </ul>	4	5	20	15	
Context: 1. Financial (and other) factors impacting on resilience of suppliers  2. Negative reputational results across the portfolio from potential breach of contract and / or supplier failure  3. Focus required in areas which have a direct impact on delivery as a result of business failure.								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 6 Staff Recruitment and Retention	Scotland Excel encounters problems in recruiting and retaining staff of suitable skill, quality and experience to meet the agreed contract delivery schedule.	SB	<ul style="list-style-type: none"> <li>There is an ongoing review of the organisation's recruitment process to ensure that any changes in the market are addressed</li> <li>PR process reviewed in consultation with the Scotland Excel staff to implement a new model.</li> <li>Successful recruitment campaigns including events to be replicated.</li> <li>Measures implemented to support retention including secondment opportunities and projects to enrich roles.</li> <li>Continue to focus on our internal development programme.</li> <li>Enhanced organisational reputation through events, partnerships and marketing.</li> </ul>	3	3	9	6	
Context: 1. Demand in the market for staff makes recruiting and retaining staff problematic. 2. Build credibility beyond procurement professionals to cover other areas including the Academy.								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 7 Corporate Social responsibility	Scotland Excel may not be seen as an industry leader in how it addresses key aspects of corporate social responsibility with an associated negative impact upon our stakeholders.	HC	<ul style="list-style-type: none"> <li>• Management and reporting of Community Benefits has been developed and embedded.</li> <li>• Elected members receive updates as part of the governance process on the range of community benefits on frameworks.</li> <li>• Scotland Excel has secure accreditation as a Living Wage Employer and this will be used to raise awareness with suppliers and stakeholders.</li> <li>• Engagement with appropriate bodies such as the British Association of Supported Employment to encourage participation in frameworks.</li> <li>• Ethical sourcing strategies are provided by suppliers as part of the tender process as a control measure where appropriate.</li> <li>• Marketing actively promote the community benefits in our contracts.</li> <li>• Anti-Slavery legislation has been included and is reviewed as part of our procurement strategy.</li> <li>• The Sustainable procurement strategy is being implemented which will reflect areas of work already in use or in development.</li> <li>• Community benefit requirements are issued to suppliers at tender stage and a register of the community benefits subsequently delivered will be used to assist in future tender scoring.</li> <li>• Workforce matters and living wage considerations are built in at strategy stage</li> </ul>	2	4	8	6	↓
Context: 1 Ensure that where possible community benefits can be delivered as part of the contract portfolio. 2 Ethical sourcing of products and supplies in the whole supply chain.								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation	Residual Risk	Movement
REF: Risk 8 Risk of not performing/ delivering	Scotland Excel fails to perform in line with customer expectations.	SB	<ul style="list-style-type: none"> <li>• A range of KPIs currently exist at contract and organisational level. These are regularly reviewed</li> <li>• Regular operating plan updates to Executive subcommittee to ensure robust governance.</li> <li>• Regular financial period review and reporting across core and projects.</li> <li>• Business continuity approach ensures that the organisation and its systems is able to operate effectively remotely</li> <li>• Approved 5 years strategy and one year operating plan in place.</li> </ul>	3	4	12	8	↓
Context: 1. Failure to deliver in line with member council expectation 2. System failures impact on the ability of the organisation to deliver services 3. Management of data and GDPR legislation require more rigorous security								
Action Ref	Linked Actions	Latest Notes		Assigned to	Due Date	Status		







## Scotland Excel

To: Executive Sub Committee

On: 23 November 2018

### Report by Director Scotland Excel

#### Employee Absence Management Report

##### 1. Introduction and purpose of the report

In response to the Renfrewshire Council Internal Audit team recommendation, this report on organisational sickness absence is submitted on a quarterly basis highlighting the absence rate in the organisation.

##### 2. Scotland Excel Absence Management Target

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.

##### 3. Overview of Attendance

In line with audit recommendations, the attached report has been prepared for the Executive Sub Committee. The report details:

- Breakdown of current month, last six months and last 12 months absence figures
- Illustration of 12 months in days
- Illustration of last 12 months in percentages

The report includes the latest absence details for period to 31 July 2018. The rate of absence across the organisation has been maintained below the 4% target with the rolling 6 and 12 month average absence rates now below 2%.

The absence rates for the reporting periods are:

- previous 1 month to 0.8% (14 days)
- previous 6 months to 0.8% (73.5 days)
- previous 12 month period to 1.1% (194.5 days)

Scotland Excel will continue its positive practices, including working with Occupational Health and other support services, to maintain attendance to support the members of staff who have significant health issues

#### **4. Recommendation**

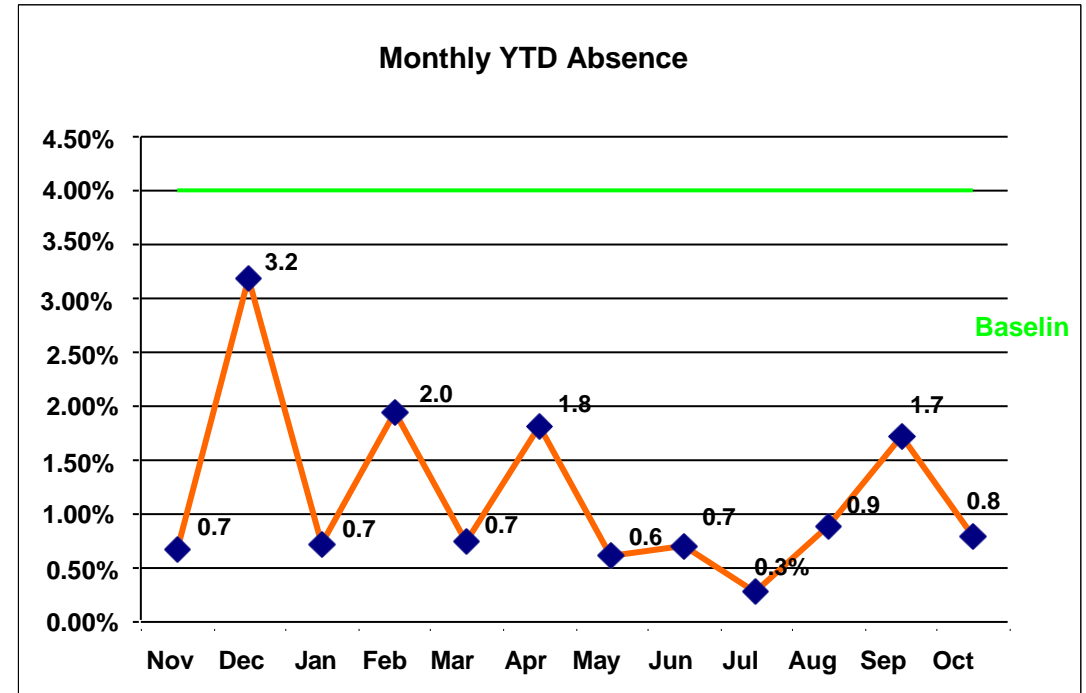
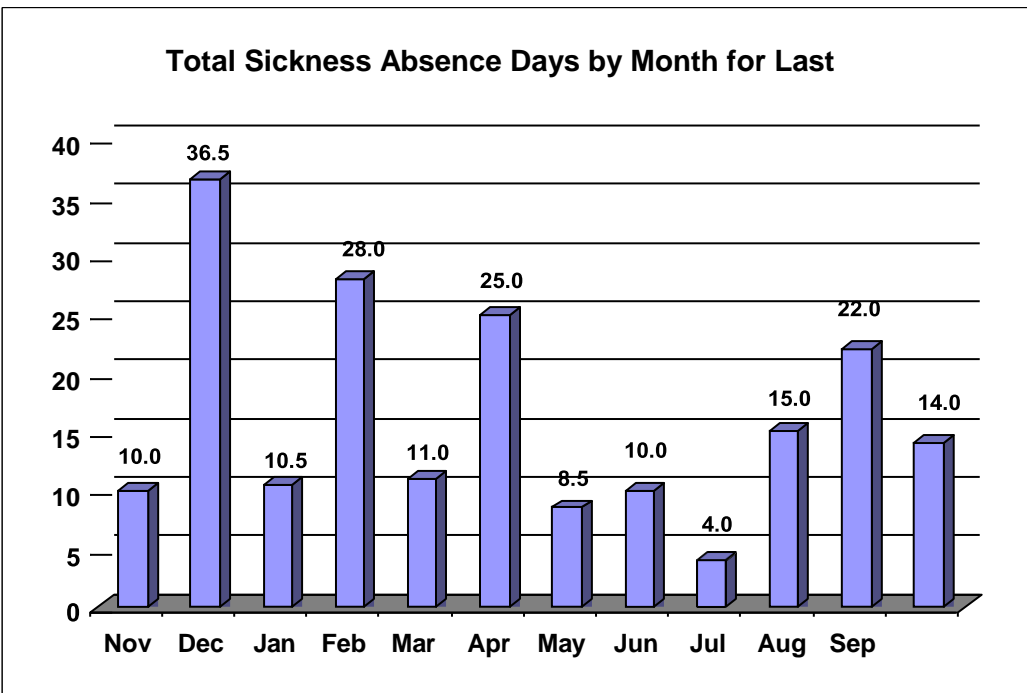
The Executive Sub Committee is requested to note the contents of report.

# Absence Report

## Organisation Level

Month Ending: 31 October 2018

	Current Month					Last 6 Months					Last 12 months					
	Self Certified Sick	Doctor Certified Sick	Total Sick Leave	Sickness Absence Rate	Sickness Absence Instances	Self Certified Sick	Doctor Certified Sick	Total Sick Leave	Sickness Absence Rate	Sickness Absence Instances	Self Certified Sick	Doctor Certified Sick	Total Sick Leave	Sickness Absence Rate	Sickness Absence Instances	
<b>Total</b>	14	0	14	0.8%	8	43.5	30	73.5	0.8%	27	136.5	58	194.5	1.1%	72	
No of Employees (Permanent and Temporary):					97	Average no of Sickness Absence Days per Employee:					2.0					
No of Leavers included:					14											







## Scotland Excel

**To: Executive Sub Committee**

**On: 23 November 2018**

### Report by the Clerk

#### Meetings of Scotland Excel Executive Sub-committee in 2019

#### 1. Summary

- 1.1 The purpose of this report is to seek approval for the proposed dates for meetings of the Scotland Excel Executive Sub-committee in 2019.

#### 2. Recommendation

- 2.1 That, if required, meetings of Scotland Excel Executive Sub-committee be held on:-

<b>Date</b>	<b>Time</b>	<b>Venue</b>
25 January 2019	10.45 am	Scotland Excel Meeting Room 1, Renfrewshire House
22 February 2019	10.45 am	Scotland Excel Meeting Room 1, Renfrewshire House
22 March 2019	10.45 am	Scotland Excel Meeting Room 1, Renfrewshire House
26 April 2019	10.45 am	Scotland Excel Meeting Room 1, Renfrewshire House
31 May 2019	10.45 am	Scotland Excel Meeting Room 1, Renfrewshire House
21 June 2019	9.45 am	City Chambers, Glasgow City Council (prior to meeting of Scotland Excel Joint Committee)
23 August 2019	10.45 am	Scotland Excel Meeting Room 1, Renfrewshire House
20 September 2019	10.45 am	Scotland Excel Meeting Room 1, Renfrewshire House
25 October 2019	10.45 am	Scotland Excel Meeting Room 1, Renfrewshire House

22 November 2019	10.45 am	Scotland Excel Meeting Room 1, Renfrewshire House
6 December 2019	9.45 am	City Chambers, Glasgow City Council (prior to meeting of Scotland Excel Joint Committee)

### **3. Background**

#### **3.1 In terms of Scotland Excel's Procedural Standing Orders:-**

42(a). The Executive Sub-committee shall meet not less than four times in every calendar year. The time, dates and venues for all subsequent meetings will be approved by the Executive Sub-committee.

#### **3.2 One of the main functions of the Executive Sub-committee is to consider reports on the award of contracts being let on behalf of Scotland Excel, therefore, the dates for the Executive Sub-committee meetings require to be fixed by referral to the planned award dates for these contracts. It is expected that all contract awards planned for 2019 can be accommodated within the timetable of meetings detailed in this report.**