



**Scottish Environment Protection Agency  
Procurement Annual Report  
2016 - 2017**

## 1. Introduction

This Annual Report provides an account of SEPA's procurement activity for 2016/17.

## 2. Background and key statistics

The Scottish Procurement and Commercial Directorate of the Scottish Government commission an external body, Spikes Cavell, to conduct an annual national spend analysis programme and this is accomplished by organisations submitting specific transactional data for the relevant financial year to the Spikes Cavell Observatory, which manages data verification and final publication on the Scottish Procurement Information Hub (The Hub).

The financial analysis and procurement category of spend has been carried out by The Hub on data extracted from Agresso. Table 1 summarises SEPA's key procurement statistics for the financial year 2016/17 and compares with the previous 2 years.

All figures in the Annual Report are exclusive of VAT at the current rate.

<b>Table 1 Spikes Cavell Procurement Dashboard</b>	<b>Revenue &amp; Capital FY 2016/17</b>	<b>Revenue &amp; Capital FY 2015/16</b>	<b>Revenue &amp; Capital FY 2014/15</b>
Total value of transactions reported	£21,835,047	£18,837,145	£21,668,524
Number of transactions (Purchase Orders)	8,846	9,100	5,089
Expenditure with SMEs	£9,389,070 (43%)	£8,288,343 (44%)	£9,750,836 (45%)
Active Supplier Accounts in this period:	1,125	1,206	1,078
<b>Total number of invoices</b>	<b>8,743</b>	<b>9,123</b>	<b>9,606</b>

### 2.1 Contract activity

#### 2.1 1 Over Official Journal of the European Union Threshold

There were four contracts awarded over the Official Journal of the European Union (OJEU) Threshold in 2016/17. These were:

<b>Contract</b>	<b>Total term</b>	<b>Value over term</b>
Ad-hoc Environmental Radioactivity Monitoring Framework	4 Years	£360,000
Hosting Services	4 years	£887,363
Cleaning Services	7 Years	£2,625,000
Flood Risk Management Consultancy Framework	4 Years	£5,000,000

<b>Contract activity 2016/17</b>				
<b>Threshold</b>	<b>Tenders issued</b>	<b>Budget</b>	<b>Awarded (inc. NCA)</b>	<b>Value</b>
<£10,000	1	£6,000	24	£184,274
£10,000 - £49,999	37	£958,259	104	£2,487,036
£50,000 - £164,175	28	£2,372,351	29	£2,537,642
£164,176	4	£3,527,371	5	£9,070,778
<b>Totals</b>	<b>70</b>	<b>£6,863,981</b>	<b>162</b>	<b>£14,279,731<sup>1</sup></b>

<sup>1</sup> This total includes 6 contracts tendered in FY15/16 and awarded in FY16/17 with a value of £5,323,296

## 2.1.2 Non-competitive actions

Threshold	FY 2016/17		FY 2015/16		FY 2014/15	
	Qty	Value	Qty	Value	Qty	Value
<£5,000	-	-	-	-	35	£74,897
£5,000 - £20,832	47	£574,838	48	£595,502	39	£437,426
>£20,833	16	£732,522	22	£3,155,737	12	£771,844
<b>Total</b>	<b>63</b>	<b>£1,307,360</b>	<b>77</b>	<b>£3,751,239</b>	<b>84</b>	<b>£1,284,167</b>

Scottish Government is required to endorse Non-competitive actions (NCAs) greater than £20,833 which do not relate to laboratory equipment, IS hardware/software maintenance contracts. Of the 16 above this threshold, seven were forwarded and received endorsement by Scottish Government at a value of £300,901.

The procurement activity was undertaken in line with the Procurement Strategy by appropriately utilising collaborative frameworks, ensuring Small to Medium Enterprises (SMEs) and local businesses were given the best opportunity to compete for work by publishing Notices over £10,000 on SEPA's Buyer Profile <http://sepa.g2b.info/> or Public Contracts Scotland (PCS) <https://www.publiccontractsscotland.gov.uk>, and where possible, dividing contracts into Lots, for example, geographically whilst promoting the delivery of value for money.

The following table is a breakdown of Contract Notices published in 2016/17:

Site	Notices	2016/17	2015/16	2014/15
		Qty	Qty	Qty
PCS	Published in OJEU	1	1	2
	Non-EU	22	15	7
	Quick Quote service	29	14	21
SEPA Buyer Profile	Published	4	19	52
<b>Total</b>		<b>56</b>	<b>49</b>	<b>82</b>

The following table is a breakdown of contracts which were awarded reflecting the use of, for instance, collaborative frameworks (CAL) or Quick Quote (QQ) giving opportunities to SMEs and local businesses to bid. Non-competitive actions have been excluded.

Type	Description	Qty	Value
CAL	Called from a National Framework Contract	31	£3,601,772
FRA	SEPA framework contract	2	£145,000
MIN	Mini competition carried out under local framework	16	£570,438
OJE	Contracts over the European threshold	2	£5,360,000
PUR	Contract advertised	29	£1,792,127
QQ	Contracts placed through PCS Quick Quote system	18	£525,910
<b>Total contracts</b>		<b>98</b>	<b>£11,995,247</b>

There were no regulated procurements i.e. >£50,000 which did not comply with the Procurement Strategy.

## 2.1.3 Savings and collaborative expenditure

Procurement continually drives to seek Best Value for the organisation. All tender evaluations consider environmental impact, equality and diversity, community benefits and whole life costing.

The figures below represent the expenditure and benefits achieved through collaborative contracts and local contracts.

	FY 2016/17		FY 2015/16		FY 2014/15	
<b>Total annual spend</b>	<b>£21,835,047</b>		<b>£18,837,145.34</b>		<b>£21,668,524</b>	
<b>Contract Category</b>	<b>Contract spend</b>	<b>% of Annual spend</b>	<b>Contract spend</b>	<b>% of Annual spend</b>	<b>Contract spend</b>	<b>% of Annual spend</b>
Cat A <sup>2</sup> Spend	£1,574,810	7%	£1,769,419	9%	£2,008,941	9%
Cash Savings <sup>3</sup>	£962,998		£1,886,415		£1,127,352	
Cat B <sup>4</sup> Spend	£832,222	4%	£815,162	4%	£661,901	3%
Cash Savings	£57,222		£80,169		£72,825	
Cat C <sup>5</sup> Spend	£5,741,009	26%	£5,549,137	29%	£6,156,018	28%
Cash Savings	£269,950		£99,287		£778,229	
Non-Cash	£127,300		£37,400		£82,165	
Total Spend	£8,148,041	37%	£8,133,718	43%	£8,826,860	41%
Cash Savings	£1,290,170		£2,065,872		£1,978,407	
Non-Cash	£127,300		£37,400		£82,165	

### 3. Specific duties under Procurement Reform (Scotland) Act 2014

Under the Procurement Reform (Scotland) Act 2014, specific duties have been placed on procurement in terms of the Sustainable Procurement Duty (paragraph 9), Supported Businesses (paragraph 11), and Community Benefits (paragraph 25).

#### 3.1 Sustainable Procurement

All bids received for regulated procurements were evaluated using a 10% weighting on sustainability. Procurement continued to work with internal stakeholders including Environmental Strategy, Estates, and Hydrology to explore ways of embedding sustainability within the organisation.

During this financial year, the procurement of shared office space within Silvan House, Edinburgh and the migration of staff from the Riccarton Office to Silvan House has achieved a reduction in gas consumption by 370,000 kW per annum.

Under the preventative property maintenance contract, several offices and a car park have had lighting replaced with LEDs improving energy efficiency.

There is ongoing work relating to the use of various Scottish Government tools e.g. Procurement Prioritisation Tool, and Scotland Flexible Framework to assess what level SEPA falls into.

#### 3.2 Supported businesses

SEPA's use of supported businesses has been and continues to be limited due several factors:

<sup>2</sup> Cat A are national contracts placed by Scottish Procurement and figures reflect actual spend /savings are calculated and recorded by them.

<sup>3</sup> Please note the cash savings quoted are not cash savings that SEPA has made in year, these are the savings calculated by Spikes Cavell for Scottish Government procurement.

<sup>4</sup> Cat B are contracts put in place by Scottish Procurement for use by "central government" family and figures reflect actual spend/savings recorded by them.

<sup>5</sup> Cat C are local contracts put in place by SEPA Procurement and figures reflect anticipated spend

1. The nature of a majority of our regulated and non-regulated procurements does not have supported business suppliers.
2. The suppliers of PPE do not produce enough of the range that SEPA requires to make it 'value for money'

However, SEPA has successfully used the laundry service provided by St. Jude's for several years with a value of between £1,500 - £2,000 annually.

### 3.3 Community benefits

Procurement are required to 'consider whether to impose community benefits requirements as part of the procurement' which has an estimated value of the contract equal to or greater than £4,000,000 over the term of the contract relating to '*training and recruitment*' or '*the availability of sub-contracting opportunities*' or '*otherwise intended to improve the economic, social or environmental wellbeing of the authority's area in a way additional to the main purpose of the contract in which the requirement is included*'.

In 2016/17 no regulated procurements of that value were initiated or awarded, however, availability for sub-contracting opportunities are permanently included in our requirement and has been successful under the Flood Risk Management Framework Agreement, MImMAS [**M**orphological **I**mpact **A**ssessment **S**ystem] Improvements Contract and the Analysis of an eDNA based Sampling Network in Scotland.

### 3.4 Small Medium Enterprises (SME)

As part of the public sector, SEPA acknowledges it has a role in contributing to Scotland's economic success. In an effort to encourage SME suppliers, we advertise through Public Contracts Scotland and our [Buyer Profile](#) portal.

In addition, to make it easier for SME's to work with us, we have developed a range of standard contracts that are proportionate to the supplies and/or services being sought. We are also adopting the use of NEC 3 contracts where these provide a better solution.

## 4. Contract register

The Procurement Reform (Scotland) Act 2014 requires a register of current contracts to be published on the Internet. These can be found on the SEPA website (<https://www.sepa.org.uk/media/219435/contract-register.pdf>)

#### 4.1 Regulated contracts forward plan

Summary of contracts to commence in next 2 years, with a value greater than £50,000		
Contract	Value	Planned contract start date
<b>Procurements underway</b>		
Environment Radioactivity Monitoring Programme for Scotland	£1.3m	1 January 2018
Occupational Health	£72k	1 September 2017
EAP	£50k	1 September 2017
<b>Planned procurements</b>		
Hydrology Information Management System (HIMS) S&M	£90k	1 November 2017
Water Environment Framework: WEF, RBMP & Gauging Stations	£7m	1 April 2018
Stack Emission Monitoring Programme for Scotland	£600k	1 September 2018
Estate Surveying Consultancy Service	£160k	1 April 2019
Habits Surveys	£500k	1 May 2019

#### 5. Procurement Strategy 2016/22

The Procurement Strategy 2016 – 22 is published on the Internet. It states: '*SEPA's procurement activities will be undertaken following the organisational characteristics*':

- Procurement decisions will be based on evidence, promote the delivery of value for money and improve SEPA's environmental impact.
- Procurement options will include innovative and collaborative ways of working wherever possible.
- SEPA will undertake its procurement activities in ways that make them accessible for Small to Medium Enterprises (SME) and local business, to promote economic sustainability.

These objectives will be achieved by focusing on four key aims:

1. Improve **sustainability** undertaken when awarding contracts and managing contracts. A contract was awarded to carry out works on the Ayr office roof including the addition of improved insulation resulting in improved energy efficiency. Under the preventative property maintenance contract, several offices and a car park have had lighting replaced with LEDs improving energy efficiency.
2. Increase the use of **collaborative national contracts**. The number of collaborative contracts utilised remains static, however the actual spend has reduced from 13% to 11% of overall spend.
3. Improve **procurement capability** across SEPA, by delivering training to staff involved in purchasing and monitoring contracts.

As part of the third phase of the Procurement Reform (Scotland) Act 2014, SEPA Procurement underwent assessment by the Scottish Government Capability team under the Procurement Continuous Improvement Programme (PCIP) and the Procurement Capability Assessment (PCA).

The Procurement department was classified under a Medium Assessment based on our annual spend figures and were assessed on the 28th April 2016 with an overall score of 73%.

In addition, members of the department completed the following courses:

- Impact of the new Scottish Public contracts Regulations.
- Contract Management.
- Specification Writing.
- NEC 3 Contracts.

A one day training course was carried out for staff who are responsible for high value/risk contracts or multiyear contracts. And a one day course was provided on procurement Specification Writing.

**6. Maintain processes and procedures to ensure SEPA is compliant with European Union (EU) Procurement Directives and Scottish Government procurement policy.**

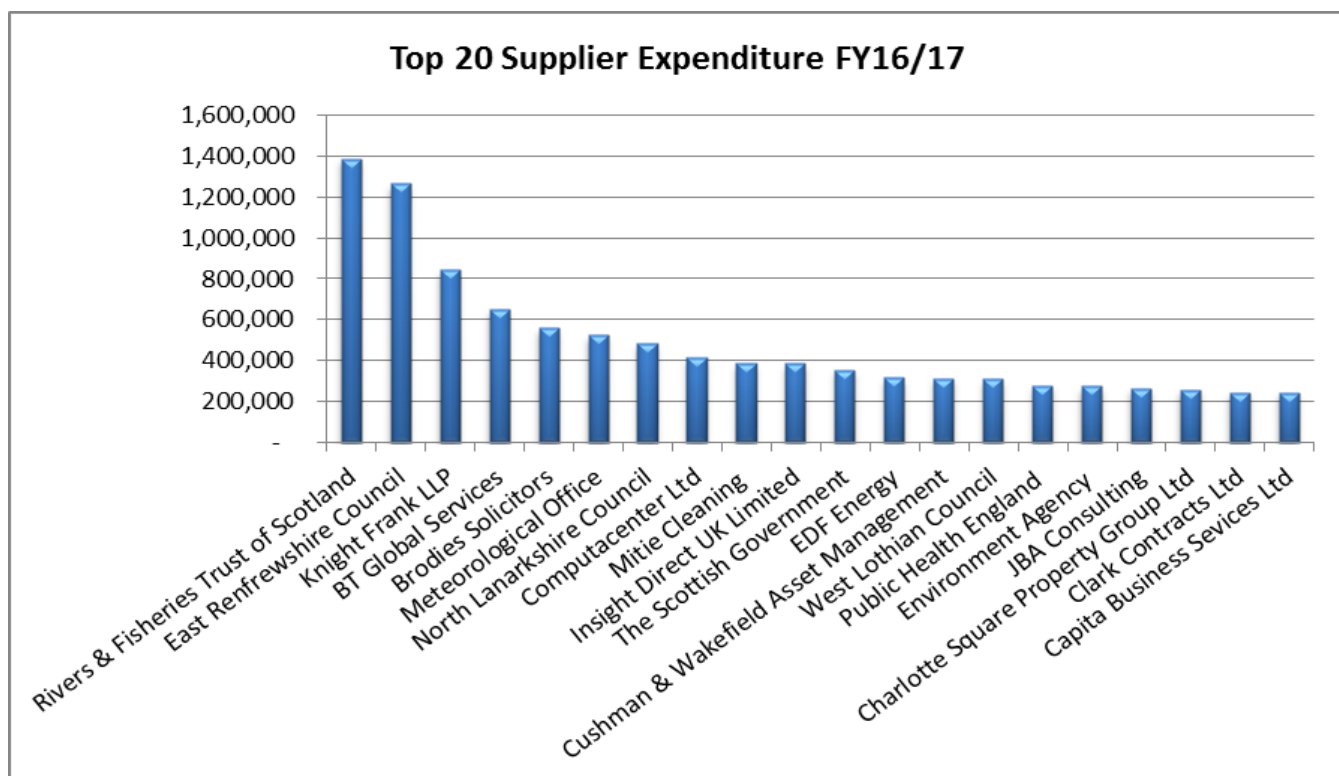
In 2016/17, Procurement Department has continued to keep itself informed of current and pending applicable changes to EU, UK and Scottish procurement law by reviewing all Scottish Procurement Policy Notes issued by Scottish Government Procurement.

**7. Organisational spend activity FY 2016-17**

**i. Expenditure by Supplier**

**Total spend:** £21,835,047

**Top 20 suppliers:** £9,759,682 (45% of organisational total expenditure).



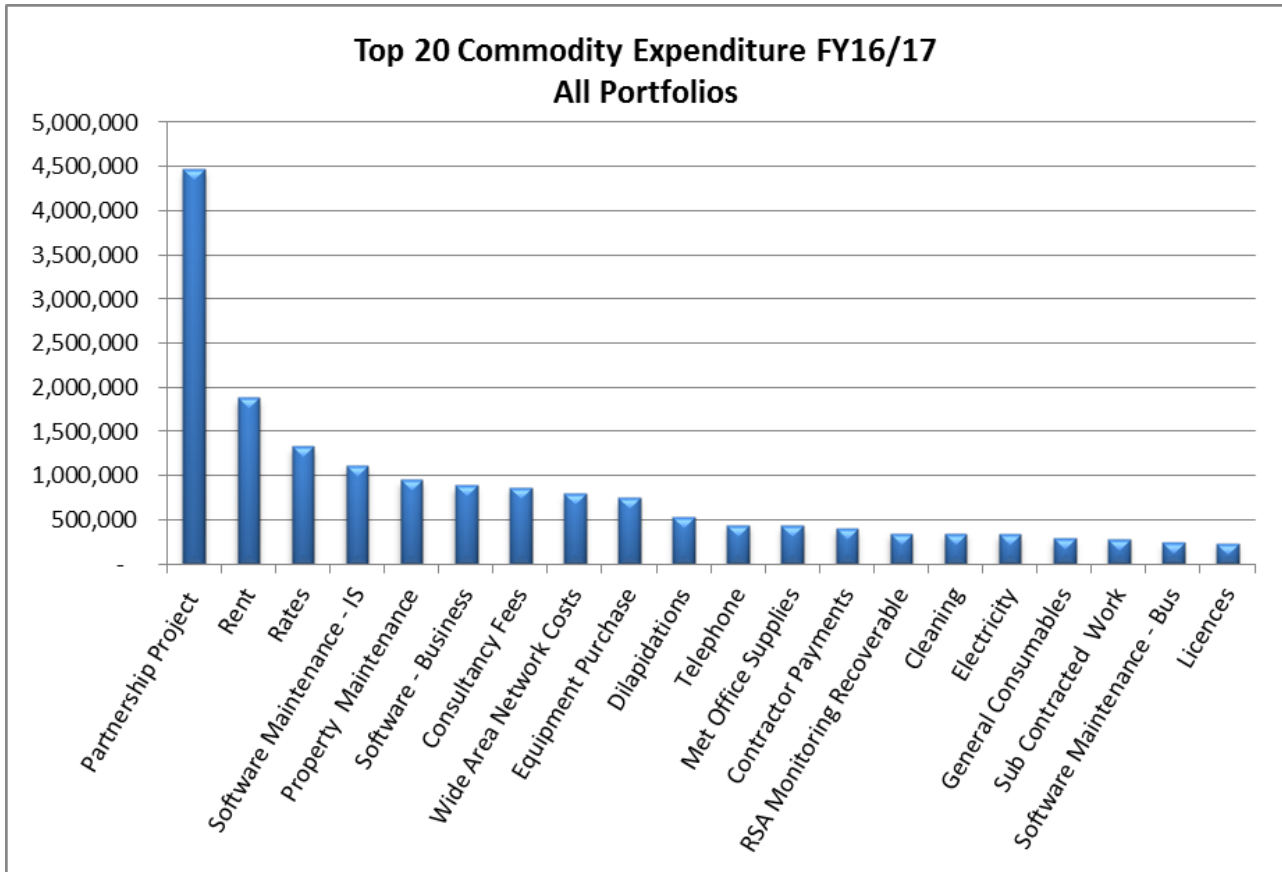
## Key points

- Rivers & Fisheries Trust of Scotland spend relates to Water Environment Fund projects.
- East Renfrewshire Council relates to Water Environment Fund project on the Levern Water.
- Knight Frank spends relates to rent for ASB; property insurance and professional fees.

## ii. Commodity expenditure

**Total spend:** £21,835,047

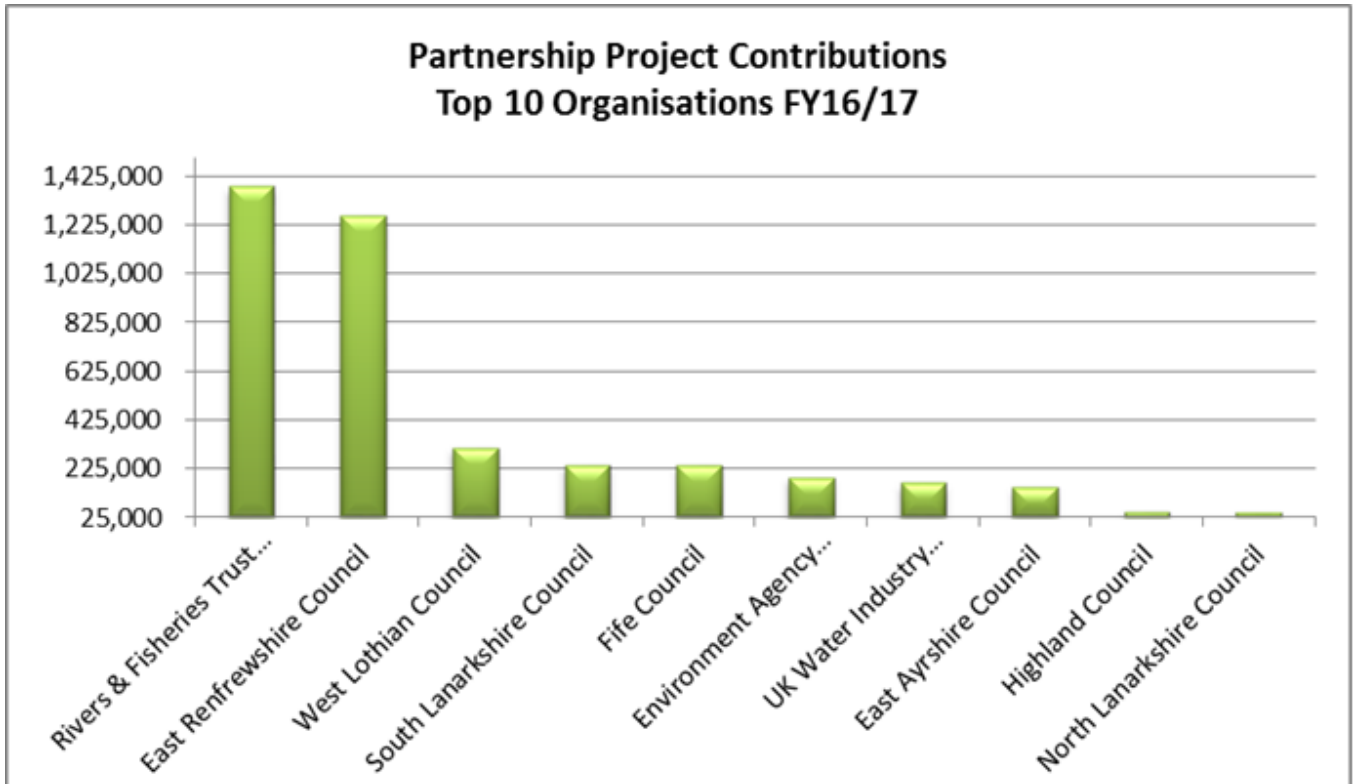
**Top 20 commodities:** £16,981,711 (78% of all spend)



## Key point

Overall highest expenditure relates to Partnership Project Contributions. The top 10 organisations to which this expenditure is attributed are provided below.





#### Key points

- Rivers & Fisheries Trust of Scotland spend relates to Water Environment Fund projects.
- East Renfrewshire Council relates to Water Environment Fund project on the Lovern Water.

July 2017

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