

**Scottish Environment Protection Agency  
Procurement Annual Report  
2015 - 2016**

Procurement Annual Report 2015 - 2016			
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Review and Revision History				
Review Date	Description of Revision	Rev No	Author	Effective date

## Introduction

This Annual Report provides an account of procurement activity within SEPA. The report also provides an overview of the spend profile of the portfolios in Financial Year 2015-16.

## Background & 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 2015/16.

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

The total revenue and capital spend for 2015/16 was 13% lower than 2014/15. SME's expenditure fell by 15% in 2015/16. The number of supplier accounts increased by 12% and the number of invoices fell by 5%.

<b>Table 1 Spikes Cavell Procurement Dashboard</b>	<b>Revenue &amp; Capital FY2015/16</b>	<b>Revenue &amp; Capital FY2014/15</b>	<b>Revenue &amp; Capital FY2013/14</b>
Total value of transactions reported	£18,837,145	£21,668,524	£22,181,642
Number of transactions (Purchase Orders)	9,100	5,089	5,484
Expenditure with SMEs	£8,288,343 (44%)	£9,750,836 (45%)	£9,884,139 (45%)
Active Supplier Accounts in this period:	1,206	1,078	1,230
Total number of Invoices	9,123	9,606	11,630

## Contract Activity

The number of tenders issued in 2015/16 fell by 36% compared to 2014/15. The number of contracts awarded including non-competitive awards (NCA) increased by 49% compared to 2014/15. The value of contracts awarded increased by 45%.

There were four contracts over £172,514 threshold awarded in 2015/16. These were:

- FWD Dissemination System S&M £2,298,863 (NCA)
- Electronic Purchasing Card Solution £711,852
- Msoft Enterprise Agreement for Active Domain Connectivity £387,169
- LCMSDS £207,169

	2015/16			
Threshold	Tenders Issued	Budget	Awarded (Incl. NCA)	Contract Value
<£10,000	-	-	19	£147,422
£10,000 - £49,999	39	£1,062,265	91	£2,091,697
£50,000 - £172,513	9	£686,665	13	£975,382
£172,514	4	£5,843,002	5	£3,734,455
<b>Totals</b>	<b>52</b>	<b>£7,591,932</b>	<b>128</b>	<b>£6,948,956</b>

	2014/15			
Threshold	Tenders Issued	Budget	Awarded (Incl. NCA)	Contract Value
<£10,000	-	-	53	£1,047,757
£10,000 - £49,999	57	£1,362,293	23	£2,237,457
£50,000 - £172,513	23	£2,519,167	2	£1,195,609
£172,514	2	£1,343,019	8	£326,900
<b>Totals</b>	<b>82</b>	<b>£5,224,479</b>	<b>86</b>	<b>£4,807,723</b>

## Non Competitive Actions

NCA spend increased by 192% compared to previous year. This was largely caused by the award of the FWD dissemination service contract at £2,298k to BT/HTK over 5 years.

Threshold	FY15/16		FY14/15	
	Qty	Value	Qty	Value
<£5,000	-	-	35	£74,897
£5,000 - £20,832	48	£595,502	39	£437,426
>£20,833	22	£3,155,737	12	£771,844
<b>Total</b>	<b>77</b>	<b>£3,751,239</b>	<b>84</b>	<b>£1,284,167</b>

## Contract Register

The Procurement Reform (Scotland) Act 2014 now requires SEPA's Contract Register to be published on the Internet.

<http://www.sepa.org.uk/media/219076/register-for-publication-april-2016.pdf>

The register will be refreshed quarterly.

## 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.

There was a reduction in spend on national contracts of £239k in year: an increase of £153k in contracts using Scottish Procurement family contracts and a reduction of £607k in the value of contracts awarded by SEPA procurement.

	FY 15/16		FY 14/15		FY 13/14	
Total Annual Spend	£18,837,145.34		£21,668,524		£22,181,642	
Contract Category	Contract Spend	% of Annual Spend	Contract Spend	% of Annual Spend	Contract Spend	% of Annual Spend
Cat A <sup>1</sup> Spend	£1,769,418.93	9%	£2,008,940.71	9%	£1,952,788.99	9%
Cash Savings* Non-Cash	£1,886,415.43 £0.00		£1,127,352.40 £0.00		£623,005.44 £387,702.88	
Cat B <sup>2</sup> Spend	£815,161.99	4%	£661,901.05	3%	£380,030.88	2%
Cash Savings* Non-Cash	£80,169.32 0.00		£72,825.09 £0.00		£47,357.69 £0.00	
Cat C <sup>3</sup> Spend	£5,549,137.00	29%	£6,156,018.00	28%	£5,515,400.00	25%
Cash Savings* Non-Cash	£99,287.00 £37,400.00		£778,229.00 £82,165.00		£630,872.00 £103,150.00	
Total Spend	£8,133,717.92	43%	£8,826,859.76	41%	£7,848,219.87	35%
Cash Savings Non-Cash	£2,065,871.75 £37,400.00		£1,978,406.49 £82,165.00		£1,301,235.13 £490,852.88	

\* 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.

## Compliance with Procurement Strategy

The Procurement Department consists of 2.9 full time procurement professionals who strive to ensure that all 'influencable' spend is carried out in a manner compliant with all UK and EU legislation.

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

Under the Sustainable procurement duty, SEPA is required to ensure that equal opportunity is given to small and medium enterprises to bid for contracts. This is achieved by advertising all contracts over £10,000 on SEPA's Buyer Profile <http://sepa.g2b.info/> or Public Contracts Scotland (PCS) <https://www.publiccontractsscotland.gov.uk>

<sup>1</sup> Cat A are national contracts placed by Scottish Procurement and spend /savings are calculated and sent out by them.

<sup>2</sup> Cat B are contracts put in place by Scottish Procurement for use by "central government" family.

<sup>3</sup> Cat C are local contracts put in place by SEPA Procurement

The following table is a breakdown of Contract Notices published in 2015/16:

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

Procurements Sustainability Policy sets out the aims of the organisation to ensure sustainability is incorporated into all procurement activity throughout the organisation. This benefits SEPA and Scottish society, economy and the environment. Procurement continues to work with internal and external stakeholders on the principles of sustainable development such as the use of supported businesses, the Living Wage and Community Benefits. In 2015/16 the procurement process resulted in a contractor committing to employ circa 30 Modern Apprentices and 18 Graduates if appointed to a 4 year Framework.

## Procurement Capability

As part of the third phase of the Procurement Reform (Scotland) Act 2014, all Procurement departments within the Scottish Public Sector are undergoing assessment by the Scottish Government Capability team under the Procurement Continuous Improvement Programme (PCIP). This programme has replaced the Procurement Capability Assessment (PCA).

The Procurement department was classified under a Medium Assessment based on our annual spend figures and were assessed the 28th April 2016.

The assessment is divided into 4 areas and performance in each area is divided into 3 levels, with a varying number of questions to be answered in each level. Evidence must be provided for each question at each level in order to be awarded a point from a maximum of 3 available.

Assessment Area	No. of Questions	Score
Leadership and Governance	30	80%
Development and Tender	18	75%
Contract Management	15	47%
Key Purchasing Processes	9	89%
<b>Overall Score</b>		<b>73%</b>

Our overall assessment score of 73% put us in the top score band.

Performance	Non-	M11	M10	M9	M8	M7	M6	M5	M4	M3	M2	M1
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Band	Conformance											
%	<19	20-15	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-69	>70

PCIP provides an excellent tool for monitoring and recording SEPA's progress against public sector procurement standards. As can be seen from the above the area where we need to improve procurement practice in 2016/17 is contract management.

SEPA's Procurement Strategy will be reviewed as part of the corporate planning process for 2017/21 to ensure that it meets organisational needs in the short and medium term. Procurement will then develop a procurement plan, which will set out what SEPA (procurement and others) must do to ensure continued compliance and improve performance.

## Procurement Training

The 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. In addition, all members of the department completed 2 Scottish Government hosted e-learning packages on Counter Fraud and Changes to Scottish Procurement Legislation before attending a seminar on what the changes to the Procurement Reform (Scotland) Act 2014 and the Public Procurement (Scotland) Regulations 2015 mean in practice.

## Contract and Supplier Management

In conjunction with Learning and Development a 2 day pilot training course with an external provider was carried out with participants from Portfolios who are responsible for high value/risk contracts or multiyear contracts in attendance. The feedback from the pilot will result in a more streamlined and focussed training course on contract management, being delivered to managers across SEPA in the future.

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>		
Flood Risk Management Consultancy Framework (4yrs)	£5m	June 2016
Camisky Gauging Station rebuild	£100k	June 2016
Ad-Hoc Environmental Radioactivity Monitoring (4yrs)	£360k	July 2016
Laboratory Gases	£126k	July 2016
Chemical Analysis of Environmental Samples (3yrs)	£150k	July 2016
Cleaning & Waste Management Services (4yrs)	£1.5m	October 2016
Consultancy to support Bathing Waters Signage Activities (3yrs)	£120K	October 2016



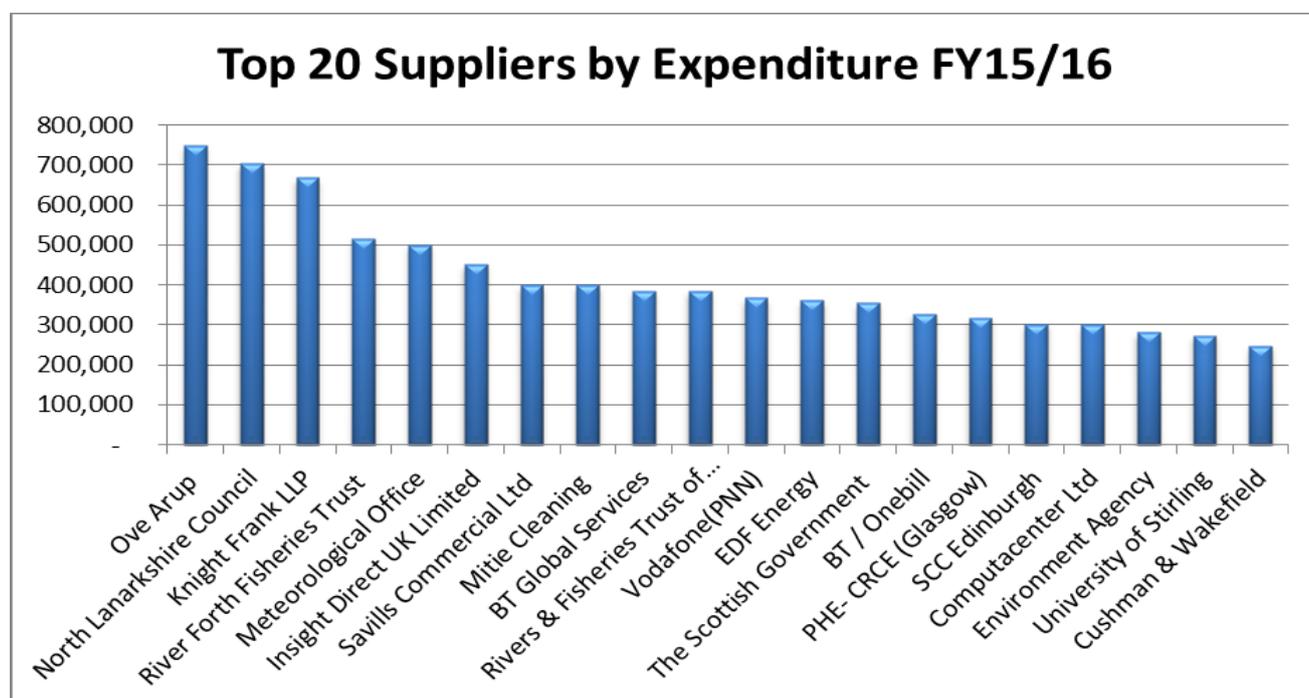
Planned Procurements		
Delft-FEWS Support & Maintenance	£166k	March 2017
Occupational Health	£70k	May 2017
HIMS Support & Maintenance	£90k	October 2017
PPM Mechanical Electrical Installations	£185,000	July 2017
Water Hygiene and Legionella Prevention	£96,000	December 2017

## Organisational Spend Activity FY2015-2016

### Expenditure by Supplier

Total Spend: £18,837,145

Top 20 Suppliers: £8,287,803 (44% of organisational total expenditure)

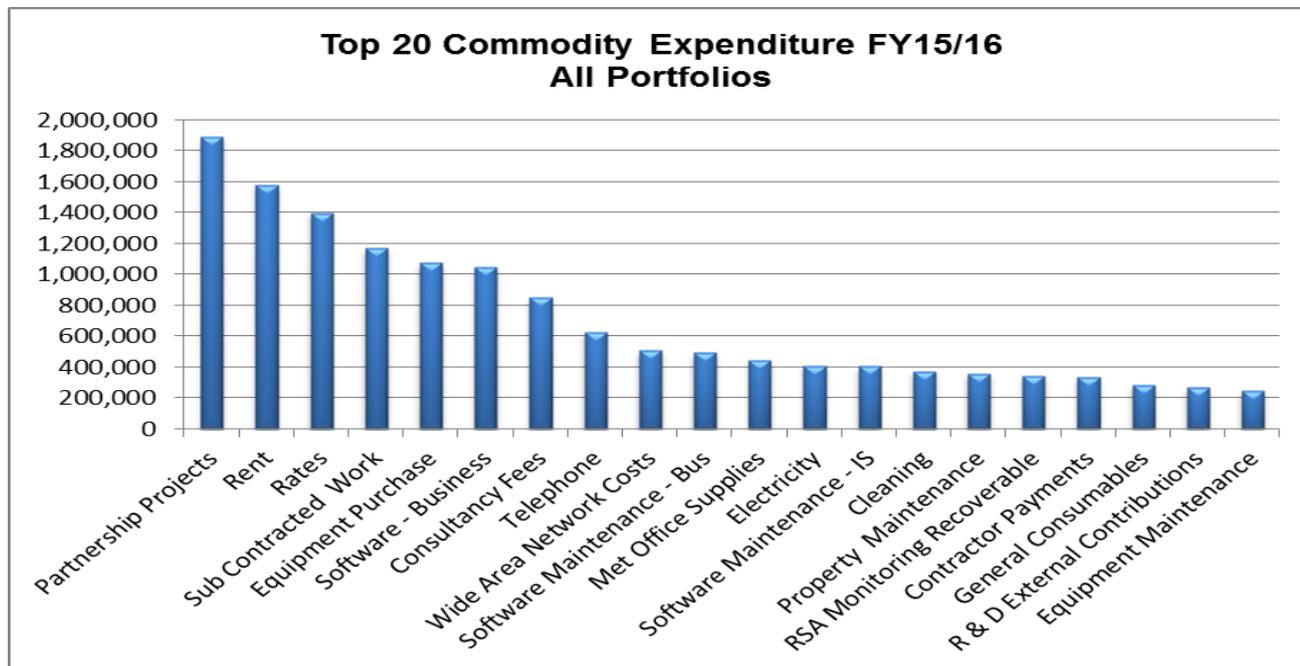


### Key Points

- Ove Arup spend relates to the hydromorphology survey contract which concludes this year.
- North Lanarkshire Council spend relates to rates for ASB.
- Knight Frank spends relates to rent for ASB; property insurance and professional fees.

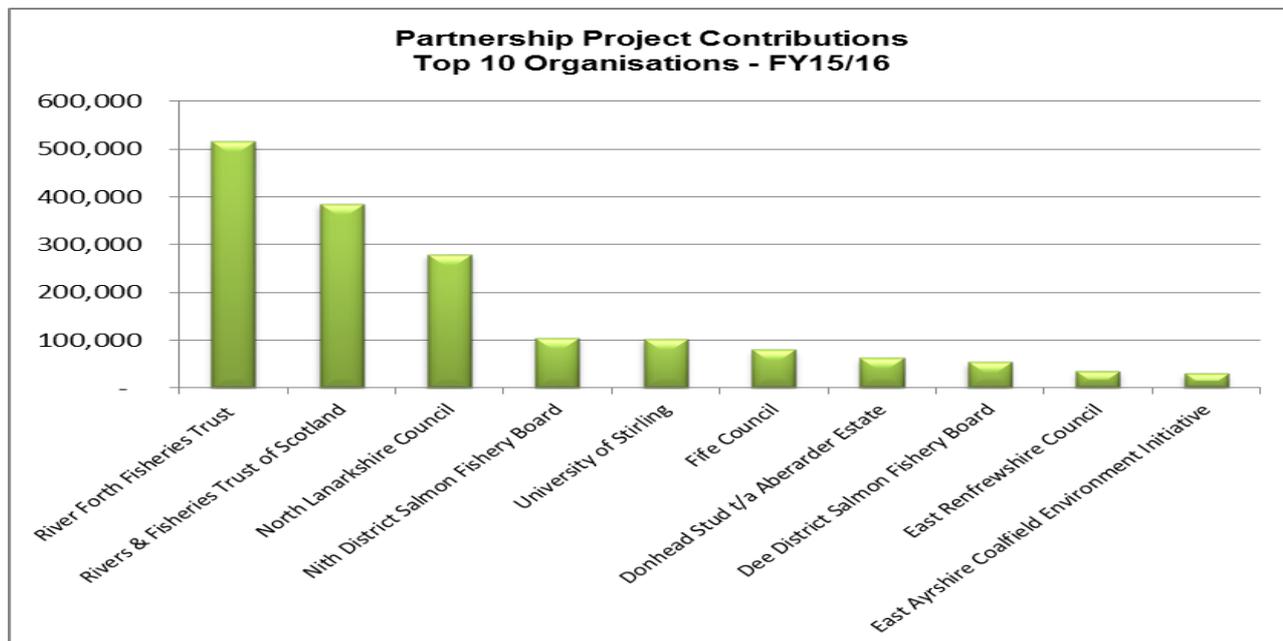
## Commodity Expenditure – all Portfolios

Total Spend: £18,837,145  
 Top 20 Commodities: £14,098,284 (75% of all spend)



### Key Points

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



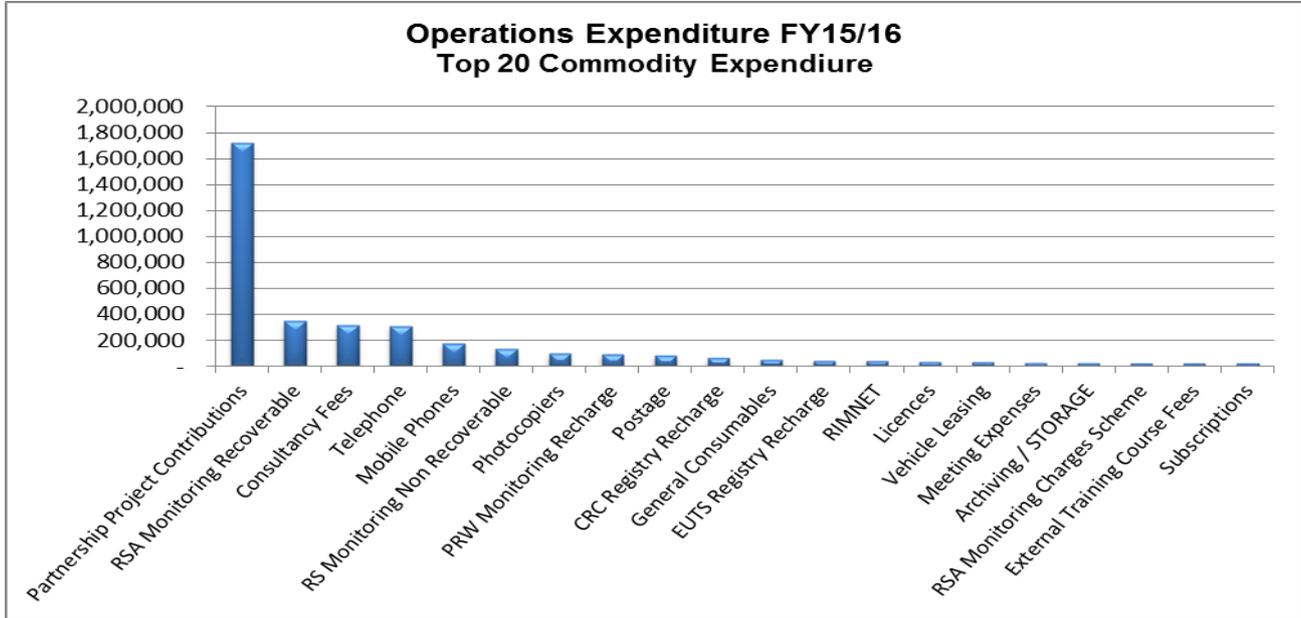
### Key Points

- Expenditure under Partnership Project Contributions relates largely to Water Environment Funding projects.

## Operations Portfolio

Total Spend: £3,955,536

Top 20 Commodities: £3,651,992 (92% of Operations total spend and 19% of organisational spend)



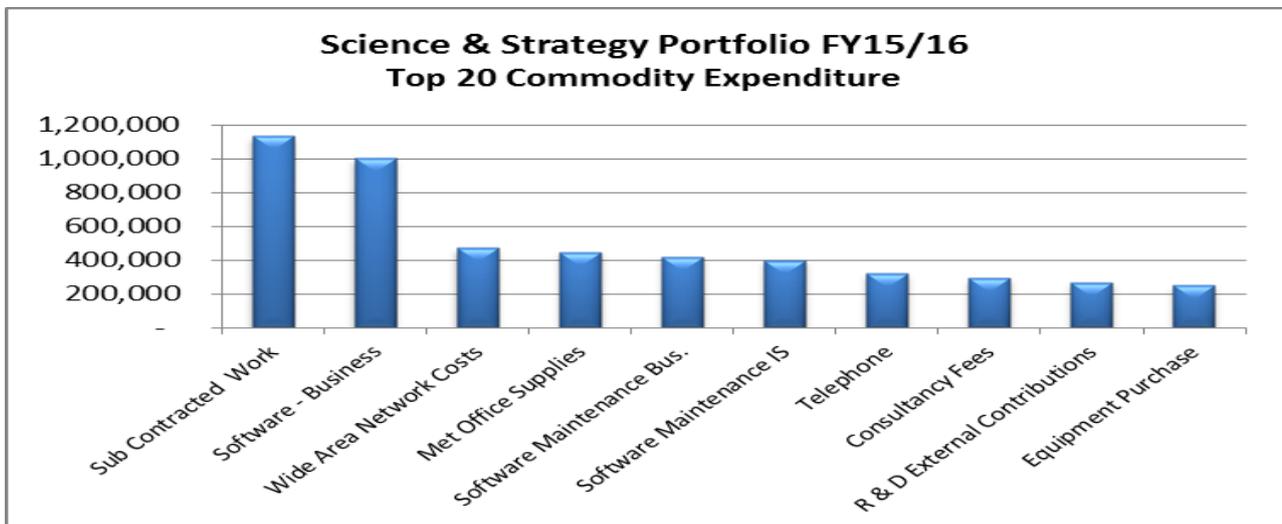
### Key Points

- Expenditure over the top 20 commodities has decreased by 2% since FY14/15 with Partnership Project Contributions decreasing by £862,076 (33%).

## Science and Strategy Portfolio

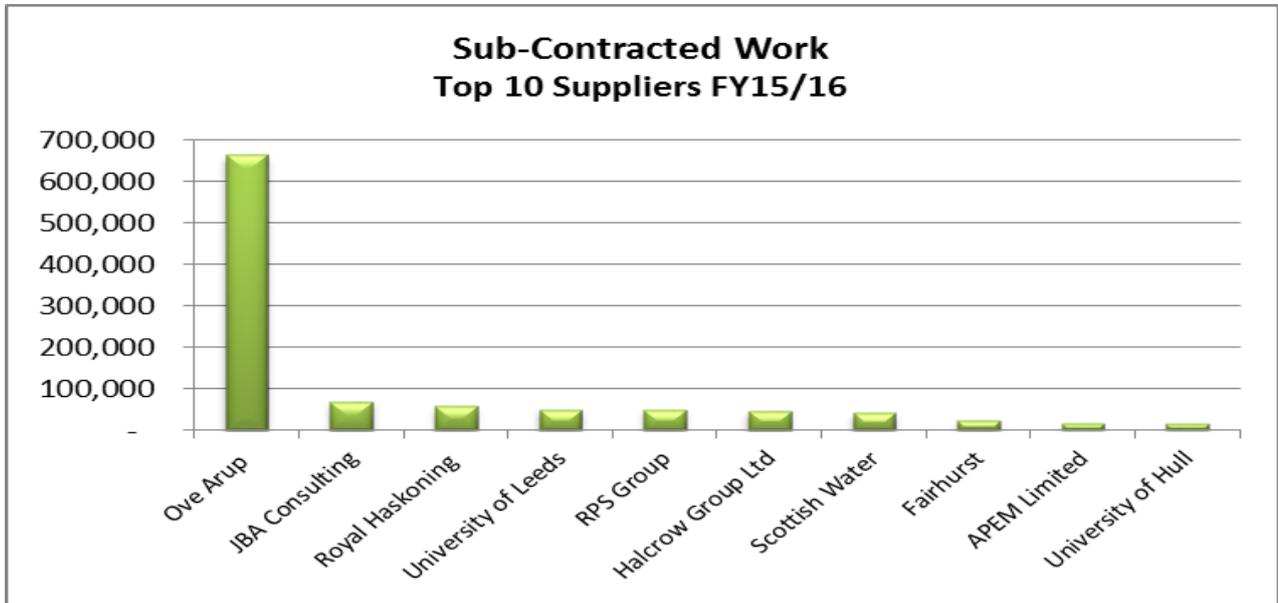
Total Spend: £7,600,449

Top 20 Commodities: £6,484,507 (85% of Science and Strategy total spend and 34% of organisational spend)



**Key Points**

- Overall highest expenditure relates to sub-contract work of which the top 10 organisations are provided below.

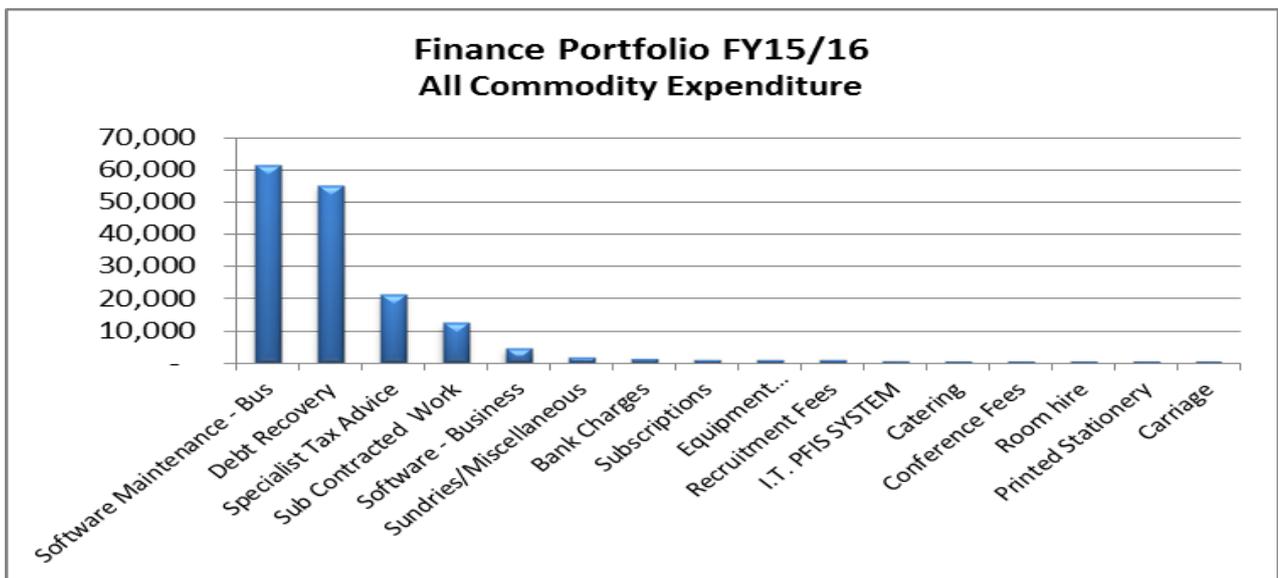


**Key Points**

- Ove Arup & Partners Limited accounts for expenditure relating to the hydromorphology contract which concluded this financial year.
- Expenditure attributed to the other suppliers relates largely to Flood Risk Management contracts.

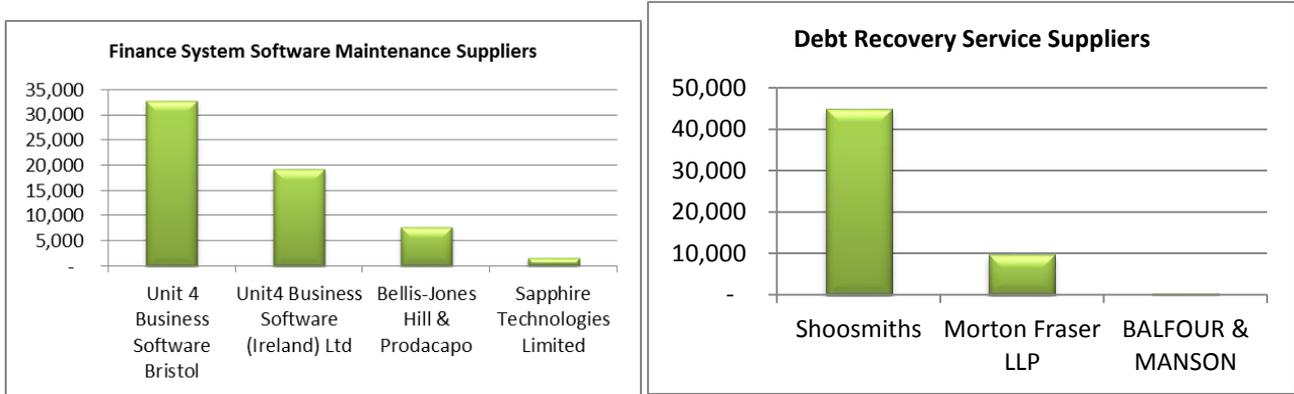
**Finance Portfolio**

Total Spend: £161,016 (1% of organisational spend)



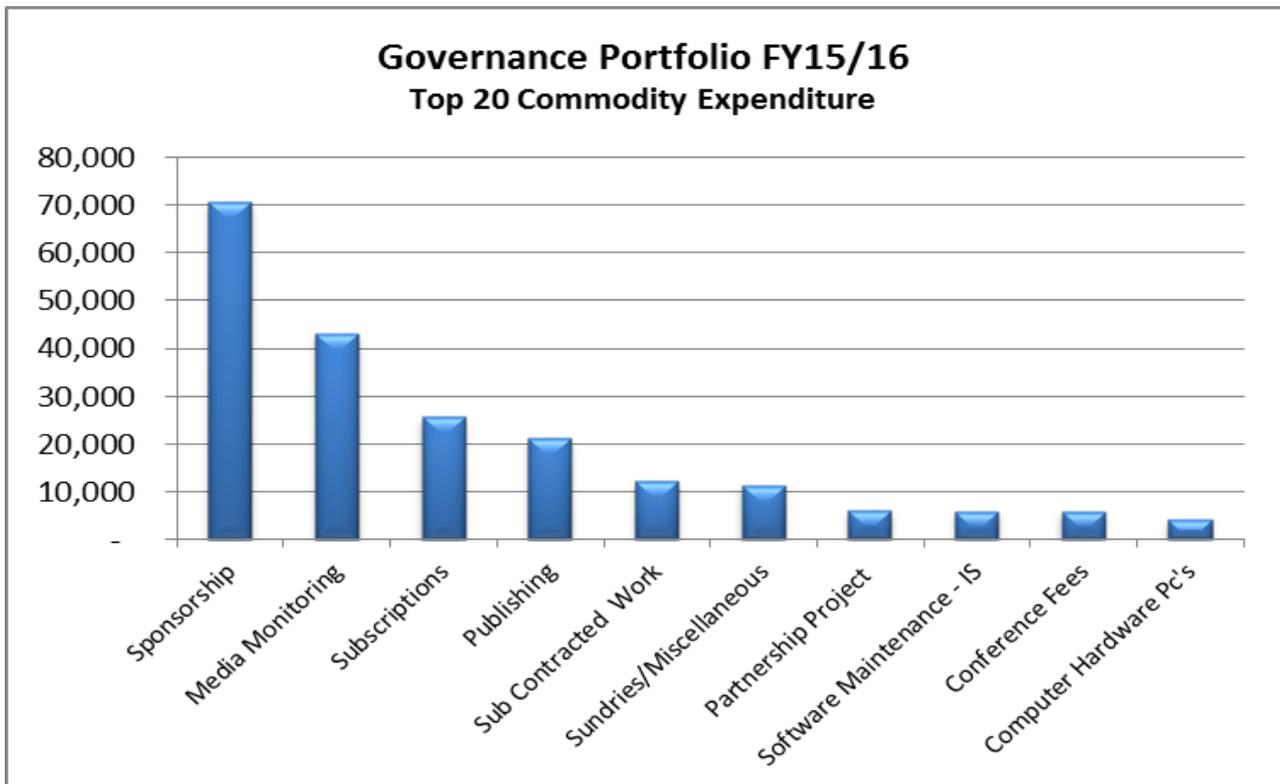
**Key Point**

- Highest commodity spend relates to Finance system software maintenance and debt recovery services which accounts for 72% of the Finance total spend. Further break down of the suppliers under these two commodities is provided below.



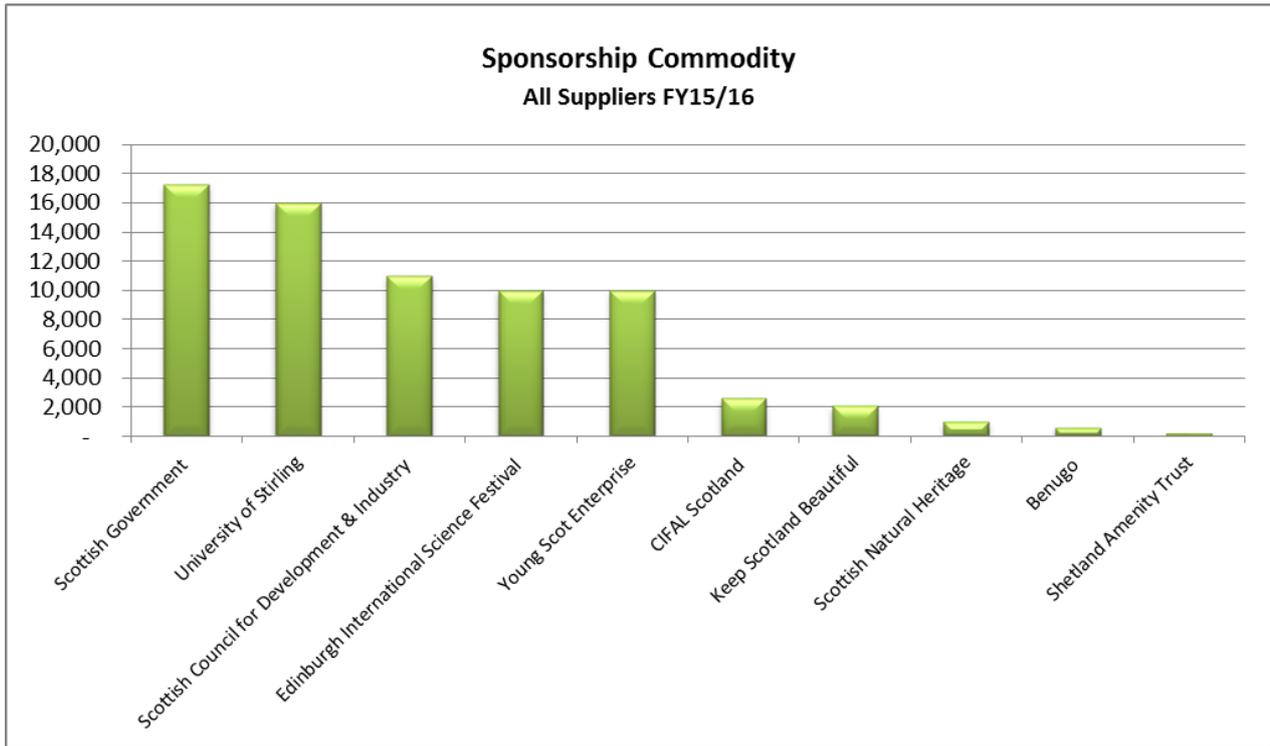
**Governance Portfolio**

Total Expenditure: £229,222  
 Top 20 Commodities: £228,488 (99.7% of total spend and 1% of organisational spend)



**Key Point**

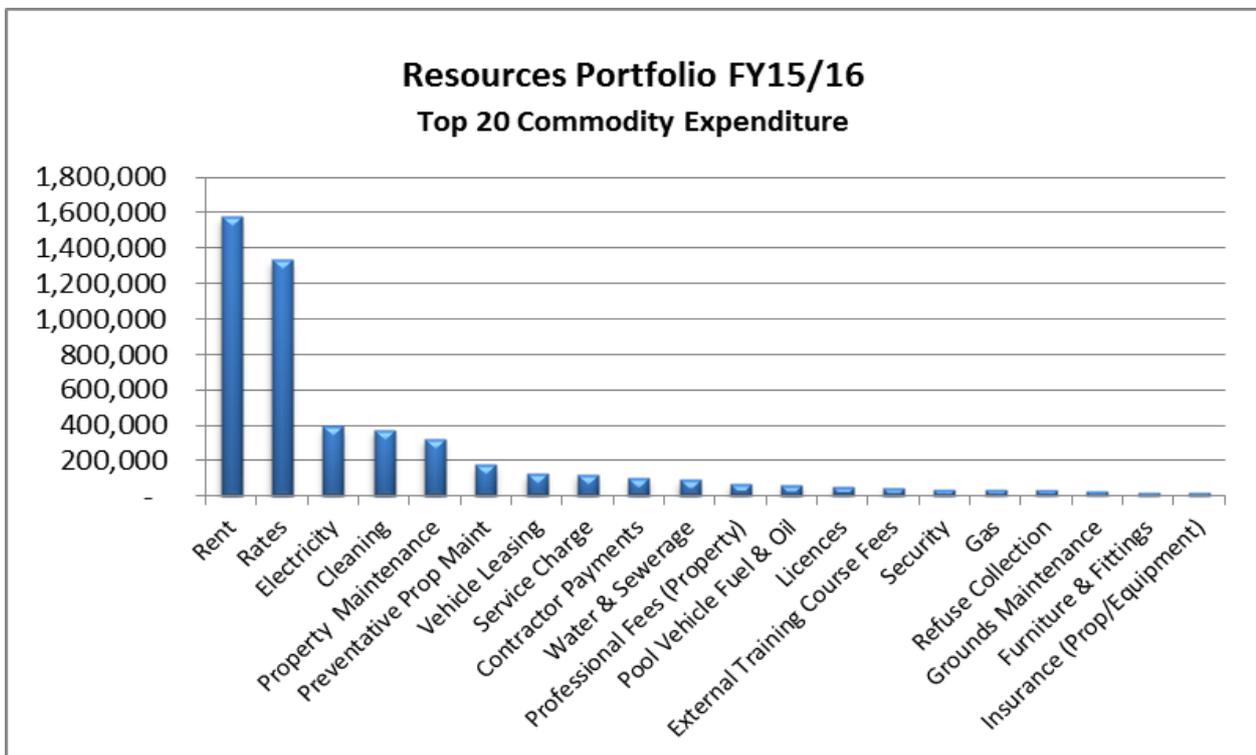
- Highest commodity spend relates to sponsorship which accounts for 31% of the Governance total spend. Further break down of the organisations sponsored under this commodity is provided below.



## Resources Portfolio

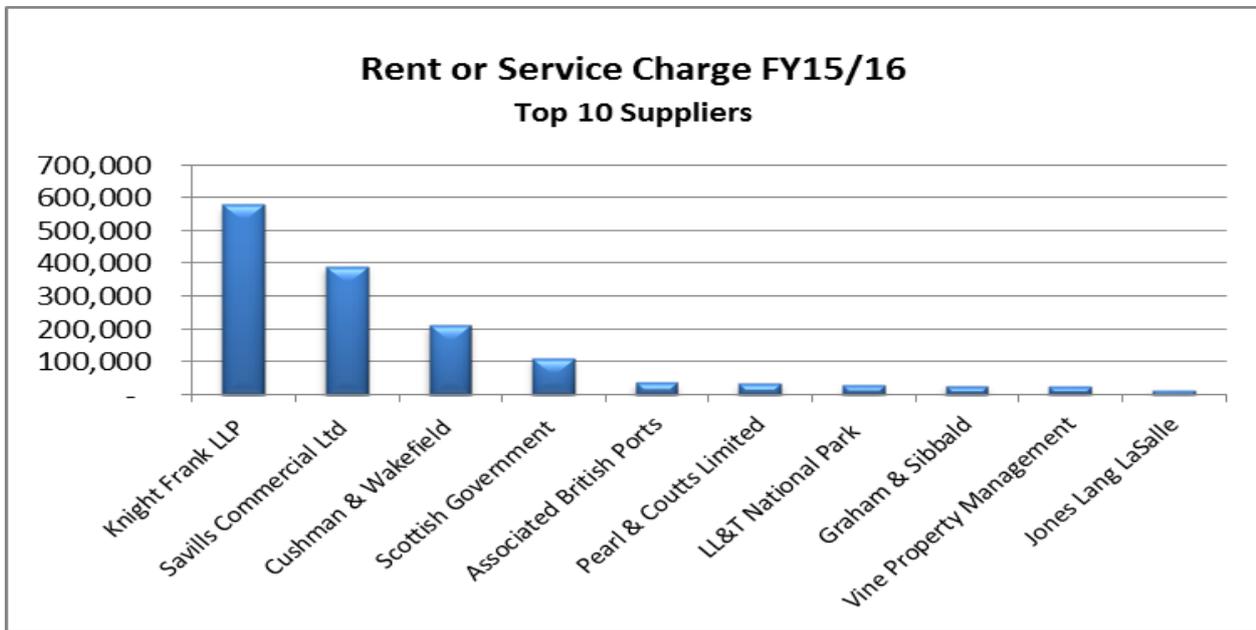
Total spend: £5,133,003

Top 20 Commodities: £5,023,155 (98% of Resources total spend and 27% of organisational spend)



### Key Points

- Highest commodity spend relates to 'Rent' which accounts for 31% of the Resources total spend. Further break down of the Suppliers and associated offices are provided below.



### Key Points

- Knight Frank LLP relates to rent for ASB, Perth and Stirling
- Savills Commercial Ltd relates to the service charge for Edinburgh
- Cushman & Wakefield relates to the rent for Strathallan