

**Scottish Environment Protection Agency
Procurement Annual Report
2017 - 2018**

1. Introduction

This Annual Report provides an account of SEPA's procurement activity for 2017/18.

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 2017/18 and compares with the previous 2 years.

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

Table 1

Spikes Cavell Procurement Dashboard	Revenue & Capital FY 2017/18	Revenue & Capital FY 2016/17	Revenue & Capital FY 2015/16
Total value of transactions reported	£18,834,124	£21,835,047	£18,837,145
Number of transactions (Purchase Orders)	8,552	8,846	9,100
Expenditure with SMEs	£8,663,697 (46%)	£9,389,070 (43%)	£8,288,343 (44%)
Active Supplier Accounts in this period:	1,278	1,125	1,206
Total number of invoices	8,552	8,743	9,123

2.1 Tendering and Contract activity

2.1.1 Over Official Journal of the European Union Threshold

Two Contract Notices were published in the Official Journal of the European Union (OJEU) Threshold in 2017/18. These were:

Contract	Total term	Value over term	Awarded
Environmental Radioactivity Monitoring Framework	4 Years	£1.8m	Nov-17
Stack Emission Monitoring Programme for Scotland	4 years	£600,000	In progress

2.1.2 Non-competitive actions

Threshold	FY 2017/18		FY 2016/17		FY 2015/16	
	Qty	Value	Qty	Value	Qty	Value
£5,000 - £20,832	55	£673,957	47	£574,838	48	£595,502
>£20,833	23	£1,349,326	16	£732,522	22	£3,155,737
Total	78	£2,023,283	63	£1,307,360	77	£3,751,239

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 23 above this threshold, 4 were forwarded and received endorsement by Scottish Government at a value of £114,103.

2.1.3 Procurement Activity

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.

Activity 2017/18					
Threshold	Tenders issued	Budget		Awarded (incl. NCA)	Award Value
<£10,000	1	£9,817		19	£141,249
£10,000 - £49,999	47	£1,256,136		112	£2,01,831
£50,000 - £181,301	25	£2,466,500		32	£2,747,094
£181,302	4	£2,374,667		6	£2,326,338
Totals	77	£6,107,120		169	£7,616,513*

* This includes 3 contracts tendered in FY16/17 and awarded in FY17/18 with a of £391,723

2.1.4 Contract Notices published in 2017/18:

Site	Notices	2017/18	2016/17	2015/16
		Qty	Qty	Qty
PCS	Published in OJEU	2	1	1
	Non-EU	10	22	15
	Quick Quote service	40	29	14
SEPA Buyer Profile	Published	0	4	19
Total		52	56	49

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	21	£1,230,509
MIN	Mini competition carried out under local framework	20	£1,209,256
OJE	Contracts over the European threshold	1	£1,171,689
PUR	Contracts competitively tendered	30	£1,490,538
QQ	Contracts placed through PCS Quick Quote system	21	£503,061

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

2.1.5 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 where appropriate.

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

	FY2017/18		FY 2016/17		FY 2015/16	
Total annual spend	£18,834,124		£21,835,047		£18,837,145.34	
Contract Category	Contract Spend	% of Annual spend	Contract spend	% of Annual spend	Contract spend	% of Annual spend
Cat A ¹ Contracted Spend	£2,363,257	13%	£1,574,810	7%	£1,769,419	9%
Cash Savings ²	£391,067		£962,998		£1,886,415	
Cat B ³ Contracted Spend	£266,779	1%	£832,222	4%	£815,162	4%
Cash Savings	£19,257		£57,222		£80,169	
Cat C ⁴ Contracted Spend	£6,633,152	35%	£5,741,009	26%	£5,549,137	29%
Cash Savings	£652,837		£269,950		£99,287	
Total Contracted Spend	£9,236,188	49%	£8,148,041	37%	£8,133,718	43%
Cash Savings	£1,025,285		£1,290,170		£2,65,872	

3. Specific duties under Public Reform (Scotland) Act 2014

Under the Public 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 continues to explore ways of embedding sustainability within the organisation which included a training course on Sustainability and an introductory course on Life Cycle Costing. Each course was well attended by staff from different units but translating the theory into practice is proving to be a challenge.

The establishment of a Water Environment Framework aimed at achieving better value for money and encouraging SMEs failed to be achieved. Despite initial very positive efforts by all internal stakeholders, the commitment and resources required to establish a Framework could not be sustained.

Strathallan had lighting replaced with LEDs improving energy efficiency.

The Dingwall office had air conditioning installed and 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

¹ Cat A are national contracts placed by Scottish Procurement and figures reflect actual spend /savings are calculated and recorded by them.

² 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.

³ 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.

⁴ Cat C are local contracts put in place by SEPA Procurement and figures reflect anticipated spend

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

1. The nature of our regulated and non-regulated procurements do 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 this financial year of £1,238.

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 2017/18 no regulated procurements of that value were initiated or awarded, however, availability for sub-contracting opportunities are permanently included in our requirement and continues to be successful under the Flood Risk Management Framework Agreement.

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 have also adopted the use of NEC 3 contracts where these provide a better solution.

4. Contract register

The Public Reform (Scotland) Act 2014 requires a register of current contracts to be published on the Internet (refer to Annex 2).

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
Procurements underway		
LiDAR for the Outer Hebrides	£300k	1 January 2019
GCMS Maintenance	£120k	1 August 2018
Planned procurements		
Internal Audit	£240k	April 2019
Insurance brokerage Services	To Be Advised	March 2019
Legal Services	To Be Advised	January 2019
Web Hosting Services	To Be Advised	September 2018
Preventative Maintenance	£250k	October 2018
Legionella Monitoring	£80k	May 2020

5. Procurement Strategy 2016/22

Procurement sought to drive the objectives of the Strategy by focusing on achieving progress through the key aims:

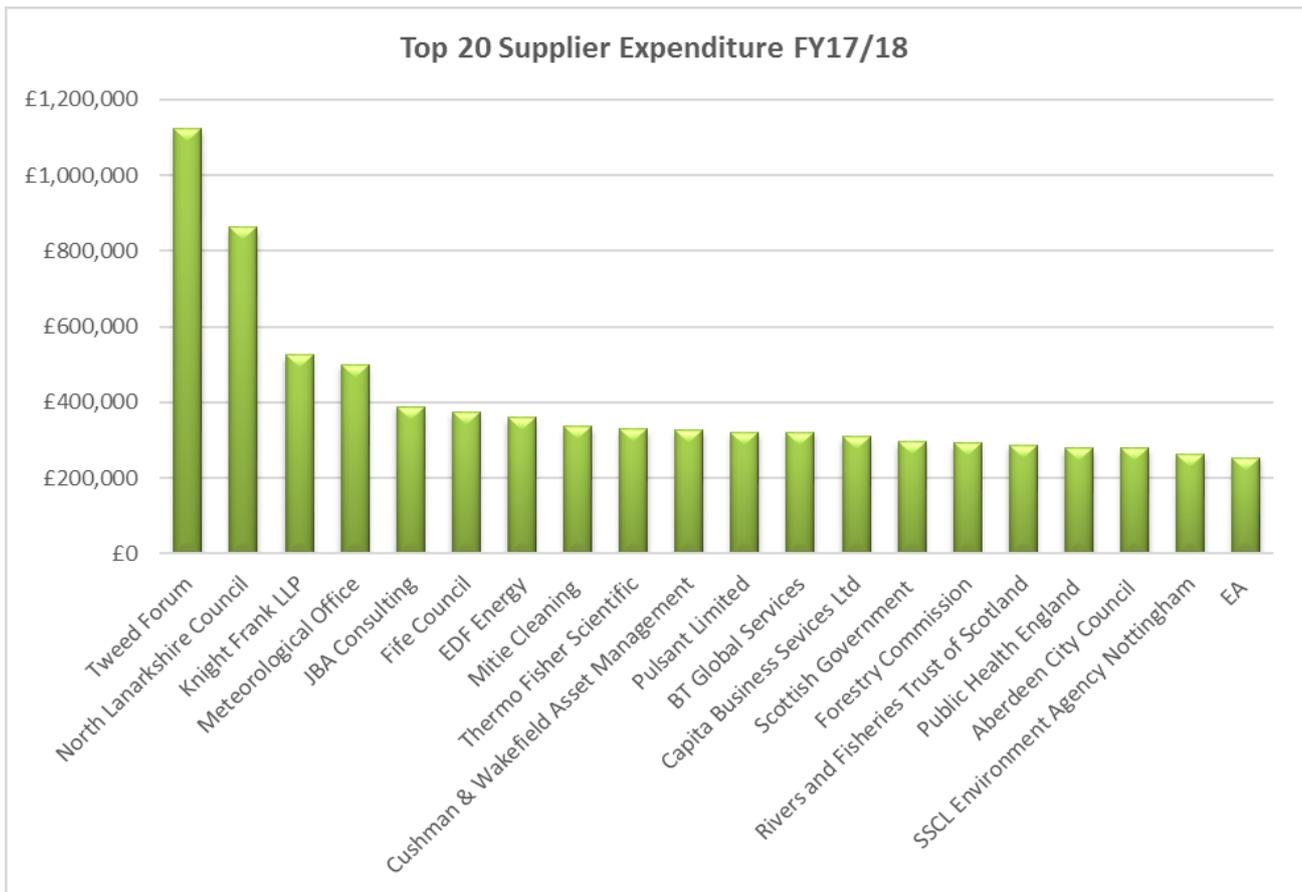
1. Improve **sustainability** undertaken when awarding contracts and managing contracts. A contract was awarded on 2 occasions to improve energy efficiency at 2 SEPA offices. Air conditioning was installed and lighting replaced with LEDS at Dingwall, and Strathallan's lighting was also replaced with LEDs.
2. Increase the use of **collaborative national contracts**. The expenditure against collaborative contracts has increased from 11% to 14% of overall spend which has reduced by £1.1m.
3. Improve **procurement capability** across SEPA by delivering a 4 training courses in contract management; specification writing; sustainability and life cycle costing.
4. Maintain **compliance in processes and procedures** by keeping itself informed of and implementing current and pending applicable changes to EU, UK and Scottish procurement law by reviewing all Scottish Procurement Policy Notes issued by Scottish Government Procurement.

6. Organisational spend activity FY 2017-18

i. Expenditure by Supplier

Total spend: £18, 834,124

Top 20 suppliers: £8,025,534 (43% of organisational total expenditure).



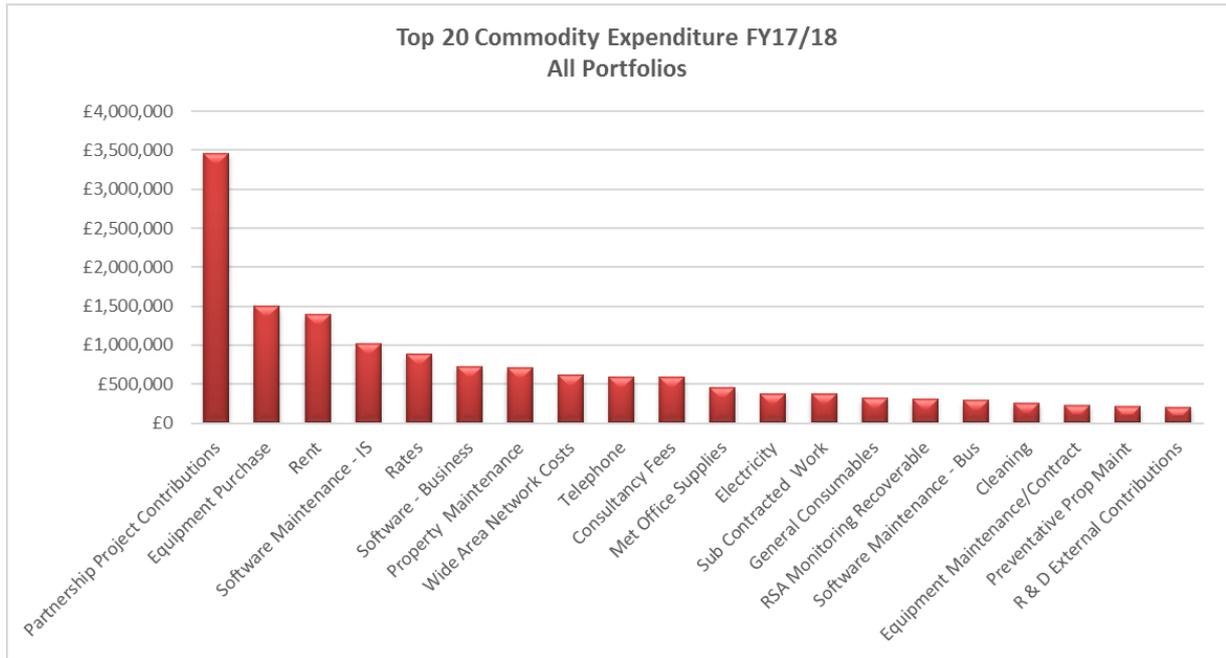
Key points

- Tweed Forum spend relates to a variety of Water Environment Fund projects.
- North Lanarkshire Council relates to Water Environment Fund project on the Garrell Burn (£570,000) and rent and rates for Angus Smith Building (£293,179).
- Knight Frank spends relates to rent for ASB; property insurance and professional fees.

ii. Commodity expenditure

Total spend: £18,834,124

Top 20 commodities: £14,696,308 (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

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- North Lanarkshire Council relates to Water Environment Fund project on the Garrell Burn.

July 2018

**Stuart McGregor
SEPA
Chief Officer Finance
Strathallan House
Castle Business Park
Stirling
FK9 4TZ**

Telephone: 01786 452440