

Procurement Operating Plan 2019-2021

November 2019

Every day SEPA works to protect and enhance Scotland's environment, helping communities and businesses thrive within the resources of our planet.



We call this **One Planet Prosperity**

For information on accessing this document in an alternative format or language please either contact SEPA by telephone on 03000 99 66 99 or by email to equalities@sepa.org.uk

If you are a user of British Sign Language (BSL) the Contact Scotland BSL service gives you access to an online interpreter enabling you to communicate with us using sign language.

<http://contactscotland-bsl.org/>

www.sepa.org.uk

03000 99 66 99

Strathallan House, Castle Business Park, Stirling, FK9 4TZ

The aim of this strategy is to provide high-level guidance on SEPA's procurement objectives and outline transformational changes to the way in which SEPA approaches procurement and contract management.

Background

SEPA exists to protect and improve the environment in ways that, as far as possible, also help create health and well-being benefits and sustainable economic growth.

SEPA's Corporate Plan identifies four outcomes:-

- Scotland's thriving in a low carbon world
- Scotland's businesses are prospering from better environmental performance
- The impact of flooding is reducing
- People benefit from Scotland's improving environment.

The Corporate plan outlines how we will work to deliver these outcomes and sets out the 5 key strategies that underpin it. The Procurement strategy underpins the delivery of all 5 key strategies.

SEPA is redefining what it does in order to become a Phase two EPA and meet the global challenge of living within planetary constraints. SEPA will work in collaboration, bringing the right people together to deliver innovative solutions for the people of Scotland.

Summary

This Procurement Strategy is part of SEPA's ongoing drive to be more commercial, flexible, responsive and innovative; to do a better job at a lower cost and become a world class EPA.

These objectives will be achieved by focusing on a five key aims:

- 1 Improving governance and processes
- 2 Focusing on key contracts and prioritising associated support
- 3 Improving the sustainability of our contracts
- 4 Fostering a more commercial culture
- 5 Supporting the organisation through improvement

Delivering our Strategy – Target Areas for 2019-2021

Aim 1: Improving Governance and Processes

Robust governance, policies and processes are essential to deliver effective commercial management. However, this must be balanced against the organisation's need to be agile, and not lead to excessive bureaucracy. Appropriate delegated authorities and good systems should support the organisation to procure in a timely manner and help deliver value for money.

Outcome 1.1: Effective commercial controls (Reducing Maverick Spend) – New controls will be added to SEPA's finance system making it more difficult to spend off contract or overspend against existing contracts. This will drive improved behaviours and improve regulatory compliance.

Outcome 1.2: Improvements to the contracts register – High quality information on our contracts is key to effective commercial management. Current analysis shows significant discrepancies between the contracts register and our spend data. This gap must be closed if we are to maximise value for money, actively manage risk and deliver transparency for the public.

Outcome 1.3: Effective commercial controls (Non-Competitive Actions (NCAs)) – The current proportion of spend through NCAs appears high and efforts should be made to reduce this over time. Where an NCA has been used it is less likely that we have achieved best value for money. Where NCAs are required in future; a strong focus should be given to the negotiation of better commercial terms and value for money for SEPA.

Aim 2: Focusing on key contracts and prioritising support

Focusing our collective resources where they can add the most value is essential during a time of increased financial pressure. Prioritisation will ensure that our Procurement Team and other corporate services can have maximum impact on our contracted spend.

Outcome 2.1: Contract Classification – A tiering exercise will be undertaken to enable Procurement and number of other teams to focus resource on the contracts where it's most needed. This approach is in line with best practice across the UK. Prioritisation will be based on five weighted criteria: value, duration, risk, scope and opportunity. Overlain on this approach will be the prioritisation of contracts for sustainability outcomes which is addressed under Aim 3.

Outcome 2.2: Right support, right time – Proactive support of the most important contracts is vital, as is timely support when any contract is experiencing difficulties. Support early in the pre-procurement process will set the contracts up for success and getting on top of issues during contract management at the earliest opportunity will assist the organisation in managing contractual risk.

Outcome 2.3: Robust contingency planning – SEPA has a number of contracts where we have a heavy reliance on one supplier for a critical service. Additional work will be undertaken to ensure where this is the case robust contingency planning has been undertaken.

Aim 3: Improving the sustainability of our contracts

As Scotland's environmental regulator SEPA should be going beyond compliance and delivering our services in a sustainable way; this extends to our contracts. More sustainable goods and services often deliver better value for money. A new approach to sustainable procurement will assist the organisation in taking a broader view of sustainability which will include more active management of our supply chain.

Outcome 3.1: Review Sustainable Procurement Policy – SEPA's Policy will need to reflect the significant changes planned in how we approach Sustainable Procurement. Active promotion of the revised Policy will ensure current and future suppliers know what will be expected of them.

Outcome 3.2: Holistic approach and practical tools – Our approach to date has focused on assessing sustainability in the award criteria of the procurement process. Moving forward we will take a more holistic approach including better use of the selection criteria, specification, commercial evaluation, contract terms and contract management. These improvements will be supported by a suite of new tools.

Outcome 3.3: Delivery against the Sustainable Procurement Flexible Framework – SEPA aims to achieve level 3 of the Flexible framework before the end of 2020/21.

Aim 4: Fostering a more commercial culture

With SEPA under increased financial pressures it is more important than ever that we drive value from money from our contractual relationships. Having the forethought to plan for the future and the confidence to challenge our suppliers is essential.

Outcome 4.1: Aggregation of spend – Doing things once and doing them well will be a key focus. Aggregating spend into fewer, longer contracts will be central to this approach. This will mean greater effort is required up front in many cases but will enable improvements in value for money, security for our suppliers and lead to a long term reduction in the resource required.

Outcome 4.2: Challenge our suppliers – There are often opportunities in contract which drive mutual value for SEPA and our suppliers; these need to be exploited. Where we have longstanding contractual relationships in place there is a danger the supplier will become complacent and it's important that we have the confidence to challenge them on cost, quality and wider objectives including sustainability.

Outcome 4.3: Improvements to contract management – Supported by the new learning and development pathway described in Aim 5, contract managers will be subject to a new set of expectations, delivering a more commercial approach to contract management. Research shows that contracts which go unmanaged leak value and ultimately cost organisations money.

Aim 5: Supporting the organisation through improvement

Having the right people in post with the correct skills to manage our contracts is a key driver for success. Over the next two years we will gain a better understanding of who in the organisation has responsibility for managing our contract and suppliers, ensuring this is reflected in their role profiles and personal development reviews (PDR). Proportionate learning and development opportunities must be in place to enable and empower them to conduct the contract management element of their roles effectively.

Outcome 5.1: Create a golden thread– once we know who is managing the organisation’s contracts we can establish whether or not it’s an expectation which is set out in their role profile. Ensuring there is a golden thread between the practical delivery of the role, through to PDR objectives and ultimately the role profile is important in driving positive outcomes.

Outcome 5.2: Proportionate learning and development pathway – Once contracts and contract managers have been classified there is an opportunity to tailor learning and development pathways to meet the needs of individuals. A clear learning and development pathway will enable the organisation to ensure employees responsible for the management of contracts have received proportionate and relevant professional development. This will ensure we are able to actively managing risk and improving opportunities to drive value for money.