

PROCUREMENT ANNUAL REPORT

2020-2021

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**

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

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1. Introduction

This Annual Report provides an account of SEPA's procurement activity for 2020/21.

2. Background and key statistics

Financial year 2020/21 was heavily disrupted for SEPA. COVID-19 impacted our organisation throughout the year and a serious cyber-attack in December 2020 has had a significant and lasting impact on our organisation.

This report is delayed as the organisation has been required to focus on response and recovery from that cyber-attack. Further information on the nature, severity and response to the cyber-attack can be found [on our website](#).

The data in the 2020/21 Annual Report is limited due to the impacts of the cyber-attack on our finance system. Although we undertook a significant exercise to recreate accounting records in order to prepare financial statements for the 2020/21 financial year, coding which is important for the statistics published in our Procurement Annual Report, has not been re-created.

We understand that our Procurement Annual Report contains information which is important to those organisations wanting to do business with us. It is our expectation that 2021/22 will see a return to more detailed reporting – over and above that required by the legislation.

2.1 Key statistics

- Total procurement spend for 2020/21: **£12,341,210**
- Total number and value of regulated contracts awarded in 2020/21: **31** contracts totalling **£5,011,102**
- Total number and value of regulated procurements planned for 2021/22 and 2022/23: **27** procurements totalling **~£18.7m**

To the end of December 2020, payment performance was in line with previous benchmarks (over 98% within 30 days of receiving a valid invoice). However, due to the impact on our systems our

ability to receive invoices and make the associated payments was severely impacted by the cyber-attack in late December 2020. Consequently we anticipate that the percentage of payments made within 30 days of receiving a valid invoice for the period January to March 2021 was well below previous performance.

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

Despite the impacts of the cyber-attack, progress was made against the Sustainable Procurement Objectives outlined in the Procurement Operating Plan 2019-21. Targeted action was taken on a significant proportion of procurement projects. The Procurement Team have also contributed to development of the Regenerative SEPA Goals and Targets which are expected to be approved during 2021/22. These targets will extend to our supply chain as the organisation seeks to go beyond net-zero.

The Sustainable Procurement Manager has contributed as the Central Government representative on the national Procurement and Climate Change Forum and Chair of the People and Capability Workstream.

We have maintained our membership of the ICLEI Procura+ Sustainable Procurement Network as we seek to share experiences with, and learn from, others around the EU.

3.2 Supported businesses

During 2020/21 work was undertaken to promote Supported Businesses and in particular the SG Supported Businesses Framework Agreement. Consequently, our spend with Supported Businesses increased to £8,523. The majority of this was work on COVID-19 signage at SEPA buildings which was delivered by Scotland's Bravest. Further work will be undertaken in 2021/22 in an effort to further increase this spend.

3.3 Community benefits

Procurement are required to 'consider whether to impose community benefits requirements as part of any procurement' which has an estimated value of the contract equal to or greater than £4,000,000 over the term of the contract.

In 2020/21, no regulated procurements equal to or over the £4,000,000 were initiated or awarded, however, availability for sub-contracting opportunities are permanently included in our tenders.

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.

The Procurement Team have used the following opportunities to engage with potential suppliers:

- Supplier Development Programme (SDP) Membership – This will offer SEPA capacity to engage with suppliers across Scotland in key sectors including construction.
- Attendance at online Meet the Buyer Events – SEPA attended the SDP Meet the Buyer and Meet the Buyer North events in 2020/21.
- Soft market tests and wider market engagement – Prior Information Notices (PINs) have been used to assess the state of markets and inform specifications prior to procurement exercises.

4. Contract register

The Public Reform (Scotland) Act 2014 requires a register of current contracts to be published on the Internet. This was impacted by the cyber-attack but can now be found again on our website:

[Working with you | Scottish Environment Protection Agency \(SEPA\)](#)

5. Procurement Operating Plan 2019-21

Despite the extensive disruption over the last two years; overall delivery against the Procurement Operating Plan 2019-21 was successful.

A summary of the delivery against the five key aims contained in the plan can be seen below:

i. Improving governance and processes

A suite of new controls were implemented in SEPA's finance system – Agresso. These have assisted in driving down maverick spend. The reduced scale of purchasing in some key services as a result of COVID-19 disruption has given us an opportunity to put in place new ways of working. Additionally, improvements were made in the accuracy of the organisation's Contract Register.

The cyber-attack necessitated approval of a significant number of non-competitive actions (NCAs) due to urgency and/or reduced capability. It is however felt that sufficient and appropriately targeted challenge has been offered to reduce NCAs during 2020/21.

ii. Focusing on key contracts and prioritising associated support

Approximately 35 suppliers have been identified as having "critical" contracts with SEPA. Classifying our contracts left us well placed to respond contractually to both COVID-19 and the cyber-attack in an effective and targeted way.

Work on contract and supply chain contingency planning was underway prior to the cyber-attack in December 2020. Although not complete, the thinking and early work enabled us to respond contractually where required. Further work, with a particular focus on the cyber resilience of our supply chain has now started.

Feedback from services on the support they are receiving has been very positive and reflects the change in the role of the Procurement Team.

iii. Improving the sustainability of our contracts

Early work has been undertaken to reframe the sustainability criteria scored in our procurement processes to focus much more heavily on targeted action and direct impacts. Significant work was planned for Q4 of 2020/21 which had to be postponed. The delay in this work will enable us to dovetail more effectively with the Regenerative SEPA Action Plan and is now captured in Aim 1 of the 2021-24 Procurement Operating Plan.

iv. Fostering a more commercial culture

This is the area of the Operating Plan where targets have been exceeded. Assisted by the COVID-19 situation, which necessitated contact with a significant proportion of our suppliers, supplier relationships have been challenged and improved. The Procurement Team have coached colleagues through a difficult time for contract managers which has required effective risk and relationship management. Some contracts have required variation and others termination.

Substantial savings of over £500k pa have been delivered through both robust procurement processes and effective contract management. These savings have enabled significant re-investment in critical services. Longer contracts, where they were deemed appropriate, have delivered improved value for money and reduced workload. Challenging suppliers on price increases including inflation has also consistently delivered savings.

Improved visibility over maverick spend has enabled us to aggregate where appropriate and more effectively plan our procurement pipeline.

v. Supporting the organisation through improvement

Significant work was undertaken with Learning and Development colleagues to develop formal e-learning materials. Less formal learning has been undertaken in the form of coaching with key stakeholders - with many colleagues learning through doing.

Role profiles were not reviewed for content regarding procurement and contract management as it was felt this would be best undertaken following decision making around the organisations new job evaluation scheme and system.

6. Procurement Operating Plan 2021-24

Our previous Operating Plan focused very heavily on doing the basics well. There is still more work to do against its aims, but progress has been significant.

The tone of the new Operating Plan reflects the improved maturity of procurement practice and support at SEPA. The new Operating Plan aims to:

- Achieve value for money as the bare minimum
- Support delivery of the AOP
- Deliver against the strategic aims of the organisation including Regenerative SEPA
- Align with the Scottish National Performance Framework and the Scottish Government Public Procurement Priorities 2021-22
- Ensure the organisation gets best value from its Procurement Team
- Ensure the Procurement Team are enabled to inform effective decision making around the organisation

Key Aims 2021-24

Aim 1: Supporting the development of a regenerative organisation

Aim 2: Supporting the development of a Phase 2 Environment Protection Agency (EPA)

Aim 3: Effectively managing risk and seeking opportunities with our supply chain

Aim 4: Sector planning and supply chain management

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