

SPPA Procurement Strategy 2021 - 2022

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Section 1 – Introduction and executive summary

The Scottish Public Pensions Agency (SPPA) is an executive agency of the Scottish Government. We provide pension administration services and payments to members of Scotland's NHS, Teachers', Police and Firefighters' pension schemes. We also provide calculation services for the Scottish Parliament and Scottish Legal Aid Board pension schemes. Our 500,000 customers are all current or former public servants, or their employers. Our Policy department maintains scheme regulations and provides policy advice to the four main schemes, as well as to Scotland's Local Government pension scheme.

This updated procurement strategy updates the plans laid out for 2020 - 2021. It sets the direction for all known procurement activity for 2021 - 2022, which is also the period covered by SPPA's business plan. It supports the Scottish Government's Public Procurement Reform Programme (PPRP) which aims to make best use of public money and our obligations to support the Scottish Government's purpose of creating a more successful country, with opportunities for all through increased sustainable economic growth. Our strategy will be reviewed annually in line with SPPA's strategic plan.

Our strategy is informed by the Public Contracts (Scotland) Regulations 2015; the Procurement Reform (Scotland) Act 2014; and the Procurement (Scotland) Regulations 2016. It's designed to help us maintain a responsible, sustainable approach to procurement. In particular, it aims to demonstrate a clear, well-structured approach to our procurement activities, stating what we'll do and how and when we'll do it.

To help us do this, we've set these principle objectives:

- To make the procurement process clear and structured in a way to achieve best value for money for every pound we spend.
- To make procurement fair, transparent and cost-effective, complying with all relevant legislation.
- To manage contracts appropriately across their life-cycle.
- To properly research each procurement exercise, considering alternatives and market forces.
- To challenge service and product specifications and seek out emerging sources and methods.
- To fulfil our contractual obligations and pay our creditors on time.
- To carry out procurement with appropriately trained officers, guided by procurement professionals who are bound by the Chartered Institute of Purchasing and Supply Code of Ethics, and use professional procurement support from the Central Government Procurement Shared Service team where appropriate.
- To increase our colleagues' knowledge and capability around procurement.
- To commit to this strategy and communicate it clearly, so we can continue to improve our performance, make financial savings and contribute to our corporate and social responsibilities including the climate emergency.

Section 2 – The context and what we spend

Our SPPA procurement is governed by a legislative framework which includes:

- European treaties and directives¹
- regulations
- case law

The strategy ensures full compliance with this framework. It promotes effective, compliant procurement and strikes a balance between a high-level framework for delivering excellent procurement and a detailed plan to address specific targets.

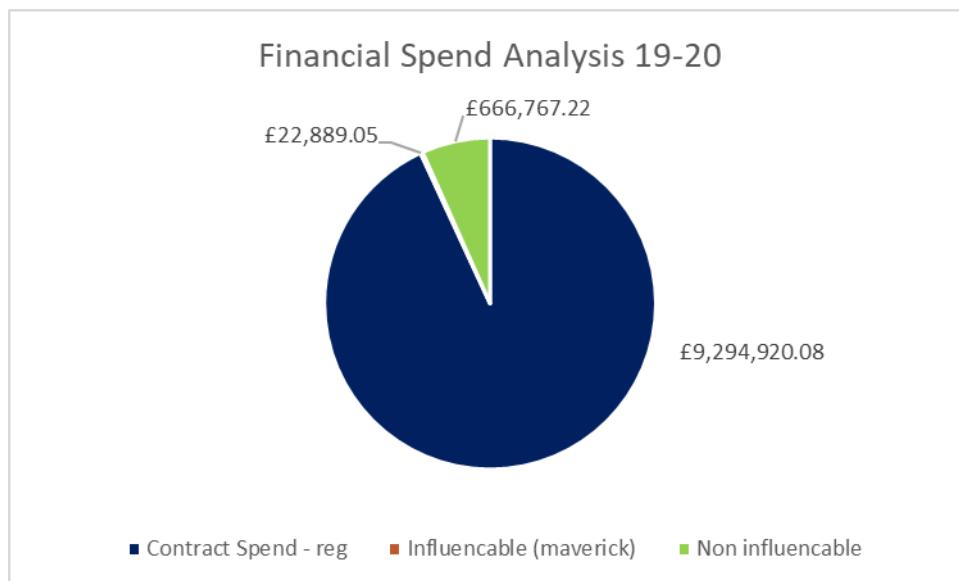
Our strategy objectives

- Ensure procurement reflects our vision, values and aims.
- Secure commitment to excellent procurement from the whole SPPA team.
- Provide a point of reference and focus for procurement.
- Plan how we'll improve procurement.
- Deliver savings as part of an SPPA-wide efficiency strategy, responding positively to the Scottish Government's agenda on efficient government and public service reform.

Our annual spend

As shown in Figure 1, in 2019/20 the regulated contract spend was £9,294,920. Non-influencable spend was £666,767 and the influencable non-contract spend was £22,889. The procurement report will document the 2020-21 contract spend.

Figure 1: Total SPPA spend 2019/20



¹ In the light of guidance from the Scottish Government, SPPA will keep the scope of these under review

Our contracting activity covers two main areas of expenditure.

1. National collaborative frameworks and contracts

We award contracts through the Scottish Government and Crown Commercial Service (CCS) framework agreements, which cover commonly purchased commodities used across the public sector.

The CCS frameworks are open to all public sector organisations in the UK. The Scottish Government frameworks are open to all public sector organisations in Scotland, as well as charities registered in Scotland.

2. SPPA sole-use contracts

We award contracts for our sole use:

- pension administration system
- facilities management services
- medical advisory services
- grounds maintenance and winter site clearance
- catering (staff canteen)
- video conferencing equipment maintenance
- website upgrade
- Guaranteed Minimum Pension (GMP) reconciliation
- member and employer web services

Paying our suppliers

We're committed to paying all undisputed invoices within 10 days. We regard payment as being made once funds are with the supplier, which will usually be one or two days after instructions are sent to our bank. Payment performance is closely monitored by HM Treasury. The Scottish Government's target is to pay all bills on time, with no department falling below 95%.

It is the Policy of the Scottish Government policy to pay all suppliers by BACS (Bankers Automated Clearing Services). All suppliers who wish to deal with the Scottish Government, its agencies or associated departments are asked to provide BACS details.

We require all payments to sub-contractors and throughout the supply chain to be made in 30 days of receipt of a valid invoice. This is stipulated in our standard Terms and Conditions.

Section 3 – Our procurement priorities

Our priorities are:

- full legal compliance and governance
- deliver and measure savings and add value
- consider sustainability in every contract opportunity
- a leaner, efficient and effective procurement function

How do we measure success?

The SPPA's Chief Finance Officer is responsible for making sure our procurement capability and performance improves. We use key performance indicators (KPIs) to track progress on each priority, as well as two overall KPIs:

- 90% of all planned SPPA procurement timetables specified in invitation to tenders are adhered to
- 90% of SPPA's regulated procurements have a lessons learned exercise conducted as part of post-procurement review

Priority one: full legal compliance and governance

Public Contracts (Scotland) Regulations 2015, the Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016. We follow the Scottish Government Procurement Journey guidance.

We'll meet this priority by:

- developing and enhancing tools, templates, information and guidance for staff involved in procurement so skills will be further developed and enhanced;
- continuing to train and develop our procurement team to keep their skills current;
- providing regular commercial awareness training to the wider team;
- routing all requests for procurement through the Central Procurement Team
- closer working relationships with the Central Procurement Team and other business areas in SPPA

We'll measure our success by:

- a reduction in non-contractual spend
- ensuring our annual procurement workload complies with legislation and good practice

Our KPIs are:

- 85% percentage of all procurement exercises over £10,000 comply with the correct procurement process
- our annual procurement report, summarising compliant procurements, issued by 31 August 2021
- 90% of all agreed capability review recommendations completed to the agreed timetable.

Priority two: deliver and measure savings and add value

We secure value for money by working closely with the people who use the goods, services and supplies we procure, so we can understand and help them articulate their requirements. Whole life costs may include implementation costs, on-going operating costs and end of life disposal.

We'll meet this priority by:

- developing and deploying standard tools so every procurement exercise is evaluated on value for money principles
- creating feedback mechanisms to make sure our customers are happy with the procurement
- training to make sure our people only engage in procurement that is actually required
- participating in the Scottish Government's Procurement and Commercial Improvement Programme (PCIP)
- following processes which make sure contracts are robust and robustly managed
- planning for future procurement activities, in particular to develop our strategic investment plans

We'll measure our success by:

- reduced contract prices where possible, without reduction in service, or getting more for the same price
- evidence maximising both cash and non-cash benefits from existing contracts
- identifying new benefits like social, community and climate change benefits for any contract opportunity
- improving PCIP scores by addressing actions
- developing more efficient procurement procedures

Our KPIs are:

- 95% customer responses rate their involvement in procurement exercises as good or excellent

Priority three: consider sustainability in every contract opportunity

We comply fully with our legal obligation to treat all suppliers fairly, equally and without discrimination.

We want to make procurement transparent and accessible to all businesses, especially SMEs, the third sector and supported businesses. We use the Public Contracts Scotland (PCS) portal to publish contract notices for regulated procurements, which is free to access. We also advertise opportunities in the Official Journal of the European Union where required.

Complying with our duties for sustainable procurement duty helps us comply with other legislation that affects procurement, for example:

- the [Equality Act 2010](#)
- the [Equality Act 2010 \(Specific Duties\) \(Scotland\) Regulations 2012](#)
- the [Climate Change \(Scotland\) Act 2009](#)
- the [Climate Change \(Duties of Public Bodies: Reporting Requirements\) \(Scotland\) Order 2015](#)

We use the sustainable procurement tools to consider sustainability at the strategy stage of all regulated procurements. This helps us to:

- identify risks and opportunities before commissioning suppliers
- understand the scope for sustainability outcomes
- optimise our ability to influence sustainable outcomes

We develop individual commodity strategies to embed sustainability in contracts, for example energy efficient product specifications or access to green electricity. We maximise opportunities for SMEs, the third sector and supported businesses to participate in procurement.

We'll meet this priority by:

- providing targeted training for all staff involved in procurement activities
- using Scottish Government tools to evaluate every procurement exercise on value for money principles
- reviewing our procedures against Scottish Government guidance and practise to ensure current guidelines

We'll measure our success by:

- evidence of increased delivery of community benefits from contracts where possible
- increased delivery of sustainable, environmental and social benefits

Our KPIs are:

- 100% of all strategies for regulated procurement will consider sustainability issues where appropriate

Priority four: a leaner, efficient and effective procurement function

Train employees appropriately, use the Scottish Government frameworks and have fit for purpose guidance for our people, as well as managing contracts robustly.

We'll meet this priority by:

- regularly reviewing contract procedures and processes
- providing targeted training for all staff involved in procurement activities
- developing guidance to help all employees involved in procurement to understand roles and process
- regularly reviewing and maintaining an accurate, detailed contract register
- regularly reviewing contract planning times
- developing and publishing a 'wave plan' of procurement activities
- engaging with the 'cluster group'² members regularly
- using Central Government Procurement shared services



² Cluster groups are arranged by Scottish Government Procurement to bring together public bodies to learn and share procurement opportunities.

- use of electronic tendering through Public Contracts Scotland
- use of e-invoicing

We'll measure our success by:

- evidence of increased use of centrally procured frameworks where appropriate
- evidence of maximising goods and services obtained through shared service arrangements where appropriate
- evidence of increasing participation in Scottish Government user groups and intelligence gathering forums where appropriate
- evidence of reduction of non-competitive actions for procuring goods and services without business case

Our KPIs are:

- all Procurement staff completing the annual Scottish Procurement Competency Framework
- 90% attendance at Scottish Government user groups
- 5% reduction in value of non-competitive awards

Section 4 – How we'll make it happen

Our aim, mission, vision and values

Our **aim** is to provide excellent customer service, combining skills and technology to maximise efficiency and deliver best value to tax payers in Scotland.

Our **mission** is for public procurement in SPPA to deliver quality, cost effective public service outcomes and improved efficiencies for the benefit of SPPA and all its stakeholders.

Our **vision** is to provide a managed procurement service to support value for money in SPPA's purchasing decisions, while supporting financial sustainability and meeting all statutory obligations, with particular regard to UK and EU procurement regulations, the Equalities Act 2010, and environmental legislation.

Our **values** underpin our aim, mission and vision:

- put our customers first
- develop our people
- best in class service delivery
- operational excellence

Achieving our vision

We will achieve our vision by:

- delivering value for money which balances cost, quality and sustainability
- helping SPPA carry out its purpose through effective contract and supplier management
- treating all suppliers and potential suppliers equally, without discrimination

- complying with all relevant regulations while performing our procurement duties

To be compliant we will:

- include community benefit clauses where possible in any contract opportunities
- consult and engage with stakeholders affected by our procurement
- negotiate with current suppliers to ensure payment of a Living Wage to their employees and throughout the supply chain. Living Wage payment and workforce matters will be encouraged in all relevant future contracts
- promote compliance with the Health & Safety at Work Act 1974 by contractors and sub-contractors
- ensure that the goods and/or services procured by contractors and sub-contractors are fairly and ethically purchased

We have designed a training programme to make sure all procurement teams, delegated purchasing officers and contract managers are fully compliant with Scottish Government legislation and best practice.

Working as an agency of the Scottish Government

Our strategy supports both SPPA's organisational aims and objectives and the [Scottish model of procurement](#) and the [Scottish public finance manual](#). We developed our approach together with the Central Government Procurement Shared Service.

Figure 3: Scottish Model of Procurement



We will have a commodity strategy for each procurement project valued at £50,000 or over. Each strategy is supported by the sustainability test and the Sustainable Public Procurement Prioritisation Tool (SPPPT) where appropriate. The tool identifies ways we can include social, economic and environmental considerations in contracts.

Section 5 – Delivering value for money

Value for money (VfM) is the optimum combination of whole-life cost and quality (or fitness for purpose) within a procurement to meet SPPA's requirements. Suppliers would be required to demonstrate how this is designed into their solution/offering. Depending on the nature of the contract, whole-life cost may include implementation costs, on-going operating costs and end-of-life disposal which would support the circular economy.

In awarding contracts, we balance the quality of the goods, services and works against price. To do this we frame contract specifications to encourage innovation, rather than defining the solution.

Make sure our procurement team have suitable skills and competency levels to undertake their duties, we will complete the Scottish Governments Procurement Competency Framework document annually. The framework helps individuals take ownership of their personal development through skills assessment, identification of training and development needs and career planning.

SPPA will assist the Scottish Government to put in place collaborative agreements for the supply of goods, services and works. SPPA will utilise collaborative framework agreements for the supply of goods, services and works.

Section 6 – Governance

This is our governance framework:

- SPPA is directly accountable to Scottish Ministers through a framework document which sets out financial responsibilities, including purchasing
- the Chief Finance Officer has overall responsibility for procurement and reports to the Senior Leadership Team (SLT) regularly
- SLT report to the Management Advisory Board (MAB) and Audit & Risk Committee (ARC) quarterly
- SLT review the contracts register annually, making decisions as appropriate
- Any new procurement over £10,000 is tabled at SLT with a business case
- all procurements are managed by the Procurement Manager, or a member of staff with designated purchasing authority, with support from the Procurement Manager
- all contracts are assigned a contract manager who is responsible for contract reviews and managing any supplier issues
- employees must complete training before becoming a designated purchasing authority or contract manager
- SPPA are audited regularly by Scottish Government Internal Audit and Audit Scotland

We use the Scottish Government procurement journey to ensure best practice, consistency and compliance with legislation. Advice and guidance is also sought from the Scottish Procurement & Property Directorate.

Section 7 – Policies, tools and procedures

SPPA uses these policies, processes and procedures:

- [Scottish model of procurement](#)
- [changes to European directives](#)
- [public procurement reform programme](#)
- [EU procurement thresholds](#)
- [procurement journey](#)
- [public contracts Scotland](#)
- [community benefits](#)
- [fairly and ethically traded goods](#)
- [Fair Work framework](#)
- [real Living Wage](#)
- [Modern slavery](#)
- [cloud first policy](#)
- [Sustainable procurement](#)
- [National Performance Framework](#)
- [SG Frameworks](#)
- [Climate change and circular economy](#)
- [Scotland's Zero waste plan](#)

Tools

The tools to help us achieve best value and sustainable procurement include:

- procurement toolkit (from the Scottish Government procurement journey)
- procurement journey
- Scottish Government sustainable tools
- flexible framework
- the cyber security procurement support tool

Section 8 – Doing business with SPPA

As a public sector body, we advertise all contract opportunities with a lifetime value of £50,000 and above on the [Scottish public sector portal](#) (PCS). Suppliers must register with PCS to receive notification of possible contract opportunities. [The supplier journey](#) gives guidance and advice on tendering for public sector contracts in Scotland.

Section 9 – Annual procurement report

Under the 2014 Act, we also have to prepare an annual procurement report to reflect on our performance against our procurement strategy.

The reports include:

- information on regulated procurements that we have completed during the period;
- a review of whether those procurements kept to our procurement strategy;
- if any procurements do not comply with our strategy, a statement of how we intend to make sure that future regulated procurements do;

- a summary of community benefit requirements set as part of a regulated procurement that were met during the financial year covered by the report;
- a summary of any steps we have taken to involve supported businesses in regulated procurements during the year; and
- a summary of regulated procurements we expect to begin in the next two financial years. We publish our reports online and make sure these are accessible in a variety of formats.

Section 10 – Strategy ownership & contact details

The owner of the procurement strategy is:

Karen Morley
Chief Finance Officer
Telephone: 01896 893000
Email: Karen.Morley@gov.scot

Karen is supported by:

Michelle Lee
Procurement and Contracts Manager
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Email: Michelle.Lee@gov.scot

The procurement strategy covers the period 1 April 2021 to 31 March 2022.