



Scottish Public
Pensions Agency
Buidheann Peinnseanan
Poblach na h-Alba

SPPA Procurement Report 2021-2022

Contents

Section 1 – Introduction	3
Section 2 – Summary of regulated procurements.....	3
Section 3 – Review of regulated procurement compliance	6
Section 4 – Strategy performance review	7
Section 6 – Future procurement.....	16
Section 7 – Other information.....	17
Section 8 – About this report	17
Annex A – SPPA procurement activity.....	18
Annex B – The procurement journey.....	19
Annex C – Glossary.....	20



Section 1 – Introduction

Introduction

Our annual procurement report shows how we've delivered our procurement strategy and commitments for the period 1 April 2021 to 31 March 2022, in line with the Procurement Reform (Scotland) Act 2014. It focuses on SPPA's corporate expenditure, which was around £6.2 million last year.

This report shows our performance and achievements in delivering our procurement strategy, which aims to use the money we spend on goods and services to deliver:

- better public services
- positive social, economic and environmental outcomes
- compliance with local and national policies
- support the national outcomes for Scotland

Section 2 – Summary of regulated procurements

Types of procurement

Regulated procurement is defined by the Procurement Reform (Scotland) Act 2014 as:

- the purchase of goods and services with an estimated value of £50,000 or more (excluding VAT)
- public works with an estimated value of £2,000,000 or greater (excluding VAT)

Competitive procurement

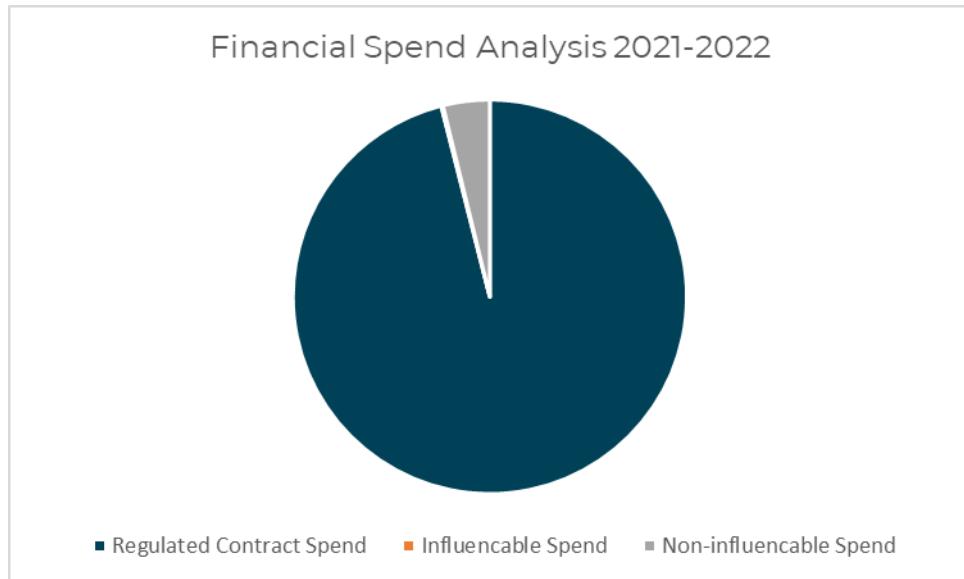
Can be of any value. SPPA uses a competitive procurement process for all contracts, regardless of value unless a non-competitive award is deemed appropriate.

Our annual spend

As shown in Figure 1, in 2020/21 our total spend was £6,217,729. The regulated contract spend was £5,763,745. Non-influencable spend was £230,429 and the influencable non-contract spend was £8388.



Figure 1: Total SPPA spend 2021/22



Summary of procurement activity

Table 1 summarises our procurement spend, regardless of value for the period April 2021 to March 2022. This is based on SPPA's overall spend of £6.2 million. 99% of our spend was achieved through contracts and framework call-offs. Most of our procurement activity was completed through Scottish Government framework agreements, which is more efficient than carrying out our own tender exercises. In total, we put in place 21 contracts, of which 8 were regulated procurement over the value of £50,000.

Table 1: Summary of procurement activity for 21/22

Type of procurement	Quantity	Estimated value
Framework call-offs	16	£1,103,581.00
Contract awards	5	£160,514.50
SPPA regulated procurement (over £50,000)	8	£994,085.00

See Annex A for more details.

Awards without competitive procurement

We identify and log all contract awards which should be subject to a regulated procurement process. Any non-competitive procurement must be justified and approved by our Chief Executive (and Accountable Officer). This helps us make sure all procurement is compliant and identifies the rare times procurement isn't subject to regulation, for example:



- when the requirement falls under the general exclusions and specific situations of the Public Contracts (Scotland) Regulations 2015
- when the requirement can only be delivered by a specific supplier through an exclusive right under the Public Contracts (Scotland) Regulations 2015

When a contract is identified under an exclusive right we place a contract award notice within the Public Contracts Scotland portal, including contract period and value. We spent a total annual value of £208,719.5 over six contracts in this way.

Table 2: Non-competitive procurement contract awards

Contract Name	Supplier	Contract Award	Start Date	End Date	Contract Value
Temporary workers	Balfour Wilson	19/08/21	13/09/21	10/06/22	£ 32,374.50
Finance Manager	Hays	12/11/21	15/11/21	09/02/22	£ 27,000.00
Finance Administrator	Brightwork	17/06/21	12/07/21	08/10/21	£ 8,500.00
Temporary workers	Pertemps Recruitment / Blue Arrow Recruitment	30/10/20	09/11/20	09/07/21	£ 46,000.00
Oracle Support	Cintra	07/12/21	01/01/22	31/03/22	£ 30,000.00
IT Manager	Harvey Nash	26/10/21	01/11/21	29/04/22	£ 64,845.00
					£208,719.50

Five of the six non-competitive procurements cover extending contracts with temporary staff and were essential for maintaining continuity until the posts are filled permanently. The other contract was critical to support the upgrade of Oracle on SPPA's system servers and was the recommended Oracle partner organisation.

There has been a slight reduction in the use of non-competitive procurement, we believe we have demonstrated minimal use of non-competitive procurement and continue to focus our efforts towards meeting procurement regulations. There was a 48% reduction in cost of contract awarded through non-competitive procurement on last year.



Section 3 – Review of regulated procurement compliance

How we review regulated procurements

We use the procurement journey (see Annex B) for all regulated procurement where a tendering process is required. There are three different procurement routes and we use a decision matrix to select the appropriate route based on risk, costs and strategic importance.

Route 1

Provides guidance for unregulated procurements under £50,000 which are low-risk and non-repetitive in nature.

Route 2

Provides guidance for regulated procurements which are between £50,000 and the Official Journal of the European Union (OJEU) threshold. The OJEU legislation covers organisations and projects that receive public money, like SPPA, and states that procurements above a certain threshold must be published in the EU journal. SPPA's OJEU threshold is £213,477 inclusive of VAT, £177,897 excluding VAT.

Route 3

Provides guidance for regulated procurements above the OJEU threshold.

Call-off contracts are checked with the Scottish Government and Crown Commercial Service for compliance with regulations and policy.

Delivering our priorities

Priority one: full legal compliance and governance

15 out of 21 contracts were fully compliant. The remaining six non-competitive procurements met relevant regulations (see section 4 for more details).

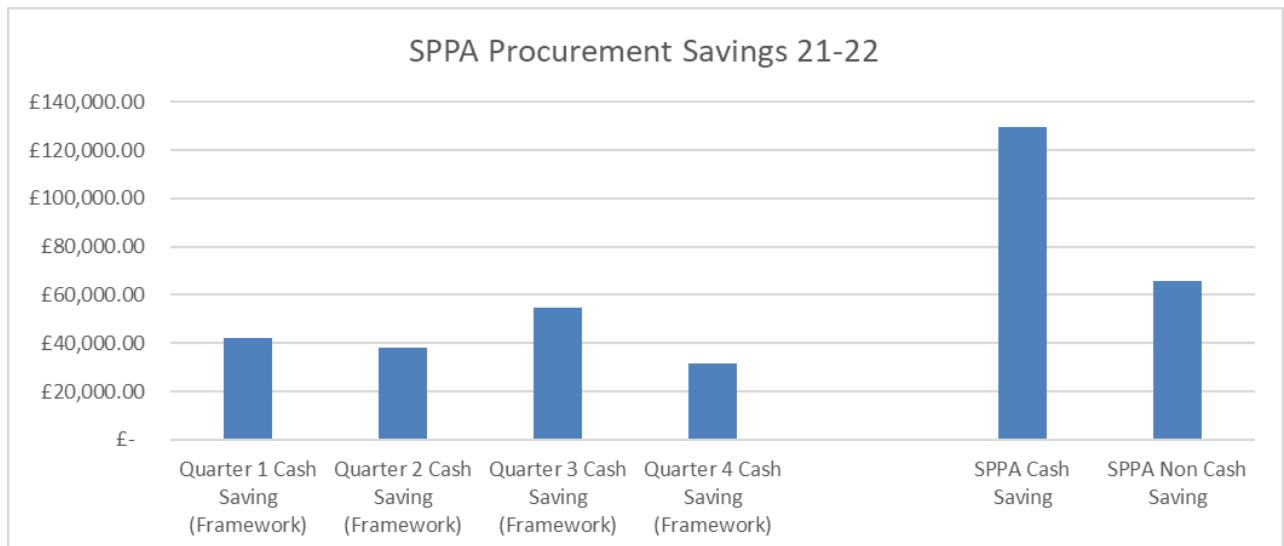
Priority two: make and measure savings and add value

We obtain value for money through best practice contracting, supplier management and strategic procurement activities. We delivered savings of around £363,000 over this period mainly by using Scottish Government and Crown Commercial Service framework call-off contracts.



Figure 2: SPPA savings

(Framework information provided by the Scottish Procurement and Property Directorate)



Priority three: consider sustainability in every contract opportunity

We deliver sustainable procurement by improving access to contracts for SMEs, the third sector and supported businesses. Sustainable procurement is built into every commodity strategy where appropriate.

Priority four: a leaner, efficient and effective procurement function

We have worked hard in this area but recognise there is still more to do. We have increased the use of frameworks for our procurement activity and use Central Government Procurement Shared Services.

Section 4 – Strategy performance review

Our procurement strategy brings together our objectives under four priorities.

Priority one: full legal compliance and governance

Our objectives

- 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

How we did

- refreshed the guidance available for delegated purchasing officers utilising the Interim and Temporary staff frameworks including a clear checklist and updated templates.
- continue to develop procurement staff with one staff member completing level 3 of the Chartered Institute of Purchasing and Supply (CIPS) professional qualifications.
- continued to build closer working relationships with the Central Procurement Team, Procurement Capability Team and Central Government Procurement Shared Services, who have supported a number of activities and shared knowledge.
- SPPA utilise the Central Governments FMS Lite service.
- Non-contracted spend last year was £8,388 which was 0.13% of overall spend.
- All regulated procurement activity completed to the planned timescales.
- 67% of procurement activity over £10,000 complied with the correct procurement process.
- 100% of our regulated competitive procurement had either a lessons learned conducted or post project review (non-framework).

Development opportunities

- Continue to further enhance information available on our intranet, adding more tools and templates for employees involved in procurement.
- Reduce the number of non-competitive procurement awards.
- Further improvement on the agreed actions from the procurement capability review and implement audit recommendations.

Priority two: make and measure savings and add value

Our objectives

- 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

How we did

- All procurements completed using the most economically advantageous tender model, which allows consideration of both quality and value for money.
- Gathered information to provide feedback to key suppliers.
- Increased the number of meetings with key suppliers to quarterly.
- Provided guidance to ensure SPPA employees check existing framework agreements before going to open competition. Checks are carried out on contract spend on an annual basis
- No PCIP completed 21-22 year.
- Created a 5 year wave plan in line with the Agency's strategic plan.
- Increased cash and non cash savings through SPPA's own procurement activities and using Scottish Government, APUC or Crown Commercial Service frameworks (see Section 3).

Development opportunities

- Create further feedback opportunities for employees involved in procurement activities and staff using the goods or services.
- Continue to review and improve our contract management process and upskill employees, to manage contracts appropriately and robustly.
- Ensure business cases are signed off prior to any procurement activity over £10,000.
- Develop survey for procurement customer satisfaction.

Priority three: consider sustainability in every contract opportunity

Our objectives

- Provide targeted sustainability training where appropriate.
- Utilise the tools, templates and guidance to help employees understand sustainability and make the right decisions in procurement.



- Review procedures against Scottish Government guidance and practices, making sure guidelines are implemented.
- Evaluate procurement activities on value for money principles.

How we did

- Used sustainability measures in regulated contract awards where appropriate.
- Used best practice, as detailed in the Scottish Government procurement journey.
- Liaised with Central Government Procurement Shared Services to request reviews and/or support of high value commodity strategies and invitations to tender.
- Tenders are evaluated on a cost / quality ratio ensuring value for money.
- Updated guidance available to include supported businesses, sustainability and community benefits.
- 100% of our strategies for regulated procurement considered sustainability (see section 5 benefitting our community).

Development opportunities

- Increase use of the prioritisation tool within the procurement journey.

Priority four: a leaner, efficient and effective procurement function

Our objectives

- Regularly review contract procedures and processes.
- Provide targeted training for employees involved in procurement activities, with guidance and a checklist to help them understand their role and the overall process.
- Review and maintain an accurate, detailed contract register.
- Review contract planning times regularly.
- Develop a 'wave plan' of procurement activities for publication on our website.
- Engage regularly with the Scottish Government cluster group to share best practice.
- Use of electronic tendering through Public Contracts Scotland
- Use of e-invoicing

How we did

- Guidance was updated and will be regularly reviewed.
- Use the procurement journey as best practice guidance.



- Worked closely with Central Government Procurement Shared Services and Digital Directorate to review commodity strategies and invitations to tender.
- Publish the contract register on-line (through Public Contracts Scotland).
- 100% attendance at the quarterly Scottish Government cluster group meetings to share best practice and regular contact with the related Scottish Government capability team.
- Maximised goods and services procured through framework agreements.

Development opportunities

- Continue to improve contract management ensuring a fit for purpose strategy.
- Reduce the number of non-competitive awards.
- Continue to improve supplier performance through greater use of balanced scorecards and regular contract review meetings.

The future

Policies

SPPA will ensure our policies and procedures are under regular review in line with Scottish Government.

Invoice payment

Paying invoices promptly is very important to us and payment times are measured and reviewed monthly. We're committed to paying undisputed invoices within 10 days. (We regard payment as being made once funds are with the supplier, which is usually a day or two after sending instructions to our bank.) Any subcontractors should be paid within 30 days as per terms and conditions,

Payment performance is closely monitored by HM Treasury against the Scottish Government target of 100% of bills paid on time, with no department falling below 95%.



Table 3: Invoice payment performance

<u>Payment Performance for year 2021-22</u>			
Month	Invoices	Paid within 10 days	Performance %
April	128	128	100
May	136	136	100
June	144	144	100
July	151	151	100
Aug	59	59	100
Sept	95	95	100
Oct	121	121	100
Nov	182	182	100
Dec	113	109	96
Jan	93	92	99
Feb	143	142	99
Mar	132	130	98
Average Performance figure			99

Our policy

SPPA uses the Scottish Government recommended tools for procurement when appropriate. We have embedded these tools within our process to help us get it right and create the best value, especially when it comes to regulated procurement:

- Scottish model of procurement
(link to <https://www.gov.scot/Topics/Government/Procurement/about/spd-aims>)
- Changes to European directives
(link to <https://www.gov.uk/guidance/transposing-eu-procurement-directives>)
- Public Procurement reform programme
(link to <https://www.gov.scot/Topics/Government/Procurement/about/Review>)
- EU procurement thresholds
(link to <https://www.gov.scot/Topics/Government/Procurement/policy/10613>)



- Procurement journey
(link to <https://www.procurementjourney.scot/>)
- Public Contracts Scotland
(link to <https://www.publiccontractsscotland.gov.uk/>)

These tools also help us deliver our sustainable procurement priority:

- Procurement toolkit
- Procurement journey
- Scottish Government sustainable tools
- Flexible framework

New Benefits for financial year 2021-2022

Our Grounds Maintenance contractor does not mow the perimeter of our grounds and has suggested wild garden areas with perennial flowers and plants to encourage wildlife, butterflies and bees. Our contractor uses environmentally friendly fertilisers and pesticides to reduce pollution as well as using our compost area and does not use zero hour contracts.

Reducing waste by allowing fallen leaves to be stored in small areas which provides refuge for small animals and also eventually provides a natural fertiliser once the leaves are decomposed.

Erect bird boxes in sheltered areas, with bird feeders to attract birds and help them thrive.

Insect hotels can be built out of twigs and rotting wood to provide shelter to insects such as beetles and spiders

Existing environmental / sustainable benefits

Our ongoing facilities management contract has been designed to deliver sustainability benefits, including:

- paying the Scottish Living Wage
- using environmentally certified and phosphate-free Ecolab cleaning materials, which are delivered as super-concentrates to reduce plastic waste, packaging and transport costs
- a commitment to reduce carbon emissions
- training and skills development for staff



Table 4 shows the materials our contractor Sodexo uses to deliver the contract.

Product / material	Positive environmental or social criteria
Sustainable paper	100% sustainable paper and disposable products
Cleaning chemicals	<ul style="list-style-type: none"> • Rationalised range of products used • Increased percentage of Eco-label accredited products • 93% spend on concentrated chemicals with less packaging and fewer deliveries
Chemical-free cleaning	Lotus® Prochemical-free cleaning system transforms tap water into toxin free cleaner by infusing it with o-zone.
Steam cleaning	Minimises water use and requires no chemicals required to achieve more hygienic cleaning standard
Cleaner cars	Fuel-efficient vehicles (electric cars)
Floor machinery	Ec-H2O Orbio technology for chemical-free floor scrubbers
Micro-fibre mops and cloths	Proven benefits in infection control, reducing chemical usage by 90% and water usage by 97%
Vacuum cleaners	HEPA filter traps dust and dirt.
Route management	Use vehicle tracking diverts nearest engineer to respond to reactive maintenance requests

Maintenance tasks have been undertaken by several local SME companies and tradesmen from the Scottish Borders Council minor maintenance framework.

Our local recruitment agency which SPPA has successfully used employs local employees within the Scottish Borders.

Framework agreement benefits

Some of the frameworks we use seek to help disadvantaged members of our community into temporary roles, improving employability:

- temporary and interim staff
- temporary and interim staff – interim IT
- temporary and interim staff – interim professionals
- travel services

The banking services framework supports local recruitment where possible offering apprenticeships for over 16's, summer internships and graduate roles.



Scottish Government have introduced a number of Dynamic Purchasing System (DPS) frameworks providing greater access and opportunity for SME's and local suppliers.

The new electricity framework is committed to apprenticeship training programmes and using local supply chain partners and contractors.

Our printing contract is an accredited living wage employer, supports modern apprenticeships and works with local SME's.

The contract that delivered our Transformation Review had a strong commitment to fair work practices focussing on Living Wage Accreditation, supports Scottish Government's Young Person Guarantee, has a modern apprenticeship program and deliver a number of fair work practices such as tackling the gender pay gap, tackling inequality and nurturing talent.

The new postal service framework includes the following sustainable and community benefits:

- supply of paper from sustainable chains;
- actively promoting carbon capture programmes including national tree planting;
- recycling of white paper related waste;
- targets to be net zero carbon business;
- reductions of energy consumption;
- a percentage of electricity supply is from certified renewable sources;
- water-based inks are used where possible
- apprenticeship schemes;
- graduate programmes;
- participation in the Duke of Edinburgh Award Scheme;
- recruitment processes are more inclusive and accessible;
- targeting recruitment at non-employed people; • disability confident employer status;
- volunteering work to contributing to schools and education;
- support and advice to 3rd sector organisations.

Supported business

We consider supported businesses for all procurements during the procurement strategy stage.



Section 6 – Future procurement

We are only required to publish regulated contracts.

Table 5: Future regulated spend for the period 1 April 2022 – 31 March 2024

Subject Matter	Contract Type	Expected Notice Publication Date	Expected Award Date	Expected Start Date	Estimated Contract Value
Pension administration system	new contract	14/01/2022	October 2022	November 2022	£10,000,000
Telephony Software	new contract	TBC	TBC	TBC	£60,000
Facilities Management	new contract	01/08/2022	February 2023	01/04/2023	£450,000

Section 7 – Other information

Contract management

Procurement and contract management is an important function within SPPA. Further improvement will be made in financial year 2022/23.

Developing our people

We continue to encourage our team to sign up to the Professional Chartered Institute of Purchasing and Supply (PCIPS) qualification. In 2022/23 the focus will be on developing the team to further enhance and realise benefits, while motivating our people to achieve their potential. We use the Scottish Government competency framework to develop our people, which is included in personal development plans.

Section 8 – About this report

This report is subject to formal annual review and approval by the SPPA senior leadership team.

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Annex A – SPPA procurement activity

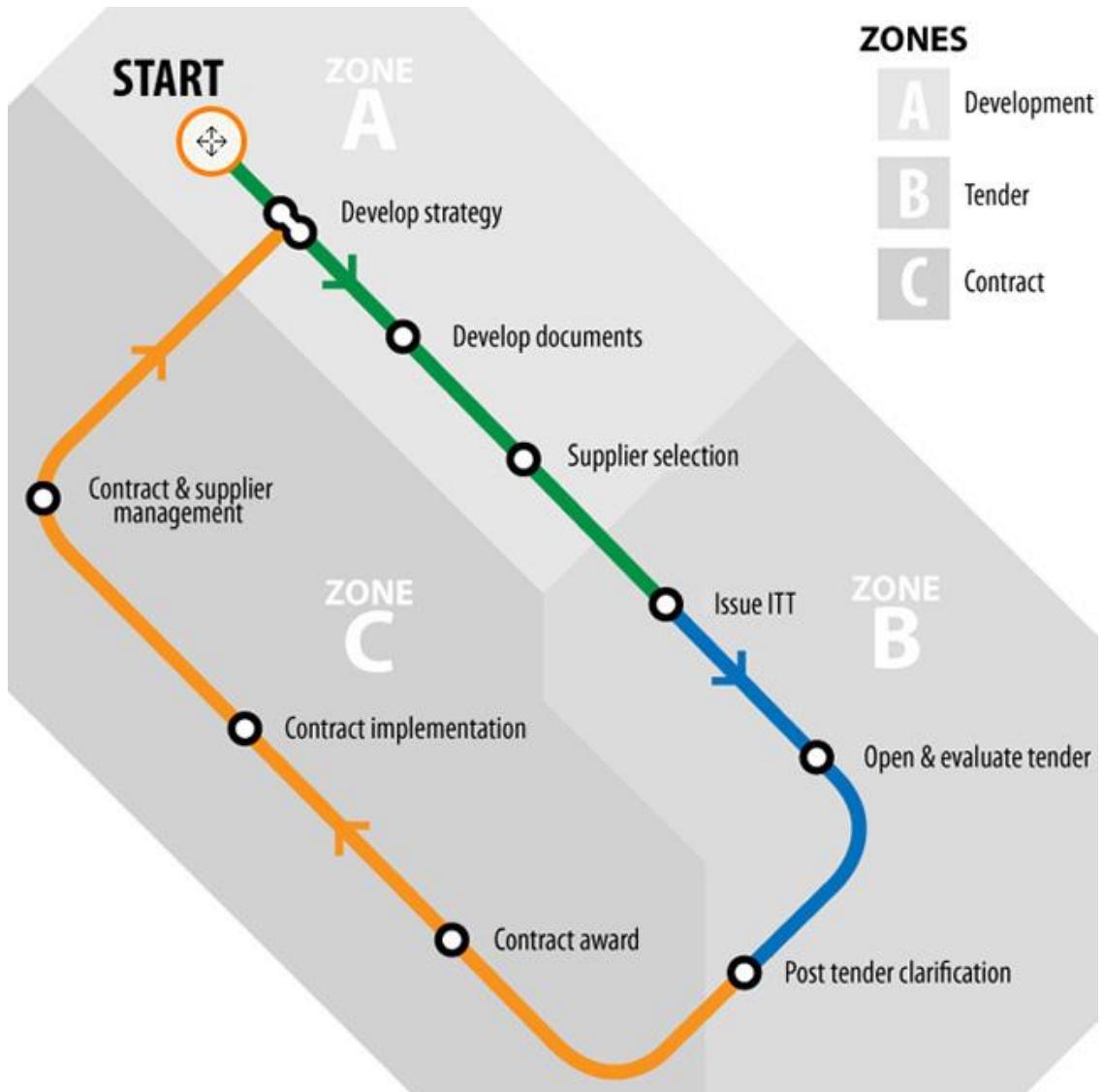
We have included all regulated contracts awarded in the period from 1 April 2021 - 31 March 2022.

Contract Name	Supplier Name	Award Date	Start date	Expiry date	Framework	Contract	Collaborating	Contract Value
Postal Services	Royal Mail	01/07/2021	01-Jul-21	30-Jun-25	Yes	No	No	£460,000.00
PPP Senior Project manager	Lorien Recruitment	12/11/2021	13-Dec-21	09-Dec-22	Yes	No	No	£140,000.00
Interim Practitioner Senior PM	Venesky-Brown	06/05/2021	17-May-21	10-Sep-21	Yes	No	No	£95,200.00
Interim Senior IT Service Manager	Harvey Nash	26/10/2021	01-Nov-21	29-Apr-22	Yes	No	No	£64,845.00
Grounds Maintenance and Winter Site Clearance	Border Thistle Garden and Tree Services	09/08/2021	01-Sep-21	31-Aug-24	No	Yes	No	£60,140.00
Comms and Engagement Manager	Harvey Nash	13/12/2021	13-Dec-21	09-Sep-22	Yes	No	No	£60,000.00
Interim Business Analyst	Venesky Brown	14/09/2021	27-Sep-21	24-Jun-22	Yes	No	No	£60,000.00
Interim Procurement and Commercial Lead	Harvey Nash	10/09/2021	13-Sep-21	31-Jul-22	Yes	No	No	£53,900.00

Annex B – The procurement journey

To ensure consistency, SPPA follows the Scottish Government procurement journey.

The Scottish Government procurement journey



Annex C – Glossary

Term	Description
Balanced Scorecard	A tool used to monitor and measure contract and supplier performance.
CIPS	The Chartered Institute of Purchasing and Supply (CIPS) is the leading body representing the field of purchasing and supply chain management.
Commercial Acumen	The ability to view situations from a commercial or business perspective; knowing your market & your customers and what they want and need & how they work.
Commercial Awareness	Evidence of commercial acumen. Awareness of the need for efficiency, cost-effectiveness, customer / stakeholder support, a knowledge of the sector and the services the organisation provides and will provide in the future, considering the strategic objectives, current economic climate etc. A track record of appropriate procurement skill and experience, evidence of on-going/continual training and development. (desirable and post/org specific) professional qualification / undertaking or willingness to undertake as appropriate.
Commercial Competence	<p>Commercial Competence is the ability to view situations from a commercial or business perspective. It's about knowing your market & your customers and what they want and need & how they work. Knowing what your competitors are up to; mainly so the connection between what we 'could do' and what we 'should do' becomes clear.</p> <p>All organisations have goals, targets and budgets and should have robust strategic goals and implementation plans. Current market and trends should be reviewed as well as the competition, organisation culture, threats and opportunities, business decisions and innovative thinking. This also helps to justify the cost-effectiveness of any budget and the resources available.</p> <p>The Scottish Procurement Competency Framework links commercial competencies to the key procurement activities.</p>
Commodity Strategy	Please see the Procurement Journey for guidance on commodity strategies.
Contract Management	The process of monitoring the performance of a supplier to contract.
DPA	Delegated Purchasing Authority - Is the authority given to an individual to sign-off contracts. It is not to be confused with Delegated Finance Authority as it is important that there is adequate separation of duties between the individual who has



	finance authority i.e. the budget holder and the individual with purchasing authority i.e. who places the contract.
DPO	Delegated Purchaser Officer - A permanent individual with Delegated Purchasing Authority (DPA).
FMS Lite Service	An agreement with Scottish Procurement Commercial Directorate (SPCD) to utilise a lite version of their fully manager service.
Framework Agreement	An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies.
Influencable Spend	The value of Procurement relevant spend which was actually influenced by Procurement.
MEAT	The most economically advantageous tender (MEAT) criterion enables the contracting authority to take account of criteria that reflect qualitative, technical and sustainable aspects of the tender submission as well as price when reaching an award decision.
NCA	Non-completive Action. Award of contract that has not been competitively tendered.
OJEU	Official Journal of the European Union.
Prioritisation Tool	The prioritisation tool is designed to assist early stage strategic planning, and brings a standard, structured approach to the assessment of spend categories.
Procurement Exercise	Full end to end procurement exercise documentation from strategy development to contract & supplier management.
Procurement function	The business management function that ensures identification, sourcing, access and management of the external resources that an organisation needs or may need to fulfil its strategic objectives.



Procurement Journey	Revised public procurement toolkit with guidance and templates on the procurement process or Construction manual when appropriate. The Procurement Journey will be enhanced on an ongoing basis with feedback from users and any other identified good practice guidance and tools where appropriate to ensure a standardised approach to the supply base.
Procurement Officer	Individual who spends the majority of their time working in a role that adds value to the quality, cost and effectiveness of the procurement or acquisition of goods, works and services; impacting upon commercial relationships during one or more stages of the procurement cycle and contributing towards best practice contract and supplier management.
Procurement Professional	Individual who spends the majority of their time working in a role that adds value to the quality, cost and effectiveness of the procurement or acquisition of goods, works and services; impacting upon commercial relationships during one or more stages of the procurement cycle and contributing towards best practice contract and supplier management.
Procurement strategy	Strategy for procurement within an organisation (can be called policy).
Public Contracts Scotland	The national advertising portal used to advertise all Scottish Government goods, services or works contract opportunities.
Senior Management Team	The direct report for the Head of Procurement (whether this be a stand-alone Director or one who sits on a SMT).
Small Medium Enterprise (SME)	The category of micro, small and medium-sized enterprises (SMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro and/or an annual balance sheet total not exceeding 43 million euro.
Stakeholder	Any person or group who has a vested interest in the success of the procurement activity, i.e. either provides services to it, or receives services from it.
Strategy	May also be referred to as "Business Case" or "Project Strategy".
Supplier	An entity who supplies goods or services; often used synonymously with "vendor".



Supplier Performance Review	Ongoing Contract and Supplier Management (i.e. with key performance indicators being reported).
Supply Chain	All activities, resources, products etc. involved in creating and moving a product or service from the supplier to the procurer.
Supply Chain Management	The coordinated set of techniques to plan and execute all steps used to acquire raw materials from suppliers, transform them into finished goods, and deliver both goods and services to customers. It includes chain-wide information sharing, planning, resources and performance measurements.
Supported Business	Either the organisation's main aim should be the social and professional integration of disabled or disadvantaged persons, or the contract should be performed within a sheltered employment programme.
Value for Money	An economic assessment by the public sector as to whether a project represents value for money; the optimum combination of cost and quality to provide the required service.
Wave Plan	Details future procurement plans.

