



Procurement Operating Plan 2021-24

December 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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The aim of this document is to provide high-level information on SEPA's procurement objectives. It outlines planned transformational changes to the way we approach procurement and contract management. This document also serves as our Procurement Strategy as required by the Procurement Reform (Scotland) Act 2014.

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 is redefining what it does to become a Phase Two Environment Protection Agency (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.

In 2019 we published a Procurement Operating Plan which sought to deliver 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.

Despite significant disruption from coronavirus, and latterly a sophisticated cyber-attack, all key aims were met. The aims and objectives in this Operating Plan look to build on the work undertaken in 2019-21.

Summary

This Operating Plan 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. The maturity of procurement and contract management practice at SEPA has dramatically improved; but there are still further improvements we can make.

The key aims outlined below focus on how our procurement and contract management can support delivery of the ambitious aims of the organisation. They represent a procurement and contract management function that is looking to influence decision making and find innovative solutions to the major challenges facing SEPA, the Scottish Public Sector and our Regulated Businesses. Achieving value for money is seen as the bare minimum.

The Operating Plan has been aligned with the Scottish National Performance Framework and the Scottish Government Public Procurement Priorities 2021-22.

Key Aims 2021-24

Aim 1: Supporting the development of a regenerative organisation

SEPA has set the ambitious goal of becoming a “Regenerative Organisation” before 2030. A regenerative approach means that we aim to repair the environment through our work. By doing this at the same time as aggressively targeting our impacts, there comes a point where the positive effects of regenerative action outweigh the negative effects of our residual impacts. At this point, we can call ourselves a Regenerative Organisation. We also have an interim target of net-zero direct greenhouse gas emissions by 2025.

Both targets are strongly influenced by what we buy and who we buy from. Decisions we make now on our longer contracts and capital procurement will influence our ability to achieve both targets and therefore action must be quick and decisive. Supply chain emissions, waste, materials, and water use, which form key parts of the 2030 goal, are currently hard to measure and significant effort will be required to define what success looks like in a practical sense.

We will deliver this through:

- Assessing the impact of our procured goods, works and services.
- Supporting effective decision making to drive down direct GHG emissions.
- Reducing supply chain GHG emissions, water use, waste and materials use by:
 - working with our suppliers to understand their impacts;
 - joint action planning;
 - more robust procurement processes.
- Improving governance for capital procurement.
- Working with relevant Central Purchasing Bodies (e.g., Scottish Government, Crown Commercial Service, Scotland Excel, etc.) to influence Framework Agreements so they remain fit for purpose in a Regenerative SEPA.
- Avoiding compromise with other key objectives including Fair Work First and contracting with Supported Businesses.

Success will look like:

- All new contracts which have an impact on direct emissions will have Regenerative SEPA targets which align with our goal.
- A clear action plan is in place to take us to Net Zero direct GHG emissions by 2025. Opportunities for immediate action are not overlooked.
- A procurement roadmap is approved which supports the achievement of our 2030 Regenerative SEPA Goal.
- Our high impact contracts will contain a requirement for suppliers to work with us towards our Regenerative SEPA Goal.

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

Our organisation is going through a period of significant change – refocusing resources to become a Phase 2 EPA and deliver One Planet Prosperity (1PP).

To become a Phase 2 EPA, we will need support from others. Much of this will be collaborative working with partners; but an equally significant proportion will be contractual relationships with our suppliers. Commercial skills, which enable us to get the best from our supply chain, will be required in a great number of roles across SEPA. It won't be most people's "day job" but it will be an essential and important part of their role and will enable them to have an impact beyond their own work.

We will deliver this through:

- Supporting effective and timely recovery from the cyber-attack.
- Ensuring the support our Procurement Team offer is well informed, agile, and dynamic.
- Evaluating, managing, and mitigating procurement and supply chain risk.
- Driving innovation in the pursuit of One Planet Prosperity.
- Delivering innovative contracting approaches.
- Developing key commercial skills across the organisation through:
 - Further development of our training on "Discover" and other corporate learning platforms.
 - Making the most of Microsoft 365 (Teams) – Running short "masterclass" style sessions for relevant colleagues will help to build the knowledge and skills required to be effective contract and supplier relationship managers.
 - Coaching relevant colleagues to deliver robust contract management. Supporting our staff through coaching will ensure they experience practical learning.
- Delivering effective and efficient self-service.
- Feeding into the new JE Scheme and System at the appropriate time to ensure commercial skills are recognised as an important part of people's roles.
- Rightsizing the procurement function depending on the developing role of the team.

Success will look like:

- Procurement is considered as an option early in decision making.
- The Procurement Team are actively involved in key decision making across the organisation.
- Our staff have the commercial skills to be confident in their management of our suppliers.
- An increase in the £15k threshold for involving our procurement team in tendering exercises is feasible as competency across the organisation increases.

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

A myriad of factors have impacted the performance of our supply chain over the past two years: COVID-19, cyber-attacks, materials shortages, natural disaster, logistics issues, energy prices, inflation, the list goes on. Shortages and disruption have highlighted potential vulnerabilities and the need for a greater focus on resilience. The critical nature of our services mean that every effort must be taken to avoid service disruption or interruption.

We will deliver this through:

- Working with our suppliers to understand the risks and opportunities as they see them.
- Working with our suppliers to ensure effective contingency plans are in place for key risks.
- Assessing our supplier's preparedness for the materialisation of developing risks such as cyber security and climate change.
- Playing an active role in developing key markets where there is limited competition and/or resilience.
- Working with the Scottish Supplier Development Programme to reduce barriers to small and medium sized enterprises (SMEs) seeking to enter our supply chain.

Success will look like:

- Resilience and risk will be actively managed in our supply chain – reducing the likelihood and impact of future service disruption.
- Our supply chain will be fit for a Phase 2 EPA.

Aim 4: Sector planning and supply chain management

SEPA's Sector Planning approach to regulation has a strong focus on considering the wider impacts of regulated businesses, including their supply chains. Outsourcing environmental impact by paying others to undertake the most damaging elements of your work doesn't necessarily reduce the overall impact of your operations. Utilising the supply chain management knowledge and capabilities across SEPA will enable us to regulate more effectively go Beyond Compliance.

We will deliver this through:

- Identifying those sectors where the supply chain impacts are most significant.
- Working with the relevant sector leads and sponsors to support the effective articulation of supply chain risks and opportunities in the Sector Plan.
- Supporting our regulatory colleagues to understand the supply chain impacts of our regulated businesses.

Success will look like:

- Plans for those sectors with the most significant supply chain impacts will effectively consider those impacts.
- Regulatory colleagues responsible for the delivery of the sector plans will feel well equipped to support and advise regulated businesses on reducing their supply chain impacts.