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Procurement Annual Report

Financial year 2017–18

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# Foreword

We are pleased to present SQA’s Annual Report for the Procurement department. The intention of this report is to set out the work and the contribution made by the department over the financial year April 2017 to March 2018, and to comply with the Procurement Reform (Scotland) Act 2014 Part 2 section 18, whereby a contracting authority is required to publish an annual procurement report in a transparent and proportionate manner.

This annual report shows that the Procurement department made a contribution of approximately £1m in savings across all directorates; this is equivalent to five times the cost of the function to SQA. The collaborative savings made by using Scottish Procurement’s frameworks was in the region of £1.1m equating to £2.1m savings.

Savings were achieved by working closely with the business to understand the whole life cost of the product/services. This allowed for efficiencies to be identified which informed delivery and pricing methodology. The Procurement Team keenly negotiated pricing to ensure SQA received the optimum price and minimised any price increases to below inflation rates.

The procurement team plays a vital role in providing expertise to ensure SQA achieves the best value for goods and/or services delivered through third-party contracts. The team works closely with colleagues across the directorates to ensure contract delivery, value for money, and innovation, while ensuring legal and commercial governance have been adhered to.

The procurement team aims to ensure social value commitments and SQA’s wider objectives are built into the tendering process and contract awarding, and to work with the business to drive improvements throughout the life of the contracts.

In 2017–18 the procurement team’s priorities were to be proactive in supporting the business to deliver its core functions, and to support the Change Programme in the digitalisation of the services to deliver a sustainable future.

# Background

The procurement team underwent a review in 2016 which resulted in a restructure of the team to meet SQA’s vision.

The procurement structure was transformed from a reactive tendering based approach, driven by resource availability, to a category management model, with named contacts for each business area, and a stronger emphasis on tender planning and whole life costs.

The location of the team at only one site was seen as a barrier to the effective delivery of the service. From 2016 the team has been located across both sites with a purchasing manager on each site. This helps procurement to be more pro-active, and allows for a personal touch.

The effectiveness of this structure was reviewed during 2017, which resulted in an additional post being created to support the purchasing manager at Optima.

In 2017–18 SQA spent £25m on goods and services with more than 530 suppliers, with over 88% of these suppliers being SMEs or local to SQA.

Appendix 1 provides a breakdown of spend in excess of £50,000, by supplier.

# Objectives

The key objectives identified and measured for this period included:

* Review of the procurement strategy to include upcoming contracts
* Publication of the procurement strategy
* Publication and update of the list of current contracts on SQA’s external website
* Delivery of procurement savings
* Review of processes and templates to ensure full compliance with new requirements
* Re-organisation of the department to improve effectiveness
* Implementation of category management procurement
* Development of training plans
* Promotion of delivery of SQA’s and Scottish Government’s CSR values
* Support for SQA’s income generation opportunities
* Programme of tendering to support SQAdelivery

**All objectives identified above have been completed/implemented.**

# Achieving the best value for money

## Category management

A review of the team structure determined it was not optimum for the delivery of the business change programme and for the sustainability of SQA’s longer-term objectives.

The old structure was based on contract value and complexity, with the entire team based in the Lowden office. This did not support SQA’s or Scottish Government’s digital age agenda, or provide full SQA coverage. It was identified that ICT contracts and the move to a managed services portfolio required a specialised purchasing manager’s role. Such a post was subsequently created within the Optima office, embedded within Business Systems. Each purchasing manager was then allocated their dedicated categories, which identified the business areas they would manage

The Category split are as follows:

Category Group A

Print and Despatch

Professional Services

HR and Corporate Services, including legal

Facilities Management

Marketing

Category Group B:

ICT contracts

Qualification specialists

Business development opportunities

Category Group C:

Travel and accommodation

International travel

Car hire

Event planning

## Collaboration

SQA actively collaborates with Scottish Procurement and Crown Commercial Services to ensure best value for SQA and maximise economies of scale. Some 45% of discretionary spend is accounted for by collaborative contracts. The procurement team is actively involved with user intelligence groups and steering groups which help shape the way of procurement within Scotland.

## Contract management

SQA recognises the importance of contract management, and prioritises contracts at a low, medium or high level of importance. The day to day running of the contracts is managed by the end user, with procurement being involved with those contracts identified as of high importance.

There is a dedicated supplier manager in Business Systems who reports directly to the Director of Business Systems, but who has close links with the purchasing manager.

A contracts analyst within the procurement team manages the travel, accommodation and events contracts.

## Savings

The reported savings for the period were in excess of £2m which is inclusive of SQA’s contributed savings and Procurement Scotland’s reported savings

## Skills and training

The team includes two fully qualified and two part qualified MCIPS staff members. The contracts analyst and contracts officer have attended various courses in supplier management and introduction to procurement during this period.

# Responsible Business

SQA is committed to working with supported businesses and SMEs, and promotes engagement with SMEs and local suppliers. The policy allows SQA to carry out quick quotes to nominated suppliers up to the value of £50k, which allows SQA to develop and support small local companies.

During the period 2017–18 SQA awarded two contracts to supported businesses.

SQA uses living wage suppliers, and all service contracts include payment of the living wage as part of the contract.

SQA as an organisation is fully committed to being a Responsible Business, including in its procurement practices. Fuller details can be found in SQA’s Responsible Business Annual Review, available on SQA’s website.

# Transparency

## Contracts awarded by procedure

During 2017–18, 70 contracts were tendered/awarded.

|  |  |  |
| --- | --- | --- |
| Procedure | No of Contracts | Estimated Contract Value |
| EU regulated | 4 | £2m |
| ITT | 9 | £850K |
| ITQ | 33 | £385K |
| Frameworks | 15 | £450K |
| Non Competitive Action (NCA)\* | 9 | £210K |

\*NCA breakdown:

* 7 suppliers were sole suppliers within the market place
* 1 supplier owned IPR which was procured by SQA
* 1 supplier specified hosting requirements to be compliant with their application

## Compliance

During the period of 2017–18:

* 100% of the contracts awarded were compliant with regulations.
* 96% of the contracts awarded followed SQA’s policy and procedures. The 4% which did not follow the correct policy, where compliant with regulations but did not follow SQA’s process. An improvement plan has been put in place with additional training and checks now implemented.

## Breakdown of spend

Appendix 2 details spend by top 10 suppliers and business areas.

## Fraud

There was no fraudulent activity reported during the period of April 2017 until March 2018.

# Conclusion

This report records the positive impact made by the Procurement department in the delivery of SQA’s objectives. It details the journey through the period, and demonstrates the procurement team’s success and initiatives, which were recognised by the Scottish Government’s Procurement and Commercial Improvement Programme, where the team achieved the top level banding (M1) status.

Appendix 1

|  |  |
| --- | --- |
| SUPPLIER | SPEND |
| COGENT SSC LIMITED | £50,000 |
| 21 COLOUR LTD | £50,755 |
| CARNEGIE ENTERPRISE LTD | £53,329 |
| OPEN TEXT UK LTD | £54,008 |
| EDINBURGH TRAINING CENTRE LIMITED | £55,504 |
| CPP TRADING GROUP LTD | £55,622 |
| FUJITSU SERVICES | £55,656 |
| MEDIASCAPE LTD | £56,720 |
| EAGLE COURIERS (SCOTLAND) LTD | £57,769 |
| DISCLOSURE SCOTLAND | £57,988 |
| NORTH AYRSHIRE COUNCIL | £58,429 |
| INNOVATIVE EDUCATION NETWORK | £63,046 |
| YULE & YULE INTERIOR SOLUTIONS LTD | £63,110 |
| EAST DUNBARTONSHIRE COUNCIL | £63,280 |
| REPUBLIC OF MEDIA LTD | £63,969 |
| LOCKTON COMPANIES LLP | £64,304 |
| JOINT COUNCIL FOR QUALIFICATIONS | £67,195 |
| SCREENMEDIA DESIGN LIMITED | £67,844 |
| CROWNE PLAZA GLASGOW | £71,369 |
| SAMSVC UK LTD | £71,760 |
| SENATOR INTERNATIONAL LTD | £72,680 |
| SYSTEMSACCOUNTANTS LTD | £73,152 |
| SOUTH LANARKSHIRE COUNCIL | £74,108 |
| PROVISTA UK LTD. | £79,635 |
| HOLIDAY INN EDINBURGH | £79,900 |
| XEROX(UK) LTD | £80,358 |
| CHINA-BRITAIN BUSINESS COUNCIL | £81,018 |
| XEROX FINANCE LTD | £81,651 |
| ORBUS SOFTWARE | £86,046 |
| WARWICK UNIVERSITY TRAINING LIMITED | £88,786 |
| GTG TRAINING LIMITED | £90,792 |
| CITY SPRINT | £91,342 |
| STIRLING COURT HOTEL | £92,745 |
| AZURE SUPPORT SERVICES | £93,979 |
| NCC GROUP | £94,348 |
| MITIE SECURITY LTD | £99,285 |
| EDGE TESTING SOLUTIONS | £99,807 |
| ROCKET EXHIBITIONS & EVENTS LTD | £99,979 |
| ID BUREAU SERVICES | £101,212 |
| EDF ENERGY LIMITED | £104,836 |
| SAS SOFTWARE LTD | £107,495 |
| HILTON EDINBURGH AIRPORT | £109,305 |
| ALLEGIS GROUP LIMITED | £109,792 |
| CAPITA BUSINESS SERVICES LTD | £112,569 |
| EVERYTHING EVERYWHERE LTD | £116,675 |
| TRICORDANT LIMITED | £118,727 |
| EAST AYRSHIRE COUNCIL | £120,769 |
| EGTON MEDICAL INFORMATION SERVICES | £125,576 |
| FES FM LTD | £131,585 |
| HOGG ROBINSON TRAVEL LIMITED | £135,065 |
| SCOTT-MONCRIEFF | £136,402 |
| NIGEL FRANK INTERNATIONAL LTD | £147,714 |
| CLYDE PAPER AND PRINT | £152,256 |
| PULSANT (SOUTH GYLE) LIMITED | £152,684 |
| HOBBS THE PRINTERS LTD | £162,951 |
| HOGG ROBINSON TRAVEL LIMITED T/A HRG UK | £163,062 |
| CAPITA IT SERVICES LTD | £167,102 |
| IAN DICKSON TRAVEL SERVICE | £174,046 |
| ASHBROOK RESEARCH & CONSULTANCY | £181,513 |
| APAM LTD | £187,223 |
| DUMFRIES AND GALLOWAY COUNCIL | £189,019 |
| PORTICO CONSULTING LIMITED | £190,932 |
| PAGE BROS | £197,864 |
| HP INC UK LIMITED | £201,182 |
| ATOS IT SERVICES UK LTD | £201,204 |
| NCC GROUP SDLC LIMITED | £213,661 |
| STORY UK LTD | £226,776 |
| BRODIES LLP | £231,247 |
| ADARE SEC LIMITED | £249,422 |
| ABSOFT LIMITED | £263,745 |
| BTL GROUP LTD | £274,836 |
| ACTIAN EUROPE LIMITED | £283,064 |
| CIVIC COMPUTING | £300,171 |
| IBM UNITED KINGDOM LIMITED | £301,522 |
| STORM ID LTD | £302,618 |
| HARVEY NASH PLC | £429,700 |
| PARCELFORCE | £474,822 |
| ROYAL MAIL | £528,986 |
| ALBACORE | £564,048 |
| IVANTI UK LIMITED | £581,269 |
| PARITY RESOURCES LIMITED | £589,379 |
| COMPAREX UK LTD | £613,385 |
| AGILISYS LIMITED | £619,102 |
| EXECSPACE LTD | £674,775 |
| RAWI & CO ASSOCIATES LTD | £1,038,065 |
| SPECIALIST COMPUTER CENTRES PLC | £1,041,001 |
| PERTEMPS LTD | £1,338,948 |
| R M EDUCATION PLC | £1,663,478 |
| REDFERN TRAVEL LTD | £2,291,370 |

Appendix 2

**Top 10 suppliers to SQA:**

**Spend by Directorate**