

Procurement Strategy

2019 - 2022



SOUTH LANARKSHIRE
Leisure & Culture

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Foreword

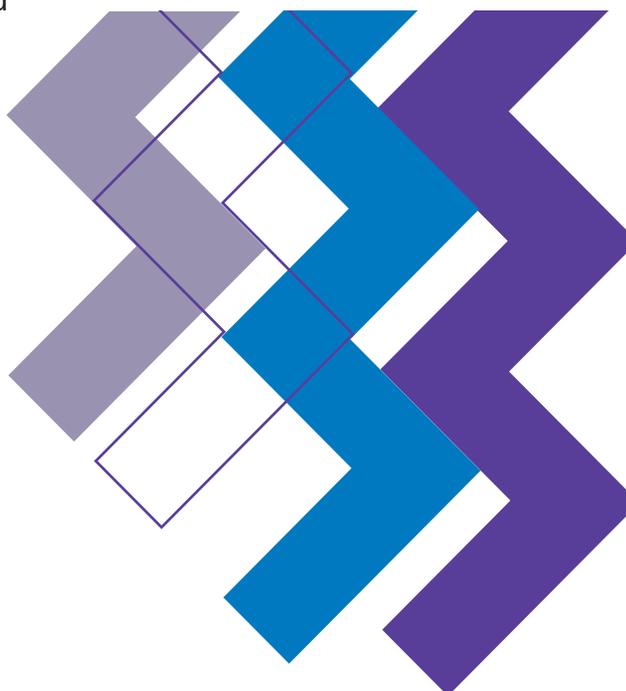
Recognising that effective and efficient procurement will positively support the Trust (SLLC) in achieving its priorities, this strategy provides a corporate vision, direction and focus for all procurement activities within the company.

This is the second procurement strategy produced by the Trust and provides a timely refresh of the original strategy produced in 2015. As with all public organisations, the Trust is facing significant pressures. This Procurement Strategy provides a clear and consistent framework to ensure that procurement activity supports all services to meet the overall organisation objectives. This strategy also advocates the positive role that robust procurement activity has in allowing the Trust to continue to deliver effective and efficient services.

In 2017/18 we spent £8.16M with just over 1,600 suppliers when compared to £8.34M with nearly 2,000 suppliers in 2014/15, at the beginning of the original strategy. This reduction in the number of suppliers used demonstrates the success of the procurement work already undertaken, as identified as necessary in the original strategy, and the work which is still required to be undertaken. There were over 100 contracts identified on the Trust contract register as at 31 December 2018 which was also introduced as part of the improvement work identified in the original strategy.

Commitment to and the communication of this strategy continues to be a key step to ensuring that South Lanarkshire Leisure and Culture Limited build on this initial improvement to their procurement practices and continue to focus on the national priorities outlined within this document ensuring best value is delivered at all times.

Gerry Campbell
General Manager
South Lanarkshire Leisure and Culture Limited



Our vision and mission

The SLLC vision is 'providing opportunities to enrich people's lives'.

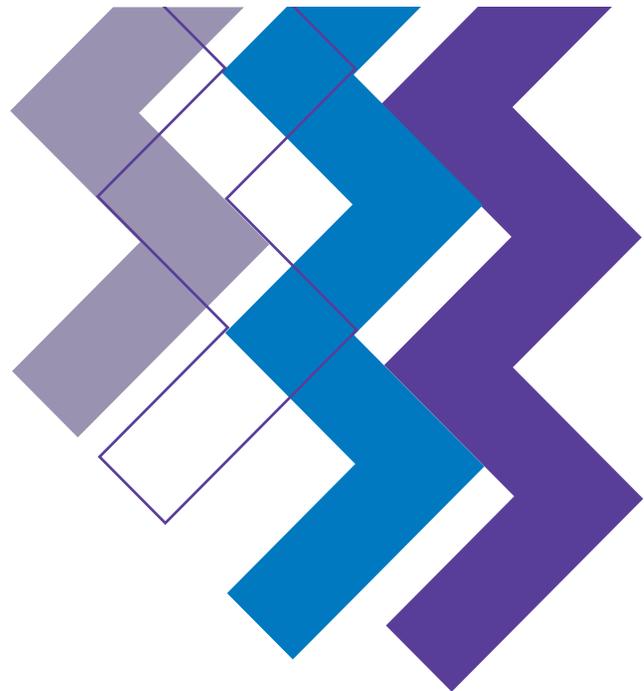
The following procurement vision and mission statements have been established to support the Trust's vision and to ensure the delivery of effective and efficient procurement.

Procurement Vision

"To provide a high quality, fit-for-purpose, procurement function which will provide best value for the Trust and to support the Trust in the delivery of its corporate aims and objectives."

Procurement Mission

"To provide strong leadership in the procurement process that supports the delivery of socially responsible, sustainable, quality services in the most efficient, cost effective and compliant manner."



Strategy rationale/context

SLLC procurement is governed by a legislative framework which includes:

- European treaties and directives
- Public Contracts (Scotland) Regulations

This legislation is summarised within the Trusts' Standing Orders on Contracts.

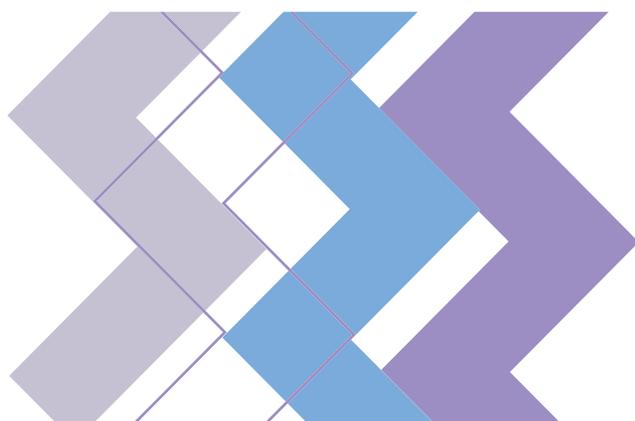
This strategy is aimed at promoting effective, compliant procurement across SLLC. It aims to strike a balance between setting out a top level framework for the delivery of first-rate procurement and delivering a detailed plan which will address specific targets. The strategy will also ensure full compliance with the above mentioned legislative framework.

The purpose of the strategy is to:

- Provide a framework for the Trust to develop a plan to achieve continuous improvement in the Trust's procurement activity;
- Enable procurement to contribute to the Trust's overall vision and provide efficiencies to help the Trust deliver its key priorities and front line services;
- Enhance compliance with relevant policies and procedures;
- Further extend collaboration with other public bodies and suppliers and;
- Optimise procurement linkages across the Trust.

The aims of the strategy are to:

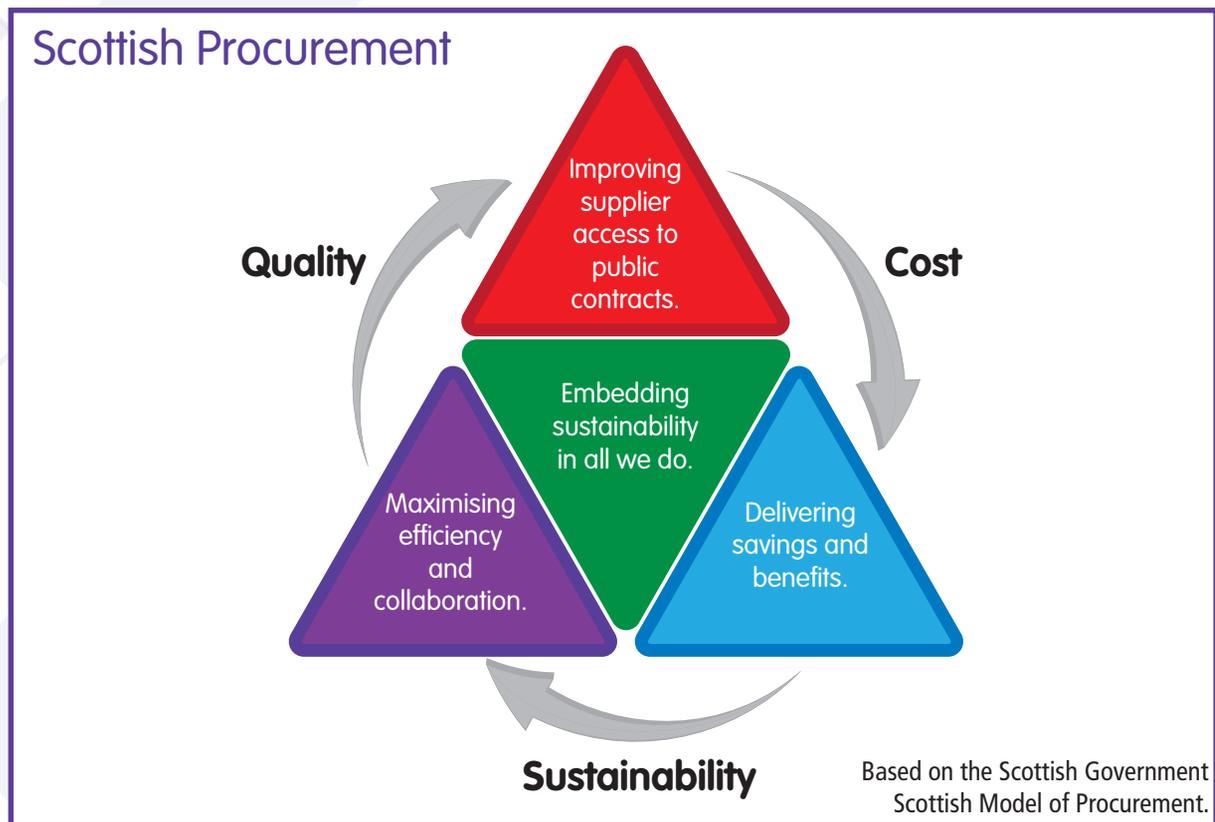
- Build on our 'improved performance' status achieved in the 2016 internal audit report and move towards an even better performance level.
- Ensure procurement activities are aligned to the Trust's corporate priorities and strategies and to support the Trust in achieving its targets and goals.
- Ensure the Trust's procurement activity is carried out as efficiently as possible to meet procurement savings targets.



Strategic aims, objectives and key priorities

As laid out in the Procurement Reform Act (Scotland) 2014, this procurement strategy explains how the Trust's approach to procurement fits with, and aligns to, its broader organisational aims and objectives.

Our approach to how we buy goods and services incorporates our priorities and the Scottish Model of Procurement.



SLLC objectives

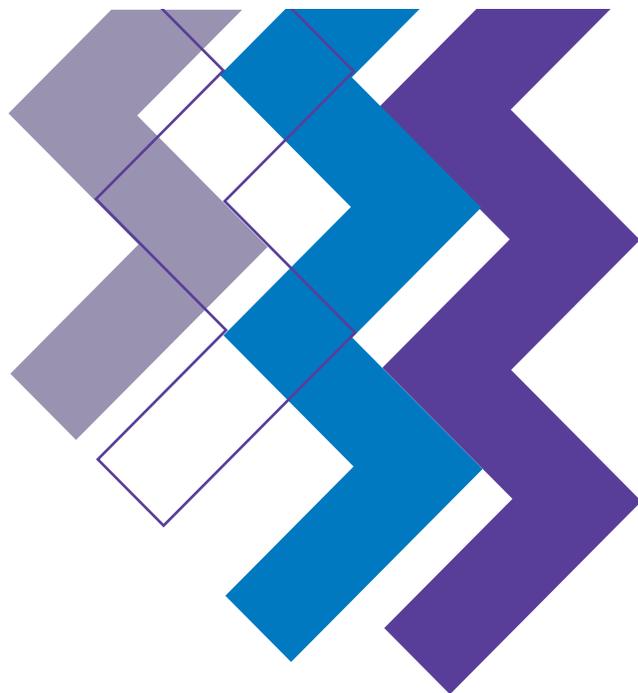
The key priorities are:

- To ensure value for money is achieved as outlined above

Procurement objectives

The following priorities contribute to the Trust's objective of ensuring value for money is achieved:

- to ensure full legal compliance and governance is adhered to
- to ensure savings and added value are achieved and measured
- to have a more efficient and effective procurement function
- to deliver sustainable procurement, ensuring sustainability is considered for every contract opportunity within SLLC
- to promote compliance by all contractors and sub-contractors with the Health & Safety at Work Act, etc. 1974
- to ensure that all goods and/or services procured by SLLC will be fairly and ethically produced



Priority 1: Legal compliance and governance

Aims:

To align with Public Contracts (Scotland) Regulations 2015, the Procurement Reform (Scotland) Act 2014 and the Procurement Regulations 2016. The Trust will follow the Scottish Government Procurement Journey guidance which can be found at <https://www.procurementjourney.scot/>

How will we do it:

- Update the Standing Orders relating to Contracts to support compliance with the above rules and cascade the changes to all stakeholders
- Introduce an e-procurement system to the Trust to improve compliance with contract awards and enable other process improvements
- Regularly review and update our internal processes, procedures and documentation to ensure legislative compliance
- Internal audit review of procurement practices
- Ensure all staff involved in procurement activity are appropriately trained and skills are kept current
- Continue to improve the communication of procurement procedures and standard documentation to staff involved in procurement activity

Outcome:

- Procurement activity will comply with statutory and regulatory requirements
- Mitigation of the opportunities for procurement challenge
- Reduction in non-contractual spend
- Improved working relationships between service areas and procurement

Priority 2: To ensure savings and added value are achieved and measured

Aims:

To secure value for money by promoting close working relationships between the service areas and the Procurement team. This will ensure specifications better reflect actual requirements and aid the standardisation of common items/services used across the various service areas to be applied. Procurement exercises will then deliver added value procurement and thus support the achievement of the targeted procurement savings target.

How will we do it:

- Utilise management information to target spend that may be positively influenced by procurement (influenceable spend)
- Ensure collaboration is consistently considered for all procurement activities and actively promoted, where appropriate, to share best practice and increase benefits
- Deploy training to ensure staff only engage with a procurement exercise when it is actually required
- Reinforce, with the support of senior management, the need and requirement (based on Act/Regulations) to enhance early engagement with services and suppliers to enable and afford innovative strategic sourcing options, eg market intelligence, benchmarking etc
- Implement an e-procurement system to the Trust to introduce Purchase to Pay (P2P) efficiencies and identify potential cost saving exercises (eg early payment, reduction in paper invoices etc)
- Review key national and sectoral collaborative frameworks to determine best value

Outcome:

- Improved working relationships between service areas and procurement
- Achieve targeted procurement cost saving
- Added value (eg cost avoidance, contract management outputs)
- Evidence of the benefits of early engagement
- Introduce Purchase to Pay (P2P) process



Priority 3: To have a more efficient and effective procurement function

Aims:

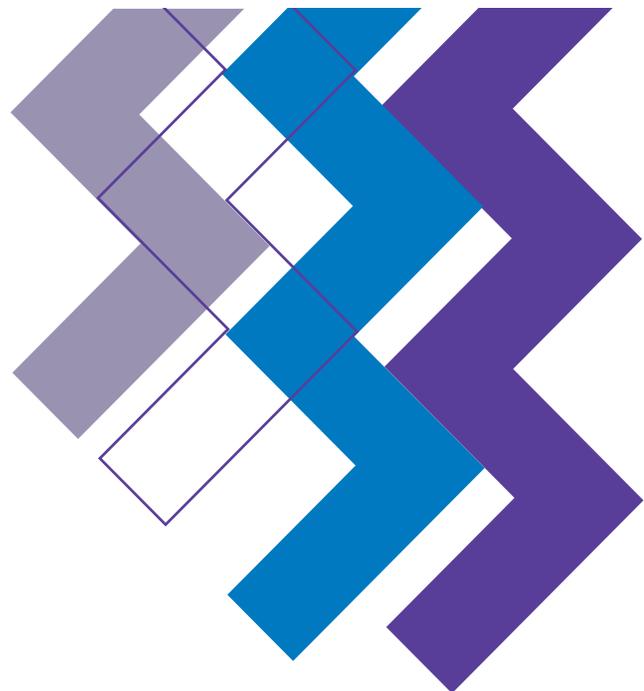
To have an appropriately skilled and resourced procurement function to enable the provision of best advice to operational services on all procurement issues.

How will we do it:

- Regularly review and update our internal processes, procedures and documentation
- Introduce the Scottish Procurement Competency Framework as part of PDR for Procurement Champions
- Continue to develop guidance to assist all staff involved in procurement to understand roles and process
- Continue to attend SLC Procurement Forum to share best practice

Outcome:

- Leaner processes and improved procurement documentation which is legally and regulatory compliant
- Improved awareness of, and compliance with, SLLCs procurement procedures
- Appropriately trained staff



Priority 4: To deliver sustainable procurement ensuring sustainability is considered for every SLLC contract opportunity

Aims:

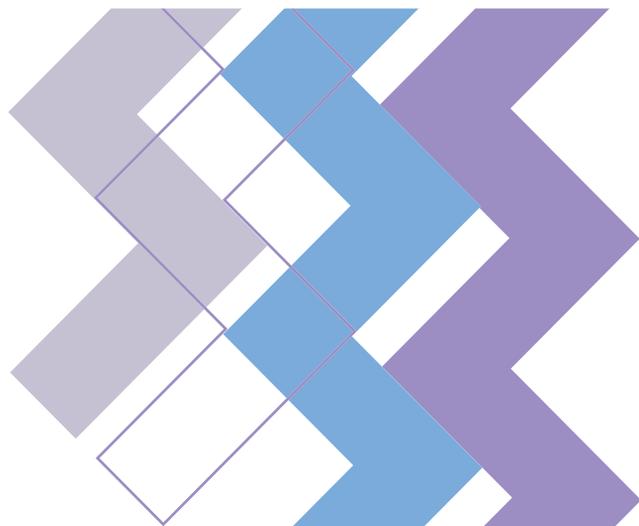
To comply in full with our legal obligations and to treat all suppliers equally, fairly and without discrimination. We are committed to making all Trust procurement exercises transparent and accessible to businesses, especially SMEs, the third sector and supported businesses. The Trust uses the free to access portal, Public Contracts Scotland (PCS), to publish opportunities for all non-regulated procurements. Regulated procurements are advertised using PCS and managed on PCS-T, via a service level agreement with South Lanarkshire Council (SLC) Procurement Service. In order to comply with the sustainability duty, sustainability outcomes will be considered early in the procurement process to ensure that such outcomes are maximised for all procurement processes undertaken.

How will we do it:

- Provide targeted training for all staff involved in procurement on these issues
- Conduct regular reviews of procedures against Scottish Government guidance and practice to ensure current guidelines are implemented
- Ensure staff are aware of the Supplier Development Programme and are able to advise suppliers of the existence and work of the programme

Outcome:

- Ability to demonstrate sustainable benefits
- Compliance with Sustainable Procurement Duty



Spend/finance

In 2017/18 whilst annual payables spend was £20M, the Trust's influenceable spend was calculated as being £4.8M (25% of total expenditure) with £3.6M (75% of influenceable spend) being made under existing contracts and £1.2M (25%) remaining to be investigated further to ensure it is being procured correctly in agreement with the Trust Standing Orders.

Per Trust Standing Orders, contracting activity is undertaken using the following principles, based on the value of aggregated category spend:

- Under £2,500 – All contracts entered into must demonstrate best value
- Between £2,500 and £50,000 – Five competitive quotes must be sought via Quickquote, including 2 quotes from SMEs based in South Lanarkshire, if available
- Over £50,000 – All regulated contracts must be referred to SLC Procurement Service to undertake the tender process

Before any new procurement exercise is undertaken, the SLC contract register is checked to ensure that there is no existing contract in place which the Trust could also award. This is particularly relevant when considering the most commonly purchased commodities which are used across the public sector.

It is the intention to continue to improve the spend profile outlined above, increasing contract compliance and reducing maverick spend by introducing an e-procurement system to the Trust and reviewing influenceable spend bi-annually to ensure high priority areas are identified and addressed.

Payment to Suppliers

The Trust's standard payment terms, relating to supplier invoices, is 30 days from receipt of the invoice. This is in agreement with the Scottish Government commitment to improve payment performance to all suppliers.

SLLC expect prompt payment of invoices from all sub-contractors within the supply chain within a maximum of 30 days.

Implementation, monitoring, reviewing and reporting on the strategy

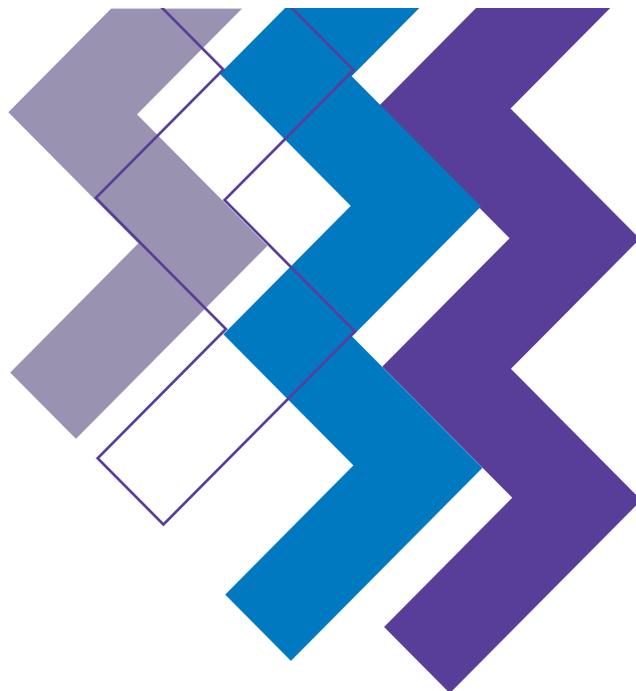
The strategy objectives and the targeted outcomes will be monitored via an action plan, detailed in appendix 1.

The performance against this action will be reported to and monitored by the existing procurement government structure headed by the Finance Manager and reported every 6 months to the SLLC Audit Committee. The Finance Manager and the Audit Committee will facilitate the escalation of any issues that may prevent the delivery of the desired outcomes.

The delivery of the action plan will also be subject to review by the SLC Internal Audit service. In addition to the above, SLLC will continue to develop the use of procurement key performance indicators to manage, track and measure continuous improvement. These indicators, once fully developed, will be reported to the Trust's Senior Management Team.

The delivery of the action plan will demonstrate the effective implementation of the Trust's Procurement Strategy.

The strategy will be reviewed on a 6 monthly basis to ensure continued alignment with Trust objectives and priorities. Any significant changes will be reported to the SLLC Audit Committee.



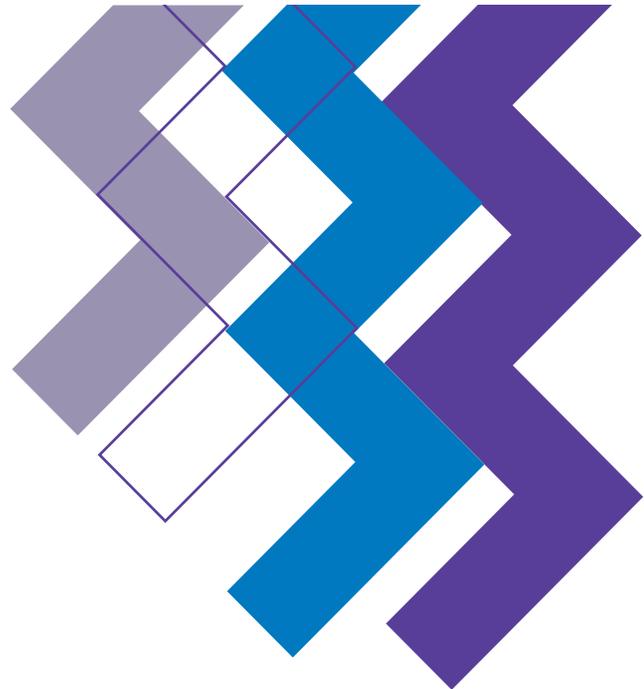
Strategy ownership and contact details

The owner of this Procurement Strategy on behalf of SLLC is:

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Paul is supported by:

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Procedures

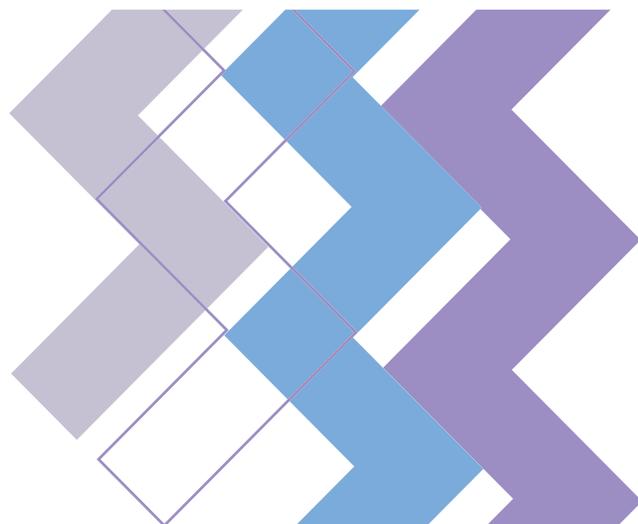
The Trust Standing Orders relating to Contracts apply to all contracts made by or on behalf of the Trust for the supply of goods and the provision of services. All regulated procurements (those where the aggregated spend is over £50,000) are undertaken on behalf of SLLC by SLC Procurement Services. This is reflected in the revised Standing Orders.

Policies

- Sustainable Procurement policy
- H&S policy
- Carbon Management

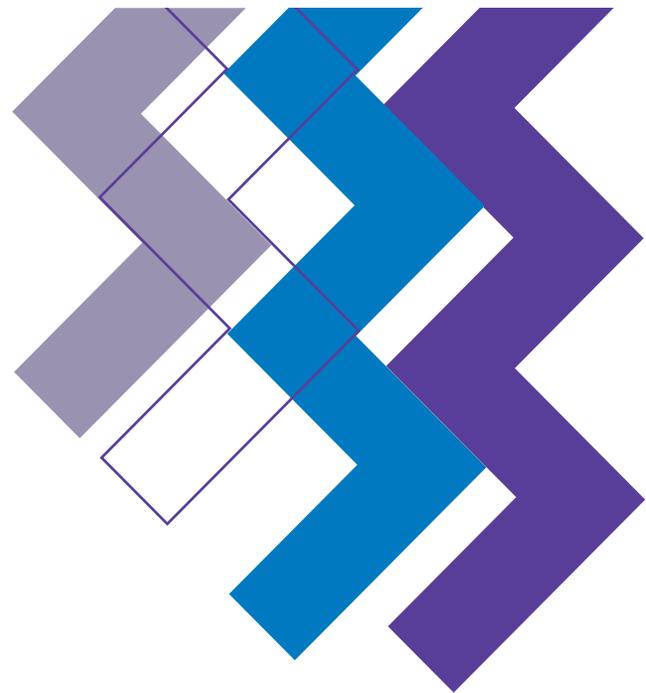
Tools

- SLLC Procurement Process (The Trusts version of the Scottish Governments Procurement Journey)
- Procurement Journey
- Scottish Government Sustainable tools
- SLLC Contract Management guidelines
- SLLC Procurement Awareness Learn on Line course



How to do business with SLLC

Any company interested in conducting business with the Trust must be registered with Public Contracts Scotland (PCS) (www.publiccontractsscotland.gov.uk) and be in a position to submit responses using these electronic tendering portals.



Appendix 1: Action plan

Objective	Action	Responsibility	Timescale
Legal Compliance and Governance			
	Update the Standing Orders relating to Contracts to support compliance with the above rules and cascade the changes to all stakeholders	Company Secretary/SLC	December 2018
	Introduce an e-procurement system to the Trust to improve compliance with contract awards and enable other process improvements	Finance Manager/SLC	June 2019
	Regularly review and update our internal processes, procedures and documentation to ensure legislative compliance	Finance Manager/ Procurement Review Group	Ongoing
	Internal audit review of procurement practices	SLC	Ongoing
	Ensure all staff involved in procurement activity are appropriately trained and skills are kept current	Finance Manager/ Procurement Review Group	Ongoing
	Continue to improve the communication of procurement procedures and standard documentation to staff involved in procurement activity	Finance Manager/ Procurement Review Group	Ongoing

Objective	Action	Responsibility	Timescale
To ensure savings and added value are achieved and measured	Utilise management information to target spend that may be positively influenced by procurement (influencable spend)	Finance Manager	Ongoing
	To ensure collaboration is consistently considered for all procurement activities and actively promoted, where appropriate, to share best practice and increase benefits	Finance Manager	Ongoing
	Deploy training to ensure staff only engage with a procurement exercise when it is actually required	Finance Manager	Ongoing
	Reinforce, with the support of senior management, the need and requirement (based on Act/Regulations) to enhance early engagement with services and suppliers to enable and afford innovative strategic sourcing options, eg market intelligence, benchmarking etc	Finance Manager	Ongoing
	Implement an e-procurement system to the Trust to introduce Purchase to Pay (P2P) efficiencies and identify potential cost saving exercises (eg early payment, reduction in paper invoices etc)	Finance Manager/SLC	March 2019

Objective	Action	Responsibility	Timescale
	Review key national and sectoral collaborative frameworks to determine best value	Finance Manager/SLC	Ongoing
To have a more efficient and effective procurement function	Regularly review and update our internal processes, procedures and documentation	Finance Manager/ Procurement Review Group	Ongoing
	Introduce the Scottish Procurement Competency Framework as part of PDR for Procurement Champions	Company Secretary/SMT	June 2019
	Continue to develop guidance to assist all staff involved in procurement to understand roles and process	Finance Manager/ Procurement Review Group	Ongoing
	Continue to attend SLC Procurement Forum to share best practice	Finance Manager	Ongoing
To deliver sustainable procurement ensuring sustainability is considered for every SLLC contract opportunity	Provide targeted training for all staff involved in procurement on these issues	Finance Manager	Ongoing
	Conduct regular reviews of procedures against Scottish Government guidance and practice to ensure current guidelines are implemented	Finance Manager	Ongoing
	Ensure staff are aware of the Supplier Development Programme and are able to advise suppliers of the existence and work of the programme	Finance Manager/ Procurement Review Group	Ongoing



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