



PROCUREMENT STRATEGY

2019-2021

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CONTENTS

1. Introduction
2. Background
3. Values and Vision
4. NL Leisure Strategy
5. Strategic Aims, Objectives & Key Priorities
6. Spend / Finance
7. Implementation, Monitoring, Reviewing & Reporting
8. Strategy Ownership & Contact Details

1 INTRODUCTION

- 1.1 This Procurement Strategy sets out how North Lanarkshire Leisure (NL Leisure) intends to carry out its regulated procurements (procurements with an estimated value equal to or greater than £50,000) for goods, works and services for the period 1 April 2019 to 31 March 2021.
- 1.2 The Procurement Reform (Scotland) Act 2014 requires that any public organisation which has an estimated regulated spend of £5 million or more (excluding VAT) in a financial year develops and reviews a Procurement Strategy annually.
- 1.3 NL Leisure priorities are set out in the Service Plan 2018-19 and the Board of Directors are committed to designing a procurement approach which contributes to these priorities as far as is practical, in a way that achieves value for money, secures economic, social and environmental benefits and makes contracts accessible to businesses (especially SME's and the Third Sector).
- 1.4 NL Leisure will seek to maximise outcomes and best value from the supplies, works and services that it buys. The company will focus its resources on areas which are most likely to lead to benefits such as financial savings, jobs, training and reducing waste whilst encouraging innovation.
- 1.5 The strategy will build on progress to date and use examples of best practice available from other similar organisations locally and nationally.
- 1.6 It is anticipated that it will take 2 years for the new strategy to be fully implemented across all areas of the organisation. Throughout the life of the strategy it will be reviewed and improved upon. An annual report on the performance in delivering it will be produced at the end of each financial year.

2. BACKGROUND

- 2.1 Operating as an arms' length external organisation of North Lanarkshire Council or ALEO, independent Governance of NL Leisure is maintained by an experienced Board of Directors who have been drawn from diverse fields including public service, business and sport.
- 2.2 NL Leisure is a not for profit organisation, limited by a guarantee which requires any surpluses generated to be reinvested in the charitable objectives of the company, i.e. improving the services and facilities we offer to the community.
- 2.3 Services are delivered through a mix of direct service provision using NL Leisure workforce and assets and an enabler with services delivered through private providers.
- 2.4 NL Leisure spends approximately £7.7M externally each year on recurring revenue costs and between £0.200M and £0.300M capital investment projects. A variety of contracts are utilised ranging from a series of simple purchase orders to long term agreements.
- 2.5 Due to the level of spend incurred by NL Leisure legislation requires that a Procurement Strategy be prepared and published.

3. VALUES AND VISION

3.1. NL Leisure Vision

To be a leading leisure trust defined by excellent and innovative services

3.2 NL Leisure Values

Communication, One Team, Respect, Excellence

3.3 Company Charitable Objectives

1. The advancement of public health in North Lanarkshire
2. The advancement of public participation in sport
3. The provision of recreational facilities to the community
4. The provision of social welfare

3.4 NL Leisure Company Priorities for 2019-20

1. Increase net income
2. Increase physical activity levels
3. Identify and implement a sustainable delivery model for the future
4. Deliver the objectives of the NL Sport & Physical Activity Plan 2018 to 2021

3.5 Procurement Vision

To deliver an efficient, effective and compliant procurement service across the organisation which delivers best value and provides quality contracts.

3.6 Procurement Aims & Objectives

1. To provide an efficient and effective procurement service that delivers best value and financial savings where possible.
2. To develop a culture where efficiency and continuous improvement is at the heart of how business is conducted.
3. To provide quality advice and contracts which deliver quality products and services
4. To procure supplies, works and services in a lawful and ethical manner which encourages participation and supports sustainable economic growth for North Lanarkshire communities and beyond.

4. NL LEISURE STRATEGY

- 4.1 Procurement activity will be discharged in accordance with applicable procurement legislation, NL Leisure's internal rules and where appropriate following best practice demonstrated across other Culture & Leisure Trusts.
- 4.2 NL Leisure will demonstrate clear ownership and accountability within its procurement activities, with structured governance and assurance, to ensure clear, timely and auditable decision making.
- 4.3 NL Leisure will be open and transparent with a visible and accessible contracts register, forward procurement plans and clear tender process documentation to ensure a professional and positive relationship between NLL and its procurement partners.
- 4.4 Where appropriate the company will consult with key stakeholders throughout the procurement lifecycle to ensure all procurements accurately reflect need and opportunity.
- 4.5 NL Leisure will continually review and where appropriate invest in the Procurement organisational structure and develop skills and capacity within teams to ensure the delivery of an efficient and effective service.
- 4.6 NL Leisure will maximise the use of technology to underpin and simplify core processes for both staff and providers.
- 4.7 Before undertaking any regulated procurement, NL Leisure will consider how, in conducting the procurement process it can:
 - a) improve the economic, social and environmental wellbeing of the North Lanarkshire area,
 - b) facilitate the involvement of small and medium enterprises (businesses with less than 250 employees), third sector bodies and supported businesses in the process,
 - c) promote innovation, and
 - d) comply with the sustainable procurement duty.
- 4.8 NL Leisure will carry out all regulated procurement using the Public Contracts Scotland electronic portal for the seeking of offers and the award of contracts, ensuring that all such procurement is carried out in a transparent manner.
- 4.9 In some circumstances NL Leisure will make use of framework agreements and where appropriate dynamic purchasing systems for the procurement of goods and services commonly used by the company and readily available on the market. As with all procurement these will only be utilised where best value can be demonstrated.

5. STRATEGIC AIMS, OBJECTIVES & KEY PRIORITIES

5.1 Aims and Measurement of Success

5.1.1 In delivering this strategy NLL will seek to realise a wide range of benefits and will undertake activities to achieve these. NLL will seek improved value for money, improved governance, improved engagement and transparency.

5.1.2 To demonstrate the achievement of these improvements NLL will develop performance measures and reports that will help measure and evaluate success. These will be made available to Senior Management. These improvements will include but are not limited to:

- 1% savings delivered through procurement activity
- Increase percentage spend on contract.
- Increase percentage of Route 2 contracts under proactive and supplier management
- Increase percentage of Route 2 contracts covered by a contract strategy

5.2 Delivering Value for Money

5.2.1 NLL will consider best value throughout the procurement lifecycle and will support proportionate resource allocation.

5.2.2 Taking cognisance of the fact that best value doesn't simply mean accepting the lowest price, contracts will be awarded based on a price quality ratio. Contracts will only awarded on price alone where the contract is low value and/or in exceptional circumstances.

5.2.3 Targets will be set annually on procurement savings to be achieved as part of the budget setting process.

5.2.4 Contract management arrangements will be put in place to introduce a process of continuous review for both existing and new contracts and strive to achieve cash savings through this process.

5.3 General and Sustainable Procurement Duties

5.3.1 NLL will aim to keep its legal obligations to treat all Providers fairly, equally and without discrimination.

5.3.2 The company is committed to making procurements open and accessible to businesses of all sizes and from all sectors, especially SME's, the Third Sector and Supported Businesses. Contract opportunities will be advertised on Public Contract Scotland portal and in the Office Journal of the European Union where appropriate. This will ensure NLL meets its commitment to act in a transparent and proportionate manner.

5.3.3 For each significant procurement NLL will develop a sourcing strategy and where appropriate consideration will be given the company's sustainable procurement duties surrounding accessibility to contracts, community benefits and fair work practices.

5.3.4 Risk management processes will be built into the procurement lifecycle to ensure the desired outcomes are achieved, to reduce the probability and impact of challenge and to ensure the company isn't exposed to unexpected costs or consequences.

- 5.3.5 Communication with stakeholders will be at the heart of all procurement processes and will include Providers, budget managers and end users.
- 5.3.6 Internal procurement rules, documents and processes will be updated to take account of the 2016 legislation for sustainable procurement in Scotland.
- 5.3.7 Where there is opportunity to benefit the wider community from a procurement exercise NLL will include appropriate requirement in its contracts in accordance with the relevant legislation, statutory guidance and best practice. To monitor this the contract will record what the provider must deliver and this will be reviewed as part of the contracts monitoring framework.
- 5.3.8 NLL will consider, as part of its scoring framework when evaluating tenders, the extent to which potential providers commit to engaging in fair work practices including their commitment to paying the living wage. Where a provider commits to paying the living wage as part of the contract this will be monitored through the contract monitoring framework.
- 5.3.9 NLL is committed to ensuring that nothing is purchased by the company that is at the expense of the health and safety of those involved in delivering the contracts and as such potential bidders must be able to demonstrate they are responsible Providers who keep to their legal duties. This will be monitored during the lifecycle of any contract.
- 5.3.10 NLL will consider the relevant and proportionate application of fair and ethical principles in its procurement activities. If fairly traded supplies and services are available to meet requirements NLL will consider how best to promote these.
- 5.3.11 Catering is a large value spend within NLL and as such where appropriate the company will ensure it considers all government policies on healthy eating and nutrition, promoting healthy eating and nutrition and promoting fresh and seasonal produce.

6. SPEND / FINANCE

- 6.1 Total recurring revenue spend in 2018/19 which is subject to procurement legislation amounts to £7.7M. The main categories of spend are detailed in Table 1:

Table 1

Categories	2018-19 Spend £M
Catering	£0.611
Repairs & Maintenance	£1.111
Utility Costs	£2.262
Other Property Costs	£0.603
ICT, Sports & Office Equipment	£0.309
Generals Supplies & Services	£1.021
Transport Costs	£0.366
Administration Costs	£1.345
Governance Costs	£0.074
TOTAL	£7.70

- 6.2 Of this £7.7M, 61% is currently on contract. As detailed in section 5.12 performance measures will be put in place for the coming 12 months to improve the percentage spend on contract alongside a number of other targets. Table 2 provides the targets for 2019-20.

Table 2

Performance target	Baseline	Target
Cash savings through procurement	£7.70M	1% reduction
Increase spend on Contract	61%	63%
Percentage of Route 2 Contracts under proactive contract and supplier management	Baseline Year	Increase
Percentage of Route 2 Contracts covered by a contract strategy	Baseline Year	Increase

7. Implementation, Monitoring, Reviewing & Reporting

- 7.1 The Procurement Strategy and objectives are overseen by the Head of Finance & IT who will be responsible for ensuring that both the strategy and annual procurement report are published on the company's website by the required deadline in any year. The first annual report will be published by 30th April 2020.
- 7.2 The annual procurement report will include the following:
- A summary of regulated procurements completed during the year
 - A review of whether these complied with the procurement strategy
 - The extent to which any regulated procurements did not comply
 - A summary of any community benefits imposed as part of a regulated procurement.
 - A summary of steps taken to facilitate the involvement of supported businesses in regulated procurements over the period
 - A summary of performance against targets
 - A summary of regulated procurements expected to commence over the forthcoming 2 years.

8. Strategy Ownership & Contact Details

- 8.1 It is the responsibility of the Head of Finance and IT to maintain and update the Procurement Strategy. Any queries on regulated procurements should therefore be directed to Nicola Lynch on 01236 341966 or email nicola.lynch@nleisure.com