



Live Active Leisure

Procurement and Contracting Policy

Version 2.3 (Final)

October 2015

'Principles and guidelines'

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## **PROCUREMENT POLICY**

### **1. Changes From Last Issue**

Section 11.0 – Policy review and auditing

### **2. Objective and Scope**

- 2.1 To support the objectives of the Procurement and Contracting Strategy by ensuring there is a clear understanding of what procurement is by all staff involved in purchasing goods, services or works.
- 2.2 To provide a logical and clear guidance that will support any staff who may be involved in purchasing.
- 2.3 To provide basic principles on procurement, what responsibilities key employees have and LAL's commitment to training.
- 2.4 To ensure that cost and quality are the key influencing factors in deciding on purchases of any services, works or goods.

### **3.0 Reference Documents and Terminology**

#### **Internal**

Procurement and Contracting strategy

#### **External**

Making Choices. Part 1 and 2

For the purposes of this documentation the term 'Procurement Officer' refers to any employee who is required to purchase products, works or services from another company on behalf of LAL.

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#### **4.0 Policy Statement**

It is the intention of Live Active Leisure Ltd to attain the best quality from the resources spent for any services, works or goods purchased. When purchasing, Live Active Leisure will ensure that best value is being achieved whether this is through internal provision or external sourcing. There are some cases where internal sources can provide adequate service and this should be considered first in all cases. However, in many cases external sourcing will be the only available option and therefore Live Active Leisure will ensure that adequate options appraisals are completed prior to selecting a supplier/contractor to ensure that the best value for money is achieved. Live Active Leisure complete a significant amount of spending and much of this is performed in isolation at each venue. However in some cases where similar products, services or works are being purchased on a regular basis, collaboration may be appropriate to achieve a greater economy of scale where a reduced price could be negotiated. It is therefore the intention of LAL to take advantage of these potential money saving opportunities where possible.

Procurement or purchasing should be a simple process to support the efficient operation of the company. Thus simple, easy to follow processes that have enough flexibility to allow for unique situations will foster an effective procurement set-up and maintain best value for money across the company whilst also ensuring that the business is not overly burdened.

#### **5.0 Purpose of this Policy**

There are a number of staff within LAL that are required to purchase goods, services or works and each of them must adhere to the 'Procurement and Contracting' policy and procedures. By having a clear policy and efficient procedures with in-house support it creates a consistent approach with the aim of achieving best value for every penny spent by Live Active Leisure.

The purpose of this policy is to provide a set of guiding principles to be followed by all staff who might be involved in the procurement & contracting of goods, services or works, applying across the full range of procurement activities and departments in order to achieve best value for money. It should be used in conjunction with the Procurement Strategy and Contracting Policy to support the company's vision *"to be the provider of choice in Perth and Kinross for everyone to 'live active lives'"*.

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## **6.0 Why does LAL have a procurement and contracting policy?**

The Local Government (Scotland) Act 2003 places a duty of best value on public money and in its publication 'Making Choices' the Scottish Executives introduced the concept of competition and procurement of services under best value. Procurement choices should reflect the objectives of Live Active Leisure, supporting the ongoing business development of the company. Therefore having a procurement policy supports Procurement Officers to make sensible decisions about the best way to provide a high quality service at an affordable cost.

Live Active Leisure's main funding provider is the Local Authority, therefore it is important to establish how effectively this money is being spent. This policy sets out how Live Active Leisure will ensure that all spending (according to agreed thresholds) has undergone an options appraisal that incorporates best value taking into account both cost, quality and whole life cycle of the products, services or works.

## **7.0 What are the aims of Procurement?**

The overriding aim of procurement and contracting is to ensure that all spending within LAL is completed in the knowledge that best value has been achieved. This being said it is also important to ensure that the business is operating efficiently and that any procurement processes allow for LAL to procure in alternative ways to adapt to any scenarios that may occur i.e. if there was an essential part required for the pool plant, without which the pool could not be opened it may be necessary to circumvent the ideal processes. Also not all suppliers may be able to provide quick delivery or only one supplier may provide the part/service; therefore best value may not be achieved when purchasing the equipment. However this should not be looked at in isolation as the quick delivery of the equipment may have allowed for the pool to be opened possibly a day or two earlier and thus customer services were resumed, reducing the loss of income by possibly two days which could be far greater than the cost of the individual part.

Procurement is the full range of activities related to purchasing supplies, services and works and can range from contracting for an entire service to delivery of day to day consumables.

The procurement process covers the entire life cycle of a contract – from inception to award, through contract management and post contract evaluation.

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To achieve these aims it is important that there are principles that govern the purchasing activities of the company. Below are the overarching LAL procurement principles to govern the way services, goods and works are purchased within LAL:

- a. Create the most advantageous balance of quality and cost
- b. Encourage open and fair competition
- c. Follow all appropriate regulations and legislation
- d. Ensure efficient administration and monitoring resources
- e. Be transparent

These principles will be embedded in all the procurement activities within LAL to support the efficient use of resources. It is also recognised that in some circumstances some principles may be bypassed in response to operational emergencies.

**In-House Provision** – There are some services that LAL use on a regular basis that could be managed from in-house resources. Live Active Leisure has internal services such as the corporate maintenance team, marketing team, project management team or the finance team who may be able to provide such services. Therefore, whenever works or services are required it is important that first consideration is given to the internal services (subject to capacity of the team) prior to going out to external suppliers.

**External Provision** – When internal provision is not sufficient or available for the requirements then external suppliers should be considered. There will be a set of listed current suppliers that is maintained by the finance team. All procurement officers will use this list. There will be procedures in place to add or remove suppliers from this list. Flexibility and common sense will be built into the process e.g. there may be occasions where goods, works or services are required immediately and therefore the proper due process may be bypassed to enable the company operations to continue as normal. Any decisions made on this basis must be documented.

Detailed guidance has been provided to support Procurement Officers in the process of purchasing goods, services or works. This guidance is provided in the Procurement and Contracting Procedure Handbook and the accompanying templates that will help manager's to select the best value for money options by:

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1. Creating a fair and competitive approach
2. Reviewing the results of decisions and monitoring outcomes

Guidance will be provided on spending thresholds and what the appropriate procurement action will be, including what to do when the EU threshold has been breached. It is important that all procurement officers adhere to this guidance and that they can evidence why they have made the decision and how they are achieving best value for money.

Coupled with effective purchasing LAL will develop efficient administration processes to manage the processing and payment of invoices from contractors. This is currently a paper based system that can become burdened at times; therefore LAL will continually monitor the processes to look for potential time and resources savings where possible.

### **8.0 Roles and Responsibilities**

To ensure that the procurement and contracting processes are effective and in keeping with current best practice and legislation it is important to clearly identify who is responsible for what.

#### **Projects and Development Manager**

They will oversee the procurement process and monitor decisions that may have direct influence on the strategy of the company. They have responsibility to ensure that the procurement process adheres to the legal framework and is designed to gain best value when purchasing goods, services or works. They will ensure that adequate contracts are in place and monitored appropriately.

#### **Projects Officer**

They will manage, support and provide guidance on the Procurement Process and Contracting. They will have responsibility to review and develop the procurement policy and procedures as required while also assisting in leading the procurement function role within the company. They have responsibility to monitor contracts and renewals and to manage the process of negotiating new terms.

#### **Financial Controller**

They will oversee the procurement process and monitor decisions at department level to ensure that the guidance is being adhered to. They will be responsible for identifying potential areas for

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collaboration and savings. They will oversee internal audits ensuring invoices are checked against contracts and related financial commitments and processing endorsed invoices.

#### Procurement Officers

They must ensure that they follow the LAL guidance at all times. It is the responsibility of all employees to aim to get best value. It is also important that their knowledge is utilised to ensure that any purchase of goods, services or works is practical for the service that will eventually be delivered. The process of purchasing is only the first step and it is important that procurement officers are aware that they are responsible for the ongoing management once the purchase order has been signed, whether this is checking a delivery, inspecting completed work or monitoring the delivery of a service contract.

### 9.0 Training and Development

When procuring goods, services and works it is key to ensure that individuals who are purchasing on behalf of the company are competent in the processes, understand the principles and how they should be applied. If this is achieved it will ensure that procurement is standardised across the company and best value is being achieved. Procurement officers will be encouraged to take a pro-active role when reviewing services or considering goods etc. and will be reminded to keep an 'open mind' when procuring to consider approaches such as partnerships, collaboration or profit share.

Live Active Leisure will ensure that Procurement Officers are appropriately trained and have regular opportunities to learn from other procurement activities and develop their knowledge. Therefore a corporate training programme will be developed to support the induction training for all procurement officers. Ongoing training will be utilised to update procurement officers on all updated procedures within the company and general developments in procurement legislation.

### 10.0 Communication

Guidance on procurement has undergone a number of reviews over the past decade or more resulting in the guidance from government undergoing regular updates to support local authorities and arm's length organisations to improve the way that they purchase goods, services and works. This obviously has an impact on LAL's internal documents resulting in potential changes to the policy and procedures. This in turn must to be communicated to employees across the organisation.

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LAL will therefore ensure that all employees are kept up to date with the latest information regarding procurement through the use of available communication tools. Where possible LAL employees will be given the opportunity to respond or comment on any changes that have been proposed or implemented where managers will listen and consider the views of those whom the changes will have a direct effect.

### **11.0 Policy Review and Auditing**

In order to ensure that there is adequate support for procurement officers across the organisation a 'Procurement function' will be set-up to provide knowledge and guidance when required. The Procurement Function will be made up of a group of employees who have an in-depth knowledge and experience of procurement. These individuals will support the ongoing maintenance of the procurement policy and procedures to keep them current with best practice.

The procurement and contracting policies and procedures will be reviewed a minimum of every 3 years, where updates and training for staff will be arranged where appropriate. In combination with regular reviews the Procurement Function will co-ordinate scheduled audits across the organisation to ensure that all areas are looked at. This will enable an in-depth analysis of how the procedures are being followed and whether there are any gaps in the process that may be causing issues. Therefore these can be rectified as soon as possible

The Procurement Function will also oversee a quarterly review and analysis of spending throughout the company to identify areas of high or irregular spending and opportunities for savings.