

PROCUREMENT AND CONTRACT MANAGEMENT STRATEGY 2023-2026

Executive Summary.

This Procurement and Contract Management Strategy (“the Strategy”) sets out the council’s approach to procuring (or buying) goods, services and works over the next three years and managing the subsequent contracts, taking into consideration the latest government procurement legislation and initiatives as well as the council’s own aims and objectives. This Strategy is designed to promote effective and efficient procurement and contract management across the whole council and is designed to ensure that there is a consistent and comprehensive approach in respect of the council’s third party expenditure.

The council recognises that an effective procurement and contract management strategy is key to achieving organisational success because it:

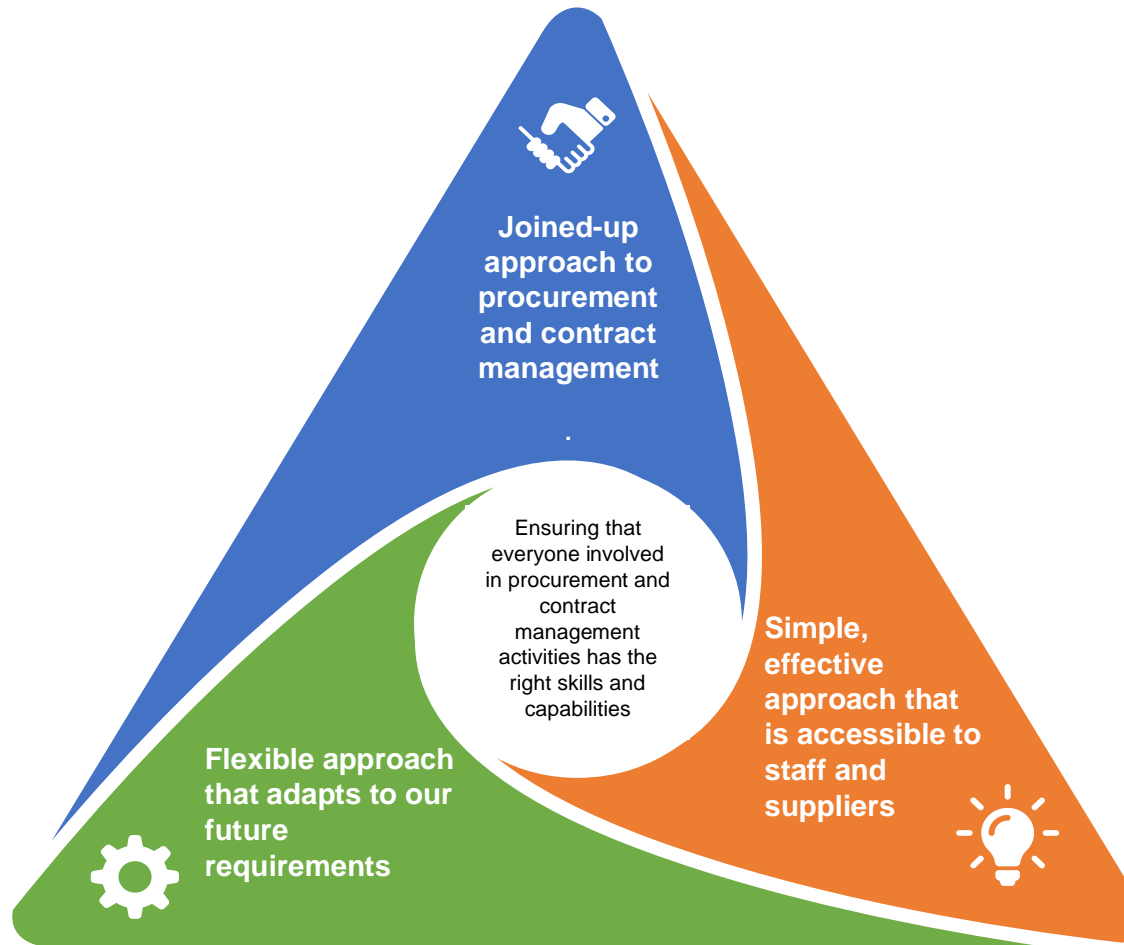
- has a direct impact on the council’s finances including spend, savings, the ability to achieve value for money and the cost-of-service provision within our city.
- helps to shape the delivery of the services that we provide to our residents, communities and customers.
- supports the delivery of other key national and local policy objectives such as the Public Services (Social Value) Act 2012, the National Procurement Priorities, the [Southampton City Council First](#) (“SCC First”) policy, the use of local suppliers, the [Social Value and Green City Procurement policy](#) and the Charter Against Modern Slavery.
- operates within a complex regulatory framework to which the council must adhere.

This Strategy applies to all buying activities undertaken by the council, which is also often referred to as procuring, purchasing, contracting, outsourcing or other service delivery models and is often part of a strategic commissioning approach. To ensure we achieve best value and maximise income (where appropriate) from all of our third-party contracting relationships, this Strategy also applies to contracts where the council does not make payment in return for goods, services or works and/or when council revenue is produced from contracts (including Concession Agreements).

The Procurement Bill (2022) is nearing completion of its passage through Parliament. When it achieves Royal Assent, the new Procurement Act shall be reviewed against this Strategy to ensure that the Strategy remains fit for purpose.

Our Vision.

Our vision is to be a modern, sustainable council with a forward-thinking procurement approach that is accessible to suppliers, consistently provides value for money, is compliant with relevant legislation, ensures risks are managed and results in excellent services and outcomes for our customers.



Our Approach.

The purpose of the Strategy is to set the overall context for procurement and contract management in the council over the next three years, incorporating the latest procurement legislation, government initiatives and the council's priorities, aims and objectives. The Strategy is underpinned by the council's Contract Procedure Rules (CPRs) and Financial Procedure Rules (FPRs) and ensures due compliance and consideration of the Public Contracts Regulations 2015 (PCR 2015), the Concession Contract Regulations 2016, the National Procurement Priorities, the Social Value (Public Services) Act 2012 and other associated legislative requirements.

All buying activity undertaken by the council must adhere to the public procurement principles of equality of treatment for all suppliers, non-discrimination, transparency, mutual recognition and proportionality whilst also delivering value for money for the council and our customers and the Council also intends to use its buying activity to help support the local economy.

When procuring new or renegotiating current contracts, as well as achieving objectives on behalf of our customers we aim to achieve benefit for our suppliers and the city as a whole. Where possible, rather than specifying how a supplier should meet our needs, we enter into contracts which describe the required outcomes, which can incentivise suppliers to share risks and benefits with us. Our procurement approach promotes fair employment practices (including the payment of the Real Living Wage) and, where legislation permits and it is appropriate for the requirement, we incorporate social value related commitments within our contracts. We undertake joint commissioning with partners such as the NHS Integrated Care Board where appropriate.

Focus.

The Strategy for 2023-2026 comprises four principal priorities which shall underpin the procurement and contract management process and be embedded in the way we procure our goods, services and works contracts to support the council's aspirations as set out in its Corporate Plan.

Simple; *Delivering a joined-up approach to procurement and contract management will:*

- Allow greater oversight and transparency of contractual relationships, including performance and compliance monitoring;
- Maximise best value through effective procurement and contract management; and
- Help to foster contractual relationships which result in mutual commercial benefits.

Accessible; *Delivering a simple, agile procurement and contract management service that is accessible to staff and suppliers will:*

- Ensure that our staff and suppliers understand and can access our services;
- Result in compliance with our processes; and
- Promote equality of opportunity for suppliers to bid to increase the numbers of local suppliers and/or those from SMEs and the voluntary sector.

Forward thinking; *Delivering a flexible approach to procurement that adapts to our future requirements will:*

- Allow us to take an outcome-driven approach to meeting our requirements, ensure that contracts are flexible to allow for the changing needs of our customers and take advantage of new opportunities and innovation in a time of fast-paced change.

Skills and Capabilities; *Ensuring that everyone involved in procurement and contract management activities has the right capabilities to support the delivery of this Strategy will:*

- Ensure the council has appropriate procurement and contract management skills and capabilities to enable money to be spent effectively and efficiently; and
- Ensure that existing and prospective suppliers have the right skills and capabilities to bid for the council's contracts and recognise the importance of this to help us deliver the aspirations of this Strategy.

Setting the Scene.

The importance of effective and efficient public procurement has been highlighted by the COVID-19 pandemic and it can play a significant role in the city's economic development and recovery. The economic landscape has changed significantly due to the impacts of the pandemic and, more recently the current cost-of-living crisis, and it has never been more important to ensure our local businesses are supported and that the council continues to procure good value and good quality contracts to deliver better outcomes for local people and the city. Through the delivery of this Strategy, we will, in particular, support local (including Small and Medium Enterprises ("SMEs")) and suppliers to access council opportunities in a way that supports the delivery of our strategic priorities.

The council's procurement and contract management services are aligned to allow us to effectively plan procurement requirements, support the management of council contracts and ensure that needs are fully considered and assessed before procurements commence. This end-to-end approach helps us to achieve best value, meet legislative and transparency publishing commitments and avoid legal challenges. We aim to deliver a procurement and contract management service that contributes to our local and national priorities, positioning us as a forward-thinking council.

We are committed to supporting the local economy and our Social Value and Green City Procurement Policy supports our Southampton Pound initiative by utilising progressive practices to deliver economic, environmental and social benefits through our contracts, ensuring that money generated by Southampton's economy is retained within Southampton's local economy wherever possible. This includes a commitment to seek at least two quotes from local suppliers (those within the city of Southampton or, if the requirement cannot be sourced within Southampton, within the county of Hampshire) when procuring contracts that are above £10,000 in value. The council is also committed to the prevention, detection and reporting of modern slavery within our supply chain and this is supported by the Charter Against Modern Slavery.

Through the ambitions set out in the [Corporate Plan 2022-2030](#), the council is committed to creating a place where people want to live, work, study, visit and enjoy. The Strategy supports the outcomes of the Corporate Plan in the following ways:



Strong foundations for life

- Apprenticeships provided by suppliers to equip young people with the skills they need to successfully enter the workplace, develop their skills and contribute to the local economy and communities.
- Working with other authorities to strengthen residential care for children and young people.
- Being a Child Friendly City.
- Provision of a cohesive and effective sport, recreation and health offer which is consistent with the We Can Be Active Strategy.
- Providing a range of activities and initiatives across the city designed to engage customers of all ages and abilities in sport and physical exercise.
- Delivery and development of the “ActiveAbility Programme Southampton” to engage disabled people in a range of free sports and activities including sailing, skiing, swimming, and kayaking.
- Implementation of a new approach for the provision of day care for older people which promotes independence, health and well-being.



A proud and resilient City

- Implementation of the Social Value and Green City procurement policy to support a greener and safer environment for our community.
- Where appropriate, co-production of service design with customers to ensure the services we are delivering are fit for purpose.
- Improving access to better information and support through a self-help advice, information and guidance service.
- Taking a robust approach to modern slavery to identify and combat exploitation and slavery through our contracted activity.



A prosperous City

- Suppliers bringing added benefit to the city by securing sponsorship and income.
- Profit sharing arrangements allowing our suppliers to receive modest benefits from good performance and/or generating revenue.
- Undertaking joint procurement with other councils and public bodies.
- Working with organisations to increase accessibility to council tendering opportunities.
- Investment by our suppliers in council-owned sites and facilities to ensure they are safe, attractive, modern and improve residents' and visitors' perceptions of the city.

- Suppliers linking with the council's return to work plans to engage with deprived communities.

- Suppliers sharing, embracing and supporting the council's digital working.

- Suppliers introducing improved ways of working to streamline processes, save money and provide effective services to customers.

- Support, guidance and simple procurement processes.



**A successful and sustainable
organisation**

- Strong performance monitoring to ensure the city's highways, public places and street lighting are well maintained.
- Robust procurement processes with best value being at the heart of all our decisions.

Alongside our local priorities, the council is committed to delivering the National Procurement Policy which sets out the national priority outcomes that all contracting authorities should be considering when carrying out its procurement activity. These are:

- creating new businesses, new jobs and new skills;
- tackling climate change and reducing waste, and
- improving supplier diversity, innovation and resilience.

Priority 1.

Simple; Delivering a joined-up approach to procurement and contract management.

Outcome/focus	What do we want to achieve?	How will we achieve this?
<p style="text-align: center;">SIMPLE Delivering a joined-up approach to procurement and contract management</p>	<p>Greater oversight and transparency of contractual relationships, including performance and compliance monitoring.</p>	<p>Maintaining the central Supplier Management Database (SMD) which contains key details of all council contracts held with external suppliers and a list of Southampton Suppliers that staff can use to seek quotes.</p> <p>Implementing a consistent and robust approach to contract management and performance monitoring through a risk-based approach to contract categorisation.</p>
	<p>Improved best value through effective procurement and contract management.</p>	<p>Deliver all buying activity in excess of £10,000 through a team of procurement professionals with expertise in all categories of council expenditure.</p> <p>Reviewing our spend and contract portfolio to identify opportunities for savings and consolidation.</p>
	<p>A streamline and simple approach to our procurement and contract management activities, without compromising on compliance.</p>	<p>Ensuring that our processes are as simple as possible to allow SMEs to effectively bid for work.</p> <p>Review of all procurement processes to identify opportunities for simplification and ease of use.</p>

What does success look like?

- Details of all contracts held centrally and higher risk contracts managed by a central team.
- Better data to allow us to combine procurements.
- Zero successful challenges in respect of procurement activities.
- Procurement processes completed on time.
- Savings identified through the re procurement of contracts or through efficiencies identified on existing contracts.

Priority 2.

Accessible; Delivering a simple, agile procurement and contract management service that is accessible to staff and suppliers.

Outcome/focus	What do we want to achieve?	How will we achieve this?
<p style="text-align: center;">ACCESSIBLE Delivering a simple, agile procurement and contract management service that is accessible to staff and suppliers</p>	<p>Ensuring that our staff and suppliers can understand and access our services will ensure compliance with our processes and promote equality of opportunity for suppliers to bid to increase the numbers of suppliers from SMEs and the voluntary sector.</p>	<p>Adopting a Business Partnering approach to working with our internal customers.</p> <p>Reviewing and improving procurement processes, roles and responsibilities and associated documents and make more these more prominent and accessible on our intranet site.</p> <p>Streamline 'buying activity' for our staff.</p> <p>Reviewing the council's suite of procurement documents and refreshing the format and language used to ensure they are easy to understand.</p> <p>Set up user-friendly frameworks and guides to help staff and suppliers.</p> <p>Introduce a supplier portal which will allow suppliers to check their details online and view their purchase orders.</p> <p>Ensure that local businesses can bid for our contract opportunities by publishing our procurement pipeline, using prior information notices and making use of Lots where appropriate.</p>
	<p>A service that provides robust procurement and contract management advice and support in a timely manner.</p>	<p>Doing what we will say we will do, when we say we will do it.</p> <p>Working with service areas to create annual workplans to ensure all planned procurement activity is accounted for.</p> <p>Develop a procurement and contract management guide to reflect current practices to ensure we are offering a joined up and effective service and to promote continuous improvement.</p>

What does success look like?

- The experiences of customers, suppliers and staff will be improved.
- Consistent compliance with our processes.
- Improved management information to help us to monitor our spending with suppliers.
- Contracting will be with a greater mixture of suppliers, inclusive of SMEs and the voluntary sector as well as larger suppliers.
- Contracts will be let on time.

Priority 3.

Forward thinking; Delivering a flexible approach to procurement that adapts to our future requirements.

Outcome/focus	What do we want to achieve?	How will we achieve this?
<p style="text-align: center;">FORWARD THINKING Delivering a flexible approach to procurement that adapts to our future requirements</p>	<p>A results-driven approach to meeting our requirements, ensuring that contracts are flexible to allow for the changing needs of our customers and to take advantage of new opportunities.</p>	<p>Adopting an outcome-based approach to meeting the needs of our customers including taking part in collaborative procurements with other local authorities and public bodies.</p> <p>Supporting the SCC First commitment to utilise in-house services to meet SCC requirements where such capability exists and where “SCC Best Value” can be demonstrated.</p> <p>Ensuring that ‘added value’ opportunities from contracts are reviewed at the point of procurement, to identify wider opportunities for suppliers to support the achievement of the council’s priority outcomes.</p> <p>Ensuring that our contracts and specifications are clear, fair and represent our social value requirements and support our ambition to be carbon neutral by 2030 wherever possible.</p> <p>Future proofing our contracts by building in flexible terms and conditions to contracts to allow the council to benefit from changing markets.</p> <p>Developing our Procurement and Contract Management Services to become ‘best in class’.</p>
	<p>Better planning to maximise the benefits of effective procurement and contract management.</p>	<p>Using Prior Information Notices and conducting fair and transparent market engagement to help inform our procurement processes.</p> <p>Utilising strong evidence to inform contract requirements, and predict future needs, trends, risks and opportunities.</p> <p>Embed future procurement into our budget and business planning processes, to ensure visibility of future procurement needs and opportunities.</p>

What does success look like?

- We will have flexible contracts which are adaptable as technology and our requirements change, without need for complex renegotiations.
- Our contracts will contribute to improving the quality of life of our customers and the environment within which they live.
- Procurement will be joined up with our other functions and decision-making processes.
- Suppliers deliver the outcomes the council and our customers need in a manner consistent with our social values.

Priority 4.

Skills and capabilities; Ensuring that everyone involved in procurement and contract management activities have the right capabilities to support the delivery of this Strategy.

Outcome/focus	What do we want to achieve?	How will we achieve this?
<p style="text-align: center;">SKILLS AND CAPABILITIES Ensuring that everyone involved in procurement and contract management activities have the right capabilities to support the delivery of this Strategy</p>	<p>A procurement and contract management service that is able to adapt to the forthcoming changes to the public sector procurement regulations.</p>	<p>Providing training opportunities to procurement and contract management staff on the new regulations to ensure they are equipped to support our service areas.</p> <p>Delivering training and guidance to service areas on procurement and contract management to ensure the necessary skills and capabilities are embedded within the organisation.</p>
	<p>Suppliers, including local suppliers, SMEs and Voluntary, community and social enterprises (VCSEs), are able to engage with our procurement processes and deliver contracts that are consistent with the council's aspirations.</p>	<p>Developing guidance with suppliers on how to do business with the council that is consistent with the organisation's aspirations, i.e., social, economic, and environmental benefits, modern slavery, high contract performance.</p> <p>Increase the use of pre procurement market engagement to ensure the market have early notice of our forthcoming procurement opportunities and can ready themselves to bid before the opportunity goes live.</p> <p>Increase engagement with potential suppliers through business networks such as the Chamber of Commerce.</p>

What does success look like?

- We have a service that is 'best in class' that is able to adapt to the changing landscape in public sector procurement.
- Our staff have the right knowledge and skills to be able to deliver the aspirations of this Strategy.
- Our suppliers engage with our training and development opportunities and we see increased engagement from local, SME and VCSE suppliers.

Delivering our strategy.

This Strategy alone will not lead to effective and efficient procurement and contract management; it is the commitment of our councillors, senior managers and staff carrying out procurement activity which is key to its success.

Success measures:

Measure	Frequency	Reviewed by
Increase the number of staff engaging with the Procurement Service as soon as a need to purchase over £10,000 is identified.	Monthly	Supplier Management Service
100% of procurements completed on time.	Monthly	Supplier Management Service
Zero successful challenges in relation to our procurement processes.	Quarterly	Supplier Management Service
Increase in the number of pre-procurement market engagement activities carried out.	Quarterly	Supplier Management Service
Increase in local spend and number of contracts awarded to local suppliers.	Monthly	Supplier Management Service and Executive Management Board
Increase in the number of contracts awarded to SMEs.	Monthly	Supplier Management Service
Increase the number of contracts that include enhanced social value commitments.	Monthly	Supplier Management Service
Increase in the number of staff and suppliers engaging with training and development opportunities.	Quarterly	Supplier Management Service
Reduction in multiple contracts for the same or similar council requirements.	Annually	Supplier Management Service

Link in with existing plans and strategies.

The Strategy aims to support the following council plans and strategies:

- Southampton Economic & Green Growth Strategy 2020-2030
- The Medium-Term Financial Strategy (MTFS)
- Transport Strategy – Connected Southampton 2040
- Customer Access Strategy 2022-2026
- Our People Plan
- Southampton City Council Corporate Plan 2022-2030
- Southampton City Strategy 2015-2025
- SCC First Policy
- Social Value and Green City Procurement Policy
- Charter Against Modern Slavery

[END]