

Southampton City Council

SCC First Policy



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SCC First Policy			
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Purpose and Aims

What is SCC First?

1. SCC First is a commitment by Southampton City Council (SCC) to utilise in-house services to meet SCC requirements where such capability exists and where “SCC Best Value” can be demonstrated.
2. The SCC First policy provides a framework for considering and where appropriate, appointing in-house services to deliver SCC requirements before commencing a procurement process. A procurement process is only undertaken if and when in-house service delivery cannot demonstrate SCC Best Value and/or the in-house service cannot meet the required timescales/specification for a requirement.

Key objectives

3. SCC First will:
 - Enable SCC to reduce spend with third parties by providing in-house services at a market-competitive price whilst making best use of SCC resources.
 - Enable SCC to become more commercially focussed and efficient in operation of the in-house services.
 - Upskill in-house teams to successfully bid and secure work outside of the core SCC services.
 - Ensure SCC needs are effectively planned, resourced and delivered by in-house teams in accordance with this policy.

Scope

4. This policy applies to all SCC officers who have identified a requirement to spend SCC funds in accordance with SCC’s mandatory spending requirements and relates to all in-house services which SCC has the capacity and capability to directly deliver using in-house resources.
5. For the purpose of this policy in-house services also include services provided by SCC’s strategic partners (e.g. Capita Business Services Ltd and Balfour Beatty Living Places Ltd) where the requirements in question are within the scope of those existing contracts (and subject always to relevant legislation). In the event that there is any duplication of service capability between SCC and any of its strategic partners, the requirement shall be offered to SCC in-house services as a priority.

Legislative context

6. The Public Contract Regulations 2015 (which apply to public sector procurement activity and with which SCC’s Contract Procedure Rules (CPRs) comply) do not apply to in-house delivery.
7. As demonstrated by this policy, even though in-house delivery falls outside the requirements of public procurement law it is nevertheless appropriate to ensure that “best value” will be achieved in respect of the use of in-house services.

POLICY STATEMENT

8. SCC will always seek to utilise in-house services to meet its needs before commencing a procurement process. The following criteria will be considered to establish whether an in-house service will be used to deliver a council requirement:
 - a) Does an in-house service exist?
 - b) Does the in-house service demonstrate 'SCC Best Value'?
 - c) Can the service or works be delivered using in-house resource, within the required timescale for delivery and to the required specification and quality?

What is SCC Best Value?

9. SCC Best Value:
 - is a mechanism for reflecting the financial and non-financial value to SCC and the city of using in-house resources to meet SCC needs and
 - must be demonstrated in order for services to be offered for delivery by in-house resources.
10. The cost of a service itself is not the only consideration when determining SCC Best Value. Capacity and quality of service must also be evidenced to ensure that the in-house service can meet SCC's needs.
11. SCC Best Value also appreciates that utilising resource already employed by SCC brings benefits associated with staff retention, quality of SCC-delivered activity, flexibility of service offering arising from council-to-council arrangements and avoiding procurement-related costs.

How is SCC Best Value demonstrated?

12. SCC Best Value is demonstrated once a year through the application of "SCC Best Value Parameters" to the average market price for each in-house service which, by incorporating the above considerations, enables SCC to compare the benefits of utilising in-house services with obtaining services or works from third party suppliers. The SCC Best Value Parameters may therefore permit the in-house service cost to be higher in price than the average market cost, yet still demonstrate SCC Best Value.
13. The SCC Best Value Parameters (which vary from service to service) are set annually to reflect changes to SCC overheads and services. The SCC Best Value Parameters will be developed for each in-house service by the council's Procurement Service and agreed by the relevant Service Director.
14. On an annual basis, the Procurement Service will obtain from the market the cost of a range of example services and works deliverable by the identified in-house services ("the Benchmarked Activities"). This exercise will produce average market prices for certain elements of each service. The Benchmarked Activities are used to determine whether the in-house service demonstrates SCC Best Value for the full range of services provided by the in-house service.
15. The cost of the same range of example services and works are also provided to the Procurement Service by each of the in-house services.
16. The SCC Best Value Parameters are applied to the average market prices.

17. An in-house service **will have** demonstrated SCC Best Value if its costs for the range of example services and works meet or are less than the average market price of the service/works, plus the SCC Best Value Parameters.
18. An in-house service **will not** have demonstrated SCC Best Value if its costs for services and works exceed the average market price of the service and works, plus the SCC Best Value Parameters.
19. If an in-house service demonstrates SCC Best Value it will be offered all services and works within the scope of its direct service offering, providing it can meet specific timescales and quality criteria for each requirement.

Process

20. When an SCC requirement is identified and approved in accordance with SCC's mandatory spending restrictions, the Requesting Officer (RO) must produce and provide a clear specification of the requirement to Procurement Services.
21. Procurement Services will determine whether the requirement is within the scope of an in-house service which has demonstrated SCC Best Value (as determined by the most recent benchmarking exercise) and if so, a fixed price for delivering the requirement (against mandatory timescales and quality criteria) will be requested from the in-house service within a timescale to be agreed (depending on the circumstances of the specific requirement). The in-house service is under no obligation to provide a price.
22. If a fixed price is not provided by the in-house service within the agreed time frame (and/or the in-house service is unable to meet all mandatory timescale and quality requirements), engagement with the market and a procurement exercise will be undertaken by the Procurement Service in accordance with the CPRs.
23. When a fixed price is provided by the in-house service within the agreed timescales (and providing the in-house service can meet all mandatory timescale and quality requirements), the in-house service must deliver the requirement in accordance with the specification and at the fixed price quoted.

Performance Monitoring

24. The performance monitoring of in-house services will be carried out using a project review form completed by the RO which will assess whether the requirement was delivered within budget, timescales and met any other pre-agreed criteria.
25. An audit of a sample of in-house activity will also form part of the SCC audit plan.

Governance

26. SCC's Service Director – Digital and Business Operations is the lead officer accountable for ensuring that this policy is adhered to.
27. The level of cross-SCC spend arising following implementation of this policy shall be monitored by the Procurement Service and reported to the Procurement and Contract Management Board (PCMB) on a quarterly basis.