

DECISION-MAKER:	GOVERNANCE COMMITTEE
SUBJECT:	STRATEGIC CONTRACTS AND PROCUREMENT ANNUAL REPORT
DATE OF DECISION:	4th November 2024
REPORT OF:	HEAD OF CONTRACTING AND PROCUREMENT & DIRECTOR OF COMMISSIONING

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STATEMENT OF CONFIDENTIALITY
Appendix 1, 2 and 3 to this report are confidential in accordance with paragraph number 7(A) of the Council's Access to Information Procedure Rules in Part 4 of the Council's Constitution as they contain information about Council contracts and contractors which may be deemed to be confidential and commercially sensitive.
BRIEF SUMMARY
<p>This report provides the Governance Committee with an overview of:</p> <ul style="list-style-type: none"> the performance, governance and contractual matters relating to the Council's most strategically important contracts ("the Strategic Contracts") in respect of financial year 2023/24. the Council's upcoming strategic procurement activity ("the Strategic Procurement Activity") arrangements for which need to be operational by the end of financial year 2026/27. <p>The report is produced by the Contracting and Procurement Service ("C&PS") and the Integrated Commissioning Unit ("ICU") on an annual basis.</p>
RECOMMENDATIONS:

	(i)	Governance Committee notes the information related to the Council's Strategic Contracts attached as Appendix 1 and 2 which relates to the period April 2023 to March 2024.
	(ii)	Governance Committee notes the Strategic Procurement Activity planned for and being undertaken as set out in Appendix 3 to this report.
REASONS FOR REPORT RECOMMENDATIONS		
1.	The report is provided for information.	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
	N/A	
DETAIL (Including consultation carried out)		
2.	Strategic Contracts	
3.	The Council delivers a number of key services and activities through contracts with third-party suppliers.	
4.	The C&PS is comprised of contract management, procurement and commercial specialists and has responsibility for the procurement, contract management and supplier performance for the Strategic Contracts. These are contracts deemed be the most strategically important to the Council due to their value, operational considerations, reputation or political importance. The ICU maintains separate but comparable arrangements for the commissioning, procurement and management of health and care contracts pertinent to the business of the Community Wellbeing and Children and Education directorates.	
5.	This joined-up approach to contract management and procurement is designed to ensure that the Council procures, implements and appropriately manages contracts which meet the Council's strategic objectives now and, in the future, and achieves value-for money through its contracting arrangements.	
6.	<p>The C&PS and ICU are responsible for the management of all aspects of the 'contract lifecycle' and performance of the Strategic Contracts including: -</p> <ul style="list-style-type: none"> • Relationship management; • Contract strategy; • Contract changes and negotiation; • Dispute resolution; • Continuous improvement; • Performance monitoring and financial deductions; • Contract compliance, benefits realisation and value-for-money monitoring activities; • Formal and informal governance; • Capital programmes; • Insurance; • Provider facilities and premises • Finance governance; • Technical management and approvals; • Works orders; • Safety, health, environmental and quality monitoring; 	

	<ul style="list-style-type: none"> • Engagement activities; and • Employment practices and equalities obligations.
7.	<p>The current portfolio of Strategic Contracts consists of the following: -</p> <p>Managed by CP&S:</p> <ul style="list-style-type: none"> • Highways Futures Project (known as the “Highways Services Partnership” or “HSP”); • CCTV and Intelligent Traffic Systems (known as” City Watch” or “ROMTV”); • Street Lighting Private Finance Initiative; • Project Agreement for the Provision of Leisure Services (Sport and Recreation); • Southampton Guildhall; • St Mary’s Leisure Centre; • Schools Private Finance Initiative; • Waste Disposal; • Managed Services for Temporary Agency Resources; and • Client Case Management System (known as “CareDirector”). <p>Managed by ICU:</p> <ul style="list-style-type: none"> • Nursing home for older people (Northlands House); • Nursing home for people with dementia (Oak Lodge); • Level 3 Sexual Health Services; • Substance Misuse Service for Adults; and • Health and Care Related Equipment Service.
8.	Strategic Procurement Activity
9.	<p>This includes upcoming requirements/projects which are strategically significant to the Council in terms of value, operational considerations, reputation or political importance.</p> <p>It includes services and activities which would benefit from a review and/or revision of the delivery model in terms of how they are packaged or delivered when considering opportunities to deliver savings, drive efficiencies and contribute to the Council’s strategic goals. Many are likely to result in significant, complex and lengthy procurements or insourcing projects.</p> <p>The report includes:</p> <ul style="list-style-type: none"> a) Non-H&SC requirements/projects procured or managed by CP&S; and b) Relevant H&SC related requirements/projects procured or managed by the ICU. <p>Detail relating to each Strategic Procurement Activity project is included as Appendix 3 to this report.</p>
10.	Prior to July 2024, the Strategic Procurement Activity referred to in point 9a) above was managed through a specific programme (“the Strategic

	Procurement Programme” or “SPP”) to enable cross-organisational resource to be shared and minimise costs, develop expertise and increase efficiency.
11.	In order to align with the implementation of the Council’s “adapt grow thrive” transformation programme in 2024, the SPP has been disbanded and the resourcing, governance and management of the relevant projects are being incorporated into relevant adapt grow thrive projects or managed as business as usual by C&PS or ICU (with additional temporary resources supporting where required). This approach avoids duplication of resources and governance as the transformation activity develops.
12.	This report references known Strategic Procurement Activity for which the replacement arrangements need to be implemented and operational by end of the 2026/27 financial year. As such, despite meeting the definition of Strategic Procurement Activity, certain existing contracts such as the Waste Tripartite, Schools PFI and Street Lighting PFI and are not within scope of this report as their expiry dates are December 2030, October 2031 and March 2035 respectively. It should be noted however that early planning for the future of services within scope of the Waste Tripartite has commenced.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
13.	The Strategic Procurement Activity may result in the Council entering long-term arrangements and whilst this represents a significant challenge in terms of forward budget-setting commitments, it is necessary if the Council is to obtain value for money from its strategic contracting and similar arrangements for future years.
<u>Property/Other</u>	
	N/A
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
	N/A
<u>Other Legal Implications:</u>	
	N/A
RISK MANAGEMENT IMPLICATIONS	
	N/A
POLICY FRAMEWORK IMPLICATIONS	
	N/A

KEY DECISION?	N/A
WARDS/COMMUNITIES AFFECTED:	Not Applicable
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	C&PS Strategic Contracts Annual Report 2023_2024
2.	ICU Strategic Contracts Annual Report 2023_2024

3.	Overview of Strategic Procurement Activity Projects	
Documents In Members' Rooms		
1.	N/A	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at: N/A		
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	