

Procurement Strategy 2024-2026

Forward & Executive Summary

The London Borough of Merton's procurement strategy is a comprehensive plan designed to align with the UK Government's National Procurement Policy Statement (NPPS) while upholding the Council's values of **'Trust, Integrity, Inclusion, Collaboration, Creativity, and Pride.'** This strategy aims to capitalise on our strengths, address our vulnerabilities, seize potential and new opportunities, and mitigate threats through a 'SWOT' analysis. We have endeavoured to create a 'golden thread' between our procurement strategy and how the Council can achieve its strategic priorities.

The London Borough of Merton follows a structured procurement process using a category management approach. This involves options appraisals, make or buy reviews, market engagement and testing, through to competitive tendering procedures, clear and unambiguous evaluation processes, awards based on the statutory principle of Best Value for Money and finally sound contract management.

We prioritise transparency, fairness, and competitiveness to ensure the best value for public resources and adhering to legal and ethical **standards** in procurement decisions. We try to leverage our position as a buyer in the London local authority market by collaborating with other boroughs, addressing pressing socio-economic issues such as tackling in-work poverty, ensuring our suppliers pay the Real Living Wage, raising awareness and dealing with potential or suspected Modern Slavery in supply chains and prioritising the climate emergency.

Mission & Vision

The Council's strategic mission of ['Building a Better Merton Together'](#) comprises of 3 main priorities. Below we have set out how good commissioning, procurement and contract management can support the enablement of these priorities.

Nurturing Civic Pride

Priority: Resident engagement

- It is widely recognised that greater resident engagement in the way the Council makes decisions is hugely valuable. To this effect, procurers and commissioners are encouraged to start engagement early on within procurement planning and strategies. We will encourage the use of consultations, engagement days, lunch and learns, organising and/ or participating in "meet the buyer" events on

specific categories and/or policy areas to form specification development and pre-tender engagement.

- The 'Contracts and Procurement' pages on the Merton Council website will be kept up to date with clear, accurate information, contact details, procurement (influenceable) spend, our Procurement (contracts) Pipeline, the link to our Contracts Register (ensuring we keep the register well maintained), the community right to challenge, publish contract management information (pursuant to the requirements of the Procurement Act 2023).

Priority: Supporting local businesses and entrepreneurs

- Our Procurement Pipeline will be published on the Government's central digital platform (Find a Tender), but we will also make it accessible on our website. We will go beyond the minimum requirements of the Procurement Act 2023 and continue to publish a pipeline of all future contracts over £100k and indicate where a contract may be suitable for Micro/SMEs to bid.
- Embracing diversity in our supply chain is vital to reflect the demographics of our borough and to encourage innovation amongst our future supply chains. When officers are issuing a RFQ (request for quotations) for contracts below £170,000, they must now under our refreshed Contract Standing Orders, include at least one quote (where possible) from a local supplier/SME ('local' meaning a business headquartered and/or registered in the borough of Merton) who can meet our due diligence requirements.
- As over 90% of Merton businesses are classified as Micro enterprises, we will use the new powers of the Procurement Act to inform these businesses owners of opportunities with the Council above £30,000 which must be published and can be reserved for local businesses / organisations who can meet minimum criteria.
- We will work with local industry partners, such as the Merton Chamber of Commerce, to schedule awareness sessions and meet the buyer sessions on certain categories to get Merton businesses engaged with the right opportunities available with the Council.
- We will include within our social value request for potential suppliers to consider local businesses within their supply chains as part of their bids, so that more of our Tier 2 and Tier 3 suppliers are local businesses.

Priority: Local employment that is secure and well-paid

- Including Real Living Wage obligation in all our eligible contracts. As part of our commitment to being a Living Wage Employer, we have included in our terms and conditions that all suppliers for all eligible contracts pay their workers the Real or London Living Wage (as applicable) as set out by the Living Wage Foundation. We will work with other London Boroughs via the Foundation to push for changes in more difficult sectors such as social care and schools.

- Within our Social Value Charter, we ask for local jobs for disadvantaged people, and we also require suppliers to pay the London (or Real) Living Wage for all new eligible contracts, in order to eliminate in-work poverty within our supply chain.
- We work with our suppliers to ensure attendance at local job fairs to help match our residents with potential employment opportunities. Where possible, we will broker opportunities with our key suppliers.
- We will monitor and report against social value outcomes on local employment using the Social Value Portal.

Priority: Working with the Voluntary Sector

- We will identify contract opportunities that are suitable for VCSEs in our future contract opportunities and on our website as well as publishing this in our Procurement Pipeline on Find a Tender Service.
- We will embed the requirements of the Procurement Act within our internal governance to consider the removal of barriers to VCSEs, be transparent on how we will do this and if we could not, why we could not.
- We will work with umbrella organisations such as Merton Connected to embed social value without duplication and link them with suppliers to broker opportunities for social value.

Priority: Skills and Qualifications of local residents

- We will ensure we have a robust social value measures in our Social Value Charter focussing on apprenticeships, paid internships, supported internships, work experience and industry related qualifications especially in industries where there is a lack of opportunities or need for growth.
- We will ensure these opportunities with our suppliers are advertised via our website as well as ensuring that a good representation of our suppliers attend local job fairs organised by local Jobcentre Plus colleagues.
- Where possible, we will broker relationships, and opportunity matches with the further education sector and training providers and our key suppliers.
- Our social value requirements will try to match closely the skills and qualifications required for our borough and those that meet the strengths of our local labour force.
- We will work with our contract managers and suppliers to embed future opportunities to boost the number of 'Supported Internships' hosted by the Council but placed with our third-party suppliers. We will also reflect this ambition in our Social Value Charter to include these internships where possible for relevant future contracts.

Building a Sustainable Future

Priority: Affordable Housing

Merton Council has an ambition to build new affordable and social housing on suitably identified council land. We have high expectations in procuring the right partners and ensuring the design and construction of such properties meet the standards of our Climate Strategy and our Net Zero targets, whilst providing safe and sustainable housing for residents most in need.

With regards to procurement, we will ensure that the project is designed and executed effectively whilst complying with changes in procurement law, we will work with third-party suppliers who are committed to delivering social value outcomes for this ambition, such as local employment on site, local suppliers as part of the construction, using more environmentally friendly machinery on site and sustainable materials.

Priority: Climate Strategy & Net Zero

Merton Council is committed to being a net-zero carbon council by 2030 and a net-zero carbon borough by 2050. To achieve these commitments, climate considerations must be embedded in all procurement decisions across the council. As well as delivering Carbon Literacy Training to increase climate awareness across the organisation, the Council is piloting an assessment tool which provides prompts and guidance to help officers consider how their procurement or commissioning decision will reduce carbon emissions and adapt to the impacts of climate change.

Criteria on carbon reduction, climate resilience and wider sustainability will be included as a Condition of Participation for relevant contracts, and working with our legal team, we will include carbon reduction commitments in our standard terms and conditions for all new contracts as per the Government standard. We will require a minimum standard in our tenders from our suppliers to help us achieve our net zero targets. We will ensure that the key aims of our Climate Strategy and Net Zero targets are embedded within our Social Value Charter.

A mechanism will be developed for the decarbonisation of the Council's procured services by 2030 (in line with Merton's Climate Strategy & Action Plan (2020) and annual Climate Delivery Plans). This will include baselining and monitoring Merton's existing supply chain emissions, identifying opportunities to reduce carbon emissions from existing contracts, and working with colleagues to adapt Merton's approach to procurement to embed carbon reduction and monitoring in all new contracts.

Priority: Contract Management

We will introduce a classification system to our contracts based on risk, value, and complexity to be able to proportionately manage contracts as well as report on them.

The new Procurement Act will require us to publish KPIs (key performance indicators) and annual supplier performance for all our contracts valued over £5 million.

We have updated our contract management toolkit and provide up-to-date and relevant training to empower contract managers to improve how we manage existing key suppliers delivering key services.

We will support commissioners and contract managers across the council in engaging with service providers to understand and reduce the Council's supply chain (Scope 3) emissions. We will work with new and existing suppliers and their contract managers to facilitate action plans for continuous carbon reduction throughout the lifespan of contracts. We will encourage the baselining and reporting of direct carbon emissions associated with Merton's procured services to include in Merton's Greenhouse Gas Inventory; this will include establishing an approach and templates for baselining and monitoring carbon emissions for all contracts.

We will aim to get as many of our strategic contract managers trained via the Government accredited Contract Management Capability Programme (CMCP) for public sector contract managers, within the next two years subject to funding approval from Local Partnerships.

Ensuring the principles we set out in our procurement of third-party suppliers is maintained throughout the life of our contracts is paramount to our success. Our Contract Managers will be trained and equipped to ensure our suppliers continue to abide by their commitments to pay their employees the Real Living Wage, prevent and identify Modern Slavery within their supply chains, ensure the delivery of social value commitments, hold suppliers accountable to carbon reduction initiatives and help support diversity within our supply chain.

Priority: Our Local Environment

Procuring the right partners to look after our local environment whether that's streets or parks is vital to the work of a local authority. Embedding our climate ambitions within the procurement of such services is therefore essential, as will be looking at alternative delivery models for providers that look after our parks and green spaces.

Our social value measures for future contracts will look at ways our suppliers can help improve our borough's air quality and reduce carbon emissions, encourage biodiversity in our borough and help inspire and educate our residents and businesses on becoming a net zero borough.

Priority: Local Health Services

We work closely with local health organisations such as GP practices, pharmacies, and the local ICB (Integrated Care Board) to improve health services for our residents and in our commissioning of health care services.

We have already utilised the positive procurement regulation changes that have been introduced by the Provider Selection Regime (PSR), allowing us to improve public health and social care commissioning by continuing to work with good quality suppliers who deliver good quality of care, are collaborative, provide good value for money, help

us tackle health inequalities, facilitate patient choice, and deliver social value. We will update our Social Value Charter to include social value measures to improve healthier lifestyle choices and eradicate food poverty for our residents.

We will continue to review our health care and public health commissioning to make the most of the PSR and encourage more collaborative approaches with our neighbouring boroughs to encourage more patient choice and drive better value for money.

Creating a Borough of Sport

Priority: Active Lifestyles and Equal Access to Sport

We will include the ambition of increasing access and availability to sport and local facilities for young people within our social value requirements. We will request bidders and future suppliers to help encourage more 4-16-year-olds and over-65's in Merton towards a more active lifestyle particularly in contracts where suppliers are providing housing services, care services and services for children and young people and health and/or care services for over-65s.

We will ensure we provide healthy food choices for our residents those in buildings that we manage and in events that we organise and set clear expectations as part of the procurement process of healthier food provisions especially from partners who provide health services. We will embed new measure to tackle food poverty for our residents via our Social Value Charter.

Priority: Investment in Infrastructure and Sporting Activities

We will encourage our suppliers and partners to support the Council in providing more and improved facilities and grounds for sport and leisure and help us to reach out to residents especially those who may be harder to reach or socially excluded from sporting opportunities and facilities available across the borough. The way we procure providers and partnerships with providers in this area is becoming a higher priority but there will be opportunities to grow this within our social value measures as well.

Priority: Local Events

We will ensure that sourcing for Council organised events is done sustainably and responsibly and to meet the requirements of our Carbon Strategy and Net Zero targets, this includes for concession stands and vendors at our events as well as any consumables, catering, facilities, and equipment we commission and provide. The procurement of any catering concessions will include mandatory sign up to the Healthy Catering Commitment. We will embed measures to encourage climate friendly food choices by sourcing locally where possible and embedding measures to reduce food waste and deal with such waste sustainably avoiding landfill disposal at all costs.

An annual events planner will be shared with our existing suppliers who are encouraged to support our local hosted events, with an emphasis on increasing awareness and access to sport and leisure events.

Commercial Strengths

‘Trust and Integrity’

- We implement stringent supplier selection processes to ensure transparency and ethical business practices, aligning with the national drive for accountability in public procurement.
- We foster open communication channels with suppliers, promoting trust through fair and transparent communication and dealings.
- We support and empower responsible officers to be confident in procurement and contract management by providing specific training on various aspects of the procurement lifecycle, facilitate forums for a network of commissioners and contract managers to share best practice and demonstrate commitments to ethical procurement practices.

‘Inclusion and Collaboration’

- We will actively promote diversity and inclusion in procurement practices and work towards setting ambitious targets for engaging with suppliers from underrepresented groups.
- We will also embed requirements to obtain quotes from at least one local supplier/SME for all competitive tenders below £170,000.
- We will continue to collaborate with our neighbouring boroughs to pool resources, share best practices, and create joint procurement opportunities, in-line with the Government's emphasis on collaborative procurement approaches.

‘Creativity’

- We will consider the use of an “innovation incentive” to encourage suppliers to propose creative solutions, aligning with the UK Government's encouragement of innovative procurement practices. This may or may not be through financial means but also making use of our in-house specialists and experts to research and test innovative ideas and practices, explore partnerships with universities and research institutions to help us integrate innovative technologies and practices into procurement processes.
- We will re-launch ‘make or buy reviews’ as Gateway 0s (Options Appraisal) to encourage officers to think creatively about service delivery and outsourcing vs. Insourcing. We will do this via our existing forums and groups and encourage a safe space for ideas and proposals to be peer reviewed and critiqued to drive innovation and value for money. All contracts valued over £3m must conduct a Gateway 0 and we will plan this in with contract managers accordingly using the

procurement pipeline to ensure we build in the requisite time to conduct this and consider it without haste.

‘Pride’

- We will review the merits of a 'Buy Local' initiative for our lower value contract opportunities, to prioritise suppliers based in or connected to Merton, contributing to the local economy, and reinforcing community pride.
- We will highlight successful local collaborations through our social media pages, highlighting the positive impact of borough-driven procurement initiatives and will produce a Social Value Impact Report by the end of 2025/26.

Commercial Vulnerabilities

Limited Resources

- We will conduct a thorough business process mapping exercise for commissioning lifecycle in 2025/26 using the Local Partnerships model, to identify areas of inefficiency, duplication, bottlenecks and excessive bureaucracy, allowing for targeted resource optimisation.
- We will proactively explore opportunities for joint commissioning opportunities with neighbouring boroughs when the Government's Central Digital Platform is launched, pool resources and enhance procurement capabilities collectively and hosting collective 'meet the buyer' events across the South London Partnership boroughs.

Dependency on Few Suppliers

- We will establish a 'Supplier Risk Management Framework' to regularly assess and mitigate risks associated with key suppliers.
- We will encourage innovation among existing suppliers by offering incentives for commercialisation, diversification and expanding their service offerings.
- We will embed a new Contract Management approach within the Council to ensure all our contract managers and commissioners can manage suppliers and providers with confidence and assurance.

Future Opportunities

National Procurement Policy Alignment & Public Procurement Changes

Following a review of commercial capability at Merton, we have resources to monitor changes in national procurement policies and legislative changes in public procurement to ensure swift and accurate alignment of local practices. We will build on this by ensuring we participate actively in national and regional procurement forums and working groups to stay informed about emerging trends and contribute to the development of future policies.

The National Procurement Policy Statement (NPPS) is an important part of public procurement policy and requirements to have regards to the Statement are embedded in the Procurement Act. We have a duty to consider how our procurement projects can contribute to achieving one or more of the policy objectives stated in the NPPS in a manner that is appropriate, proportionate and relevant and demonstrate taking steps to address this where possible. Once this is issued by the Government in 2025, we will adopt this into our procurement strategies by reflecting which NPPS policy objectives each procurement over £3m can contribute to, how this will be addressed, explain why any disregarded policies are irrelevant, inappropriate or would be disproportionate to consider. This is in addition to the objectives of the Procurement Act.

Technology Integration

The Procurement Act and the implementation of the Government's refreshed online procurement platform (Find a Tender Service) will allow for greater integration between our own e-procurement portal that will push data into the platform available for public view. It will also allow us to demonstrate our prompt payment processes and measure our success against this.

We have started using online market intelligence tools to help us with for demand forecasting, category intelligence and market analysis to inform procurement strategies in advance of deciding routes to market.

We will explore the opportunities that AI (Artificial Intelligence) presents to public sector procurement within the guidance of the PPN on Improving Transparency of AI use in Procurement and the Guidelines for AI Procurement as set out by the Department of Science, Innovation and Technology.

Potential Threats

As is the case across the local government sector, we have vulnerabilities that can be a threat to our finances and to our operations. These include:

- the fluctuating rate of inflation and the impact it has had on our inflation-exposed contracts and maintenance contracts;
- the unpredictability in energy prices and the impact on maintaining our estate and providing services that utilise a lot of energy;
- the threats in cyber security and the more frequent occurrence of local authorities being maliciously hacked for data or inaccessibility;
- the risk of supplier collusion in increasingly costly or exploited markets;
- ensuring we comply with new legislation that is a shift from our previous obligations;
- the wider recruitment challenges faced by public sector;
- ensuring our officers have the right skills and time for development and training with the commencement of the Procurement Act.

To mitigate these, we will provide an ambitious training programme for officers and elected members, ensuring a thorough understanding of evolving legal requirements and responsibilities at different levels.

We will work with Finance colleagues to consider establishing a financial reserve specifically designated for procurement contingencies, providing a safety net during periods of economic instability.

We will ensure all contracts are tiered on a risk-based approach and we will ensure a risk analysis is done on every contract above £3 million.

Market Changes & Economic Uncertainty

There are market trends that as a local authority we are unprepared for in certain categories due to some of the impact of the above and as a political organisation.

The impact of socio-economic issues such as the rise in cost of living, energy prices, geo-political issues such as global conflict and Brexit, have huge impacts on local authorities who in response provide cost of living support, household energy support and refugee support. All these have impacted Merton Council too and in turn our procurement spending power and strategies.

We must be honest about what we can achieve to help build a more positive borough and community, whilst balancing the unprecedented financial demands facing local authorities. This means investing our time and resources into strategies and policies that can foster a better local economy and better public service for our residents and businesses.

Monitoring & Accountability

As set out in our Contract Standing Orders and in our Council values, transparency and integrity are key to ensuring our stakeholders can monitor what we are doing, how we are spending their money and being able to hold us to account for our decisions.

We will ensure we publish procurement project pipelines, strategies, activities, and decisions in a timely and accessible manner. These will be available on the Council's website as well as the Government refreshed Find a Tender Service in-line with our requirements as a contracting authority under the Procurement Act.

We will monitor our successes in commissioning and procurement by publishing procurement spend data, savings and values gained through procurement, recording and applying successes and lessons learnt. We will establish new corporate KPIs for procurement to monitor our progress.

This Strategy will be reviewed again in 2026, and an updated version will be published by the end of the financial year 2026/27.

For any further information or questions with regards to this Strategy, please email: commercial.services@merton.gov.uk