AUDIT AND GOVERNANCE COMMITTEE

16 September 2026

UPDATE ON THE IMPLEMENTATION OF THE COUNCIL'S COMMERCIAL STRATEGY

Report by the Director of Financial and Commercial Services

RECOMMENDATION

The Audit and Governance Committee is recommended to NOTE the actions taken by officers to ensure value for money is achieved through third party contracts.

Executive Summary

1. In response to a request from the Audit and Governance Committee, this paper sets out how the council ensures value for money is achieved on behalf of residents and communities.

Definition of "Value for Money"

2. In securing third party agreements, the council is legally obliged to secure best value on behalf of the residents and communities of Oxfordshire as a whole county. One of the key pieces of legislation is the Procurement Act 2023 (PA23) which sets out the process that all contracting authorities must follow when spending material sums of public money.

3. Under PA23, there is no prescribed definition of "value for money". The legislation intentionally changed the contract award principles from the previous regulations which were the "Most Economically Advantageous Tender" to the current "Most Advantageous Tender". This switch allowed contracting authorities greater flexibility to define value on a local level taking into consideration a wider range of factors.

4. The same principles of a flexible definition of value are applied across the council's third-party agreements covering; procurements, income generation, investments, and grants.

5. The Commercial & Procurement service was designed to deliver across three pillars of value:

   (a) Value Creation – through the negotiation of agreements that positively contribute to the council's goals;

(b) Value Protection – through effective management of commercial risks and professionalising our contract management capabilities to ensure we receive the value we anticipate from our agreements; and

(c) Value Assurance – through acting as expert commercial advisers to stakeholders, disseminating best practice, and collaborating with external parties.

Value Creation

6. The council determines value for money through our procurements by setting clear evaluation criteria that balance elements of quality, social value, and price. The respective weighting of quality and price can vary from one tender to another to reflect specific requirements. For example, in contexts where the council is buying standardised goods and services from a competitive market, the quality of provision is likely to be less of a differentiator and so the quality criteria are down weighted in favour of a greater emphasis on price. The reverse is also true where there is a large degree of variation in how a good or service may be delivered.

7. Similar principles are applied to other forms of third-party agreements. Investments and income generation opportunities will be assessed based on a wider potential impact for communities or local areas. The recent investment in the Castle Quarter site in Oxford is a good example of an investment case that is primarily driven by the opportunity for positive redevelopment of the Western approach to the city centre with sustainable income generation a necessary but lower priority.

8. In the case of grants, the council will assess the appropriateness of grants as a form of funding against subsidy control criteria. If this assessment deems that a grant is the preferred route to fund a third-party, the primary focus will be on the potential / planned impact of providing the funding, with the cost consideration being on affordability rather than minimising the absolute investment.

Value Protection

9. The council seeks to identify, manage, and mitigate commercial risks through a range of mechanisms. Key commercial risks are identified as part of the options analysis / commercial strategy stage of planning. These will then be prioritised and management or mitigation actions planned where necessary to bring them back within our risk appetite. These will then be monitored throughout the project through to contract award, and any that are applicable will form the first risk register as part of the contract management plan as the new contract hands over into operation.

10. Commercial considerations also play a part in wider strategic risk management for the council. For example, the Commercial & Procurement service have contributed their knowledge on supply chain management and trends in commodities to contribute to thinking on a strategic risk of disruption to food

supply chains. This risk could materially impact the provision of school meals and wider Public Health activities to encourage healthier eating. The contribution has helped to shape the council's understanding of the risk and the likely short and medium-term manifestations that would require the council to react.

11. The council has also implemented a centre-led contract management model as part of the Commercial & Procurement service redesign that went live in December 2025. This model includes a central team located within the Commercial & Procurement service. They set the standard for good contract management at the council and act as an escalation point for the community of contract management professionals located in services across the council. They supplement this support with tools, training, guidance, and facilitate a network of contract managers to share experience and best practice. This team is complemented with a central team who provide hands-on contract management for the council's Platinum agreements – the highest value, most complex, and greatest risk.

Value Assurance

12. Following the Commercial & Procurement service redesign in 2025, the service now has three Strategic Commercial Partners that work with a designated portfolio of Directors and act as their senior commercial advisers. They will build a pipeline of work, provide constructive challenge as part of options analysis for any material project, and seek to balance the council's competing demands for quality services, affordability, and timely delivery.

13. Working with the Head of Commercial & Procurement, the Strategic Commercial Partners also explore novel commercial opportunities with stakeholders. Recent examples include;

    (a) Working with the Digital Infrastructure team to commercialise the 5G Mobile Private Network schemes at Harwell and for East / West Rail, and
    (b) Exploring advertising and sponsorship opportunities to utilise the council's existing assets on a more commercial basis.

14. The council is also developing a new "commercial curriculum". The intent is for a curated development resource to be available for key audiences. This will support the upskilling of colleagues to develop a council-wide commerciality that will influence all decision-making. The curriculum will also include a supplier proposition to support particularly Small and Medium Enterprises (SME) and Voluntary, Community, and Social Enterprises (VCSE) organisations to develop key skills that will support them in developing stronger bids in future tenders and will have transferrable elements to support them bidding for work with a variety of different potential customers.

Corporate Policies and Priorities

15. This work is undertaken as part of the delivery of the council's Commercial Strategy approved by Cabinet in March 2024. It also links to the council's Ethical Procurement Policy and Social Value Policy, approved by Cabinet in September 2025 and March 2026 respectively.

16. The flexible definition of "value for money" enables delivery of the council's Greener, Fairer, Healthier priorities while supporting responsible fiscal behaviours.

Financial Implications

17. This paper does not have any direct financial implications. The resources associated with the delivery where budgeted and form part of the base budget 2026/27. Projects are assessed on an individual basis, and if additional resource is required will follow standard route of approval.

Legal Implications

18. Under the Local Government Act 1999, UK local authorities are subject to the best value duty. This requires that authorities secure continuous improvement in the exercise of their functions, balancing economy, efficiency and effectiveness. The procurement and subsequent management of contracts for goods, works and services is an important activity that the council undertakes to secure value for money across its services.
19. Section 12 of the Procurement Act 2023 requires that when carrying out a covered procurement, a contracting authority must have regard to the importance of value for money as well as other objectives such as maximising public benefit.
20. The requirement for value for money is also embedded in the council's constitution through its Financial Procedure Rules & Regulations, Contract Procedure Rules and corporate governance framework.

Equality & Inclusion Implications

21. There are no equality & inclusion implications of this update paper. The flexible approach to defining value allows for community and resident needs to be factored into decisions where appropriate.

Local Government Reorganisation Implications

22. While all current authorities across the Oxfordshire / West Berkshire footprint operate under the same legislation, the flexibility of the legal definitions of value allow for each of the current authorities to interpret "value for money" in a unique way.

23. The simplest difference is the geographic boundaries that are considered. While the council must consider the implications for all residents of the county, the District Councils and West Berkshire District Council are obliged to consider only the benefits to their local residents.

24. More complex differences manifest from the political and official leadership of the authorities and how they set priorities. They can also be influenced by the financial status of the authority which can force an authority to apply a more rigid financial definition of value.

25. As part of the transition planning for LGR, the Value Assurance role of the council's Commercial & Procurement service will be seeking to positively influence peers across the system to embrace a wider definition of value. This will manifest through work to align operational processes, templates, and guidance pre-vesting day, and in the proposals that are made for the future Unitary Authorities to adopt into their constitutions and policies.

Sustainability Implications

26. There are no sustainability implications of this update paper. The flexible approach to defining value allows for sustainability considerations to be factored into decisions where appropriate.

Risk Management

27. In applying a broad definition of value for money, there is a risk that decisions may be perceived as placing insufficient emphasis on lowest cost or immediate financial savings. This risk is particularly relevant where wider benefits such as quality, social value, sustainability, resilience or longer-term outcomes are considered alongside price. The risk is managed through clear governance, documented options appraisal, agreed evaluation criteria, transparent decision-making and appropriate communication about the factors considered in reaching decisions.

Consultations

28. Not applicable

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Annex:	Commercial Strategy
Background papers:	Nil
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