

Commercial Strategy 2023-2027



Ealing

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**CREATING
GOOD JOBS**



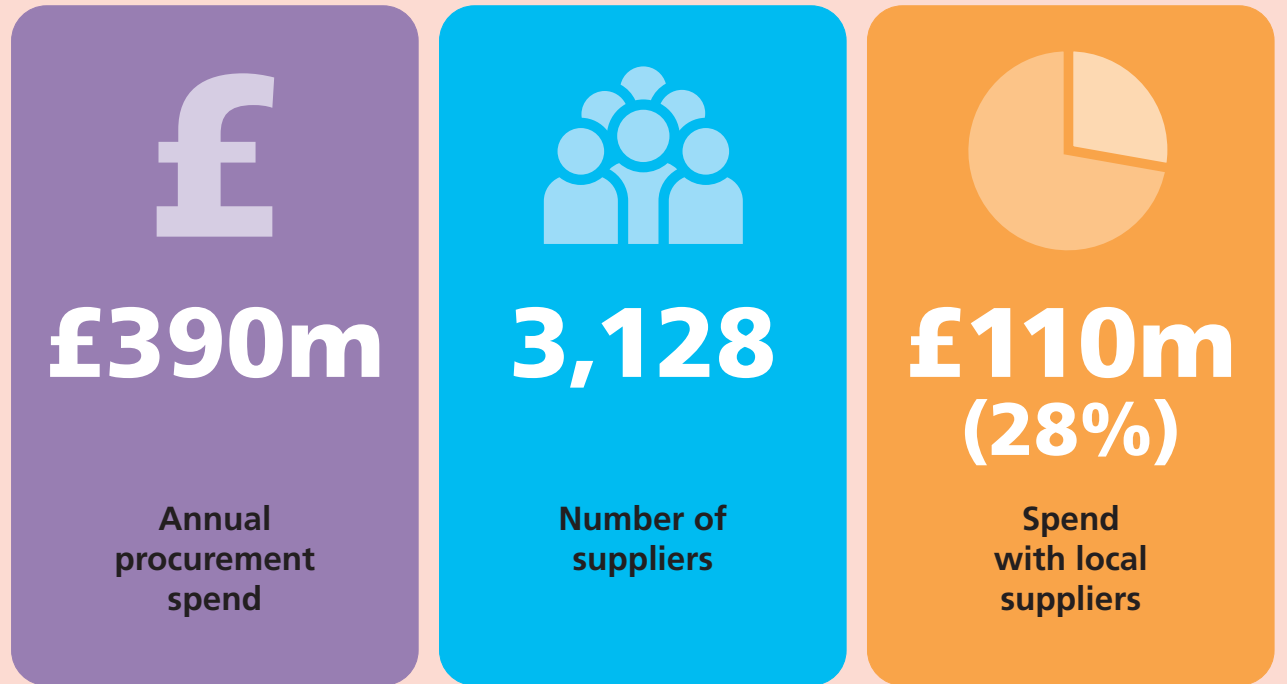
**TACKLING
THE CLIMATE CRISIS**



**FIGHTING
INEQUALITY**

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Procurement spend highlights



Like most local authorities, Ealing Council needs to make savings against its annual spend to ensure that we can balance our budget and secure financial resilience. Energy costs are spiralling, interest rates are increasing, and general inflation has been climbing at a rate not seen for a quarter of a century, all whilst demand for council services continues to rise. All of this means that the need for us to make the best use of our resources will remain a key focus for the council: we will have to maximise the value of every penny we spend.

To do this and to avoid cutting essential council services or lowering our expectations and ambitions to deliver social and economic improvements, alternative solutions must be found. One key strand of the council's response to this challenge is to engender a more commercial approach, grounded in strong public service values.

Through our accreditation to Living Wage Foundation, we have continued to champion the payment of Real Living Wage (formerly known as London Living Wage) in our contracts and made significant financial investment in 2023 to ensure key sectors of our social care contractors can pay the Real Living Wage to their employees. To help raise living standards, to recognise good employers and to encourage more local businesses become a Living Wage Employer, we introduced our Living Wage business rate discount campaign to cover the registration fees.

Our Social Value Policy launched in February 2022 is already securing tangible benefits for the borough's residents and businesses alike. A summary of the social value benefits we have secured through our contract is presented in the graphic below.

This strategy builds on these achievements so that we may provide the services the council needs to deliver in a more effective and commercial manner, using our buying power to deliver on a wide range of socio-economic aims.

The council's commercial and procurement activities will play an important part in the delivery of the three primary objectives laid down in the Council Plan, namely: creating good jobs, tackling the climate crisis, and fighting inequality.

Invoking any one strategic approach will not provide the momentum we require to achieve these aims in times of austerity, a range of solutions will be needed. This strategy will define how the achievement of each of these objectives is supported through the council's commercial activities.



Councillor Steve Donnelly, cabinet member for inclusive economy

Summary of social value benefits

Apprenticeships for borough residents

£652,470

Based on Ealing Councils Apprentice Salary guide of £21,749 for a 12-month placement



Supply chain opportunities for local suppliers

£5.61m

Mentoring/support local suppliers or local third sector organisations

**98
DAYS**



Career events at our Schools to educate and help improve inequalities

31 events

Voluntary time to maintain green spaces

**40
HOURS**

Wellbeing assistance support services



100 Care Leavers

Paid work experience placements

£37,642

Based on Real Living Wage of £896.25 for a 2-week placement

Summary of social value benefits secured at the end of the first year of implementing our social value policy

Ealing Commercial Strategy sets out our vision and ambition for achieving greater commercial, social, and economic value from our commissioning, procurement, and contracting activities. Based on a framework of four core imperatives, our commercial strategy sets out our ambition to explore innovative commercial contracting models, develop collaborative partnerships and work with the community and voluntary sector to drive positive change for our residents, businesses, and wider stakeholders.

Our Commercial Strategy is structured around four key themes.

- 1 **Commercial innovation**
- 2 **Collaborative social value**
- 3 **Considerate and conscious sourcing**
- 4 **Capacity and capability**

Commercial innovation is showing its potential in the development of creative procurement strategies and the tools to maximise value in securing services. Consideration of ‘make or buy’ is a key element of the options appraisals undertaken at the start of any tendering process in line with the Council Plan commitment to a Public Service Guarantee. Building on our track record of leading collaborative procurements and innovative procurement techniques, we will use our spending power to seek out new and improved commercial contracting models that support local economies and avoid wasteful outsourcing of vital public services – we will seek to bring more public services back under local authority control for the benefit of residents, delivering genuine value for taxpayers’ money.

Collaborative social value is proving to be a successful undertaking in Ealing with benefits being delivered widely across the council. We will strive to work in collaboration with internal and external partners to create a dynamic, streamlined, and targeted approach to delivering social value benefits to our residents and local communities. We will use our spending power to support our local economy, buying from local small and medium sized businesses.

Considerate and conscious sourcing will be a strong theme in all procurement activities to ensure appropriate consideration and assessment of our commitment to improving living wage standards and ensuring the fair treatment of labour across our contracts. We will work to ensure effective management and contractor performance is reported to encourage suppliers to meet better and better standards of environmental responsibility and promote diversity and equality.

Capacity and capability of the commercial hub will be developed to meet the challenges of continuing to deliver greater value and responding to changes in markets and procurement legislation. In turn, the commercial hub will strive to develop the skills and capability of officers across the council responsible for commissioning, procuring, and managing our council contracts. All of this will ensure that the effectiveness of all our contracts is maximised, and all contracted benefits realised.

Introduction



Ealing Council spends over £390 million each year on third party services and contracts. This strategy aims to leverage the council's commercial and contracting relationships to deliver wider social and economic benefits to stimulate the realisation of the council's three primary objectives, namely creating good jobs, tackling the climate crisis, and fighting inequality.

Record annual inflation figures have put severe upward pressure on this figure and further challenge the council's ability to meet the demands of delivering its priorities and providing essential services. Procurement and contract management together provide the conduit for the delivery of the majority of the council's services and thereby its policy objectives. The commercial hub is the centre of excellence for procurement in the council and is responsible for ensuring that all procurement activity is compliant with council procedure rules and national legislation and that it secures best value for the council and its residents.

The government has published its 2022 National Procurement Policy Statement and the Procurement Bill is currently going through Parliament, leading to legislation that will establish the new UK Procurement Rules.

These rules will replace the EU legislation that we are currently working to and have got to know so well.

Both of these government initiatives bring in significant changes from their predecessors and meeting the new requirements will require application by all those involved. The Council Contract Procedure Rules (CPRs) have recently been updated to reflect current best practice and will require further amendment when the Procurement Act finally secures Royal Assent. The commercial hub will have to be at the forefront of the adoption of the new practices that will ensue, as well as leading on ensuring that procurement activities support the drive to achieve the desired outcomes.

The National Procurement Policy Statement requires authorities to ensure that their procurement function is adequately skilled and resourced. The changes in legislative and statutory demands will render this requirement even more relevant in the years to come.

**Delivering our
outcomes**



1 Commercial innovation

Financial pressure on local authorities shows no sign of abating, due to the pressure of increases in demand, the complexity of that demand and market forces fuelled by record levels of inflation. For this reason, it is appropriate for the council to take a more commercial approach to its procurement and contract management.

A purely commercial solution would normally, in the first instance, be to generate more income. As a local authority, the opportunities for this are extremely limited. Instead, commercial acumen takes us down different paths to address budgetary pressures. In turn, this means the culture and working practices within the council's procurement and contracting activities need to be refreshed with the innovative approach this Commercial Strategy advocates.

Delivery

- 1 Contract expenditure needs to be controlled. Off-contract spend must be reduced, accompanied by the aggregation of multiple smaller purchases into larger or manageable contracting models.
- 2 Digital self-service tools and processes will be introduced to provide central intelligence of our contract expenditure and a self-service experience to managing our commercial relationships.
- 3 Make or Buy will be a key consideration in all retendering strategies to deliver the Council Plan Public Service Guarantee.
- 4 The scope of contracts and specifications will be challenged. Current pressures dictate the delivery of services ensuring a focus on the outcomes required rather than the inputs.
- 5 Income-generation will be a strategy consideration in all proposed contracts.
- 6 Better forward planning will be instigated to reduce the number of unbeneficial contract extensions and direct awards and to facilitate cross-council opportunities.
- 7 A wider range of tendering processes will be considered, with a view to encouraging lower cost bids.
- 8 Greater collaboration with the WLA will be engendered to increase leverage and make gains on the basis of economies of scale.

2 Collaborative social value

Building on the success of implementing our social value policy, our focus will shift towards developing a dynamic, streamlined, and targeted solution to the delivery of social benefits to our local communities, delivering social value where it is most needed and where it can make the biggest impact.

We will undertake a review of existing council services with a view to integrating the delivery of benefits with minimal resource effort to the council. Social value will play a larger role in contract management and become a regular item on the agenda for contract progress meetings.

The council advocates greater use of its small and local suppliers, supporting Ealing's local economy. Figures show that local small and medium sized enterprises (SMEs) currently make up approximately 28% of our supplier list: this can be improved. The council has held and supported local 'Meet the Buyer' events and has forged links with West London Chambers (WLC) but there is much more that can – and will – be done.

The Request for Quotation methodology has been streamlined and simplified, but more will be done to make the bidding process simpler for smaller organisations and support council services in buying from available local suppliers.

It is recognised that the capability of local companies to become council suppliers depends on a combination of opportunity and commercial acumen. The main thrust of this part of the Commercial Strategy will therefore combine the development of these two contributing factors.

Delivery

- 1** The council will further develop its links with Anchor Institutions and the Voluntary Community Sector to work on outreach support for local SMEs including, development of an online local supplier registry.
- 2** The social value commitments on larger businesses to support Ealing SMEs will be enhanced to include an increased use of local suppliers, facilitated in part by Meet the Buyer days for local SMEs and management mentorships, designed to develop SMEs' commercial acumen.
- 3** On-line training and guidance for SMEs on bidding and then working with the council will be improved and extended.
- 4** An on-line Request for Quotation portal for SMEs will be developed, making bidding for work with the council available to a wider commercial audience and more transparent.
- 5** The council will increase its outreach and support to the Voluntary and Community Sector (VCS) to encourage and support its endeavours to provide services to the council.
- 6** Alternative approaches to the delivery of social value benefits will be explored to maximise benefits for our local communities and residents.

3 Considerate and conscious sourcing

It is beholden upon all public bodies to do as much as possible in all their endeavours to protect the planet and the environment and to promote diversity and equalities. Ealing is particularly proud of its achievements in this respect to date, in particular the council's social value commitments. These are consistently targeted at the market that might be bidding, ensuring that commitments are within the bidders' capacity to deliver and best meet the needs of the local community. The council has firm plans to improve and increase its stand on this principle.

The council is committed to progress its ambition in commissioning and co-designing services to meet the needs of its diverse communities. Building on the commitments of the Race Equality Commission report, we will investigate ways to improve supply chain diversity across council contracts to improve economic impact and empowerment in underrepresented communities.

The council has firm plans to improve and increase its stand on Carbon Reduction through its Climate and Ecological Emergency Strategy (CEES) of 2021, which advocates a target of being carbon neutral as a borough and an organisation by 2030. A key driver of the policy is the reduction of carbon and the improvement of air quality through intelligent procurement practice, particularly in the area of construction.

Delivery

- 1 The council's social value commitments include a major emphasis on carbon reduction.
- 2 Carbon reduction will be considered earlier as part of our forward planning and early market engagements and where appropriate will form part of core contract specification, for example:
 - Low and zero-carbon construction materials such as concrete, tarmac
 - Recycled and recyclable materials in construction and maintenance, minimising waste on site
 - Minimising the carbon footprint on all materials delivery logistics, including a requirement that all vehicles meet the FORS bronze standard as a minimum
- 3 Whole Life Costing will be developed to reduce waste at the end-of-life stage of council assets.
- 4 The council will require works contractors to be registered on the Considerate Constructors Scheme.
- 5 Supplier relationship management will be employed to encourage existing suppliers to improve their environmental credentials on council contracts.
- 6 Procurement training modules will emphasise the use of pre-tender assessments to "look at the impact of proposals" on a range of areas including environment, equalities and local economies.

4 Capacity and capability

The council needs to adopt a more dynamic stance in its marketplace if the full potential of its service providers is to be realised. This approach must be evidenced at both the procurement and contract management stages of the contracting process and the National Procurement Strategy Statement advocates this:

“Contracting authorities should act to ensure their procurement and commercial teams have the right capability and capacity to deliver the priorities in this National Procurement Policy Statement.”

This will require continued enhancement of skills which will be addressed as part of this strategy.

Delivery

- 1 The council will review its resources in terms of technology, skills, and capacity.
- 2 Departmental procurement pipelines will be developed to better inform planning and use of resources.
- 3 Personal development plans will ensure that all commercial hub members have the skills and knowledge required to meet the demands put upon them and to support the maximisation of value in the council's contract.
- 4 The council will review its contract management toolkit to ensure that contract managers have the necessary level of support and resources available to them.
- 5 Contract management training will be made available for all officers who have contract management responsibilities and will be compulsory for all contract managers who have responsibility for Tier 1 and Tier 2-level contracts.
- 6 Supplier relationship management will be developed to maximise the benefits of council contracts to the Council and suppliers alike.
- 7 More mid-term contract progress reports shall be required to ensure that the council's contract are being effectively managed.
- 8 Contract manager responsibilities shall include the tracking and monitoring of the delivery of social value commitments.

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