



Dorset
Council

Track change version

Commercial Strategy – Commissioning and Procurement

Commented [DA1]: Rename: Previous “Corporate Procurement Strategy” – need more emphasis on commercial and commissioning hence the name change

The mechanism to ensure that the commercial approach to commissioning and procurement takes place in accordance with the Council’s strategic aims, that it is effective and delivers best value to residents

This Strategy shall underpin Dorset Council’s commissioning and procurement activities as it moves through a programme of transformation and will be subject to review to ensure that it continues to reflect the needs and aspirations of the Council

DRAFT v6 – 21 07 21 March v14

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Introduction

As with all bodies in the public sector, Dorset Council is publicly accountable for how it manages its budget.

It is estimated that 51% of the Council's annual budget will be spent on buying external goods, services and works. Spend ranging from Stationery to ICT Infrastructure (Corporate); Speech Therapy to Residential Placements (People – Children); Adult Day Services to Residential Care (People – Adults); School Transport to Surface Dressing (Place); School Nursing to Drug and Alcohol Treatment Services (Public Health Dorset).

The effective commissioning and procurement of these and other future requirements is crucial in the light of ever challenging budget reductions. In this context, delivery of the Council's ambitions requires resourcefulness, being more commercially minded and more business-like in the approach, and procurement can make a major contribution. Decisions need to take account, as appropriate, of quality and all the costs that will be incurred by the Council throughout the life of a contract period, or asset, not simply the initial price. Commercial approach to commissioning and procurement can make a major contribution.

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This Commercial/Corporate Procurement Strategy is the mechanism to ensure that commissioning and procurement takes place in accordance with the Council's strategic aims, is effective and delivers best value to residents of the Council's local authority area. It supports the focus of the Corporate Plan of Dorset Council to make Dorset a great place to live, work and visit, priorities being:

- Economic Growth
- Unique Environment
- Suitable Housing
- Strong, Healthy Communities
- Staying Safe and Well

As with other local authorities, Dorset Council's future looks set to be increasingly dependent to the success of its local economy therefore there is a need to understand the impact of spending decisions to the local tax base and ways to retain the Dorset Pound within that economy. For the purpose of this Strategy, the definition of "Local" means the postcodes of the authority area of Dorset Council and shall apply equally to residents, service users and suppliers.

Through commissioning and procurement activity the Council's goal is to achieve long-term sustainable commercial success with the ambition to help deliver benefits to communities through specifying additional social value, engaging with local suppliers and voluntary sector groups to maximise the "Dorset Pound". By the utilisation of social value criteria, the Council can also maximise the social, environmental and economic impact, as being more commercial of procurement, as procurement is so much more than purchasing of goods, services or works.

What is 'Procurement'?

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Statement

Delivering value for money is key to what ~~commercial procurement~~ activity does.

This ~~Commercial Corporate Procurement Strategy – Commissioning~~, identifies and describes the Council's ~~commercial principles procurement objectives under five key themes~~, with explained key ~~objectives actions~~ to deliver the ambition

It applies to all ~~commissioning and~~ procurement activity of Dorset Council.

It is recognised that the context in which the Council operates will continue to evolve, both locally and nationally. Therefore, this strategy will be updated and refreshed as necessary to ensure that it reflects the continued ambition to ~~have a commercial approach to achieve innovative commissioning and procurement that is innovative, efficient and effective, and commercial activity.~~

This strategy is subordinate to the Council's Constitution including Contract Procedure Rules and is complemented by the following corporate guides:

- Contract Management Procedure Guide
- Guide to Managing Contract Criticality

Public Procurement Reforms

The consultation on a Green Paper on Procurement Reform closed in March 2021 and it is anticipated a new Procurement Bill will be introduced to Parliament at some point from September 2021. The purpose of the Bill is to streamline and simplify public sector procurement regulations, which currently mirror EU rules. Making new UK procurement rules that are more modern and flexible, with more focus on wider society benefit and community economic growth.

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It involves replacing the four different regulations covering public contracts, utilities, defence and concessions with a 'single uniform framework'. There are also plans to replace the seven current different procurement procedures with three procedures only.

This Strategy may be subject to revision depending on the outcome of the Public Procurement Reforms.

National Procurement Policy Statement (NPPS)

This Government Statement states to contracting authorities that public procurement should be leveraged to support priority national and local outcomes for public benefit. The Statement sets out the national priorities that all contracting authorities should have regard to their procurement where it is relevant to the subject matter of the contract and it is proportionate to do so. It states that contracting authorities should consider the following national priority outcomes alongside any additional local priorities

- Creating new businesses, new jobs and new skills
 - increasing opportunities for entrepreneurship and helping new and/or small businesses to grow, supporting higher economic growth and greater business creation;

- increasing employment opportunities particularly for those who face high barriers to employment or who are located in disadvantaged areas;
- extending training opportunities, particularly for people in industries with known skills shortages or in high growth sectors.
- Tackling climate change and reducing waste
 - contributing to the UK Government's legally-binding target to reduce greenhouse gas emissions to net zero by 2050;
 - reducing waste, improving resource efficiency and contributing to the move towards a circular economy;
 - identifying and prioritising opportunities in sustainable procurement to deliver additional environmental benefits, for example enhanced biodiversity, through the delivery of the contract.
- Improving supplier diversity, innovation and resilience
 - creating a more diverse supply chain to deliver the contract, which will better support start-ups, small and medium-sized businesses and VCSEs in doing business on public sector contracts;
 - increasing innovation and the use of disruptive technologies and business models throughout the supply chain, to deliver lower cost and/or higher quality goods and services, and encourage the wider adoption of innovation;
 - contributing to the development of scalable and future-proofed new methods to modernise delivery and increase productivity.

This Commercial Strategy compliments and supports the National Procurement Policy Statement.

<https://www.gov.uk/government/publications/procurement-policy-note-0521-national-procurement-policy-statement>

Corporate Approach

In delivering value means to ensure that commercial arrangements and contracts awarded by the Council provide great value for money, and that spend is used to deliver social value to residents and take opportunities for added value. The corporate approach is to provide a central team of procurement professionals within the Commercial and Procurement service, based on a Business Partner Model, that will support business areas of the Council by:

- Supporting business areas by Providing professional advice and insight on markets, suppliers and commercial options to support service delivery.
- Leading the development of plans for how the Council shall spend money on third party arrangements across the private, public and voluntary/community sectors.
- Leading the Commercialisation Transformation Programme to develop and embed the approach of "Being more commercially minded" through cross-directorate working and training.
- Ensuring that contracts are commissioned, developed and awarded in accordance with this Strategy, Procurement Legislation and the Council's own Contract Procedure Rules
- Providing advice, support and training to business areas in managing contracts effectively in line with this **Commercial Corporate Procurement Strategy**, and the Council's **Contract Management Procedure Guide** and the Council's **Guide to Managing Contract Criticality**.

- Driving **Social Value** and **Corporate Social Responsibility (CSR)** through ~~commercial procurement~~ activity to encourage the Council, and its supply chain, to engage and spend with local suppliers and communities to maximise the "Dorset Pound".
- Working with business areas to identify savings and capture opportunities through ~~commissioning, procurement and~~ contract convergence ~~and re-procured~~ to drive value from contracts.

Challenges and Opportunities

~~The Council recognises that it faces many challenges, but equally opportunities, in the delivery of a corporate approach commission and procurement, and it needs to be more commercially minded in order to tackle these challenges. Challenges and opportunities such as: The following are several challenges and opportunities to the delivery of this corporate approach:~~

- Managing market and cost pressures in an ongoing period of financial austerity for local government, whilst in some sectors facing increasing price and demand from the private sector that impacts the Council's market influence.
- Delivering and building on successful partnerships, e.g., NHS Dorset Clinical Commissioning Group, and driving collaboration through procurement, both locally and regionally.
- Changes to legislation relevant to future commissioning intentions and changes to procurement legislation.
- Maximising the use of technology to drive simpler and more cost-effective processes for commissioners, procurement, buyers and suppliers.
- Ensuring that the Council has the necessary skills, capability and capacity to deliver its ~~commercial procurement~~ priorities.
- Exploring innovative contracting commercial models and collaboration with others.

Being More Commercially Minded

The term "Being more commercially minded" and other terms such as commercialism, commercial, commercialisation etc mean different things to different people. For the Council, the definition of "being more commercially minded" will be four themes shown below as separate, but connected, workstreams that will compliment this Commercial Strategy alongside the Council's Commercialisation Transformation Programme.



The Commissioning Cycle

As illustrated below, The Institute of Public Care (IPC) links within a commissioning cycle a series of commissioning activities that are grouped under four key performance management elements: **Understand → Plan → Do → Review**

For the Council to have effective third-part arrangements in place, procurement activity has a role to play throughout the commissioning cycle; from Understand to Review.



Fraud and Corruption Risks in Procurement

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The Procurement Toolkit

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Strategy Vision

This section describes the vision for the Council in terms of this ~~Commercial/Corporate Procurement~~ Strategy – Commissioning and Procurement.

The ~~strategy principles~~ ~~six objectives of the strategy~~ provide the structure and framework from which the Council will plan and prioritise ~~the commercial/procurement~~ activity of commissioning and procurement. The ~~principles/objectives~~ are summarised below and will be subject to review each year of the strategy. Each ~~of the principles are/objective is of equal~~ importance ~~as another~~ in ensuring the delivery of the Council's commercial/procurement ambitions and to meet overall purpose.

PRINCIPLE/OBJECTIVE 1: PEOPLE, SKILLS AND DEVELOPMENT

The Challenge

To have a continued focus on **people, skills and development**. It is recognised that commercial activity/procurement has a wider role to play in the development of contract management and other commercial skills to enable the Council to be commercially effective – “Being more commercially minded”, ~~across the Council~~.

To ensure that the professional skills and experience that the Council staff have are used in a wide variety of projects through providing innovative commercial support, to a growing range of projects that optimise the use of Councils assets, drive income and budget savings. Investing in, and supporting these activities, will continue to be part of the Council's commercial/procurement strategy.

Objectives/Key actions

- To attract, develop and retain the very best procurement and commercial staff with the professional, personal and technical skills to deliver value for money through commissioning, procurement and contract management activity.
- Encourage and embed coaching, high performance and positive behaviours. Maintain a development and retention programme, capturing professional, personal and technical skills for staff.
- Place the best people by encouraging internal career development at all levels as well as recruiting the best of external expertise where needed.
- Invest in opportunities to grow the right talent including apprenticeships.
- Continue and grow our commitment to a “learning culture” organisation, through adopting a “train the trainer” approach, and knowledge share groups, such as the commercial network under the Commercialisation Transformation Programme.
- Develop and deliver a high-quality training offer, including skills to develop a commercial mindset. This to include, awareness and training in respect of: commissioning, procurement;

in-tendering, contract management and behaviours to enable improved Supplier Relationship Management (SRM).

- Ensure resources are effectively used, supported by effective planning of available resource against the required workload using the "Forward Look" within the Accord e-contract management system (e-CMS) and other available tools.
- Attract and retain knowledgeable staff/procurement people who add value across a range of activities and bring excellent commercial skills and understanding of services. This will enable the Council to achieve the best commercial results and outcomes for residents.

PRINCIPLE 2: EFFECTIVE COMMISSIONING

The Challenge

To identify needs, develop effective commissioning models and to develop the market to meet those needs in the most cost-effective way. Commissioning to be a co-design process with others, internally and externally, that: tests ideas; capacity and appetite for developing services to tackle outcomes; develops innovative operating models; and outcome specifications. Approach "To commission as One Council".

It is recognised that commissioning option appraisals may not always conclude that procurement to secure a supplier delivery is the best value route to meet the identified need. An appraisal may conclude that insourcing, in part or wholly, represents the best value for the Council. Whatever the route the commissioning should be an effective model.

Objectives:

- To be able to demonstrate how the commissioning improves outcomes for Council's residents and contributes to the environmental targets set out in the Council's Climate and Ecological Emergency Strategy. These should be an early consideration in commissioning; not left until procurement.
- To be clear whether the commissioning is outcome based, i.e. to provide opportunities for supplier innovation and methodologies; or whether it is input based, i.e. needs to be rigidly prescribed.
- Cost, quality, environmental and social value considerations, and the balance of risk between the Council and supplier, are all equally important factors to deliberate as part of feasibility and development in order to achieve best value and a cost-effective model.
- Promote co-production, where applicable, that involves residents, communities and providers working with the Council in designing and developing more effective services.
- Should seek, where applicable, to empower Council customers, both internally and externally, to self-manage and reduce dependency.
- To use modern and progressive processes that provide opportunities for local suppliers, in particular small / micro businesses, that allows them the potential to expand on their offer to the Council as they grow and develop.
- To engage early interested stakeholders, both internally and externally, to ensure there is an opportunity for them to contribute and influence commissioning intentions.
- Ensure compliance to legislation relative to the commissioning.
- Commissioners to have full visibility of the financial costs, the market view, and performance as well as service outcomes, in order to inform understanding of value for money in subsequent commissioning.

- Obtain detailed data and other management information from incumbent suppliers that captures the evidence of what works and informs the future development of the required need.
- To provide clear and proportionate business cases for each commissioning activity, prior to commencement, in accordance with page 19 "Case for Commissioning".

PRINCIPLE OBJECTIVE 32: STRATEGIC SOURCING

The Challenge

The Council's staff and suppliers expects that high quality and efficient **strategic sourcing** is delivered. Simple and streamlined processes, delivered by experts with a strong focus on the supplier experience will be a core part of commercial activity - "Being more business friendly", procurement processes.

The Council will continuously review its commercial procurement approach to ensure it responds to feedback from suppliers and others, to develop future commercial approaches accordingly. This includes the eProcurement system that is used for procurement and optimising the statutory and legal boundaries of relevant procurement legislation, e.g. procurement rules, to deliver the best outcomes.

Underlying all commercial procurement activities there needs to be a consistent culture of strong project management and programme governance. Securing the very best value from all such procurement activities, and a robust, structured and well managed approach is vital. This will ensure that the Council is using the resource and skills it has, to deliver the very best return within decreased budgets.

Objectives: Key actions

- Strategic sourcing activity (the end-to-end sourcing process) to be simple, clear and efficient. To deliver a sourcing process that achieves successful outcomes and is a positive and effective experience for suppliers and staff.
- The procurement pipeline will be maintained using the "Forward Look" within Accord e-CMS and will be visible across colleagues in Finance, Legal and Business Operations.
- The delivery of all procurement projects to be robustly managed in a visible way and in line with agreed methodology as set out in the Council's Procurement Toolkit
- Align strategic sourcing plans to the service outcomes to ensure a clear and robust programme of sourcing activity.
- Best practice is driven through the tools and national best practice standards and these are reviewed regularly.
- Implement a consistent feedback process, with the results being used to make genuine and sustainable improvements to procurement processes, including both commissioning and procurement.
- Provide consistent feedback to suppliers that are unsuccessful in securing Council business to allow them to develop for future opportunities.
- Ensure compliance to relevant procurement legislation and the Council's own rules, e.g. Contract Procedure Rules, Scheme of Delegation, etc.-
- Define and understand the internal cost of strategic sourcing to ensure the end-to-end sourcing process in the most efficient way.
- Define and understand all costs, such as transportation, that are not necessary directly procured as part of the core delivery.

- Explore commercial opportunities for all aspects of the strategic sourcing process.
- Maximise the use of intelligence around suppliers, markets, service design and demand, through early market engagement and market development; consider how the commercial approach and contract design could be set to address potential market weaknesses.
- Be ready to develop strategies for new areas of spend as business needs develop, transform and embed in the Council.

PRINCIPLE OBJECTIVE 43: CONTRACT MANAGEMENT

The Challenge

Improving **contract management** continues to be a key deliverable for the Council. It is essential that a contract management framework to strategic and critical suppliers is applied in accordance with the Contract Management Procedure Guide and the Guide to Managing Critical Contracts. As suppliers delivering council services evolve, the importance of managing relationships in a more complex environment will dramatically increase and focus – “Being more commercially minded”.

To drive the greatest benefits, there will be the need to continue to review tools, processes and skills, and look across all commercial activity/procurement to ensure the approach reflects the very best practice.

Objectives: Key actions

- To deliver efficiencies, savings and service quality improvements through a proactive and consistent approach to supplier and contract management. This approach will also maximise commercial opportunities, reduce risk throughout the supply chain and support the delivery of best practice contract and supplier management.
- Maximise the use of a range of tools and techniques including e-procurement and supplier networks. The Accord e-CMS is the key source of information on the performance of suppliers.
- Efficiencies, improvements and savings to be delivered through contract and supplier relationship management.
- Contract spend to be transparent and reported through the Accord eCMS and Spend Analysis Dashboard.
- Increase contract compliance management and the percentage of “Assigned Spend”.
- Procurement Projects to be tracked by through milestones throughout the lifecycle, with clear and consistent governance and documentation, in accordance with the Procurement Toolkit.
- Increased focus on lessons learned to capture and apply these to other projects, with embedded peer review for key projects.
- Embed an improved approach to supply chain risk and business continuity planning across all strategic and critical suppliers in accordance with the Guide to Managing Contract Criticality and linked to corporate risk management.
- To continue to develop the Accord eCMS and implement improvements accordingly.
- Data and intelligence to be used to inform the thinking and decision making which will lead to improved outcomes on projects.
- Through contract management, the social value proposed as part of an accepted supplier tender offer, whether through procurement or other means, shall be measured to ensure that the benefits are indeed delivered within the life of the awarded contract.
- To take measures to identify and mitigate modern day slavery risks in contract.

PRINCIPLE OBJECTIVE 54: PARTNERSHIP WORKING

The Challenge

To further enhance, develop and promote **partnership working**, locally and nationally, with other contracting bodies such as other local authorities (South West and others), NHS, Dorset Clinical Commissioning Group (CCG), and the third sector; including partnership working with suppliers, and benchmarking and networking through membership of the Central Buying Consortium (CBC).

The Council's work at an operational level with Dorset CCG, and others, will support the mutual aim to establish one Integrated Care System (ICS) – "Commissioning as One Council" with partners, health and social care system.

Objectives: Key actions

- Develop strong working relationships with partners to ensure maximum benefit for the residents of the local authority area of the Council, including price and performance management.
- Develop with partners jointly, where possible, a commercial procurement approaches to our shared joint supply markets with the aim of increased market engagement and management in line with relevant legislative requirements. Including jointly produced service specifications and contracting approaches to increase economies of scale.
- To achieve a growth in joint supplyly procured arrangements as relationships build and develop, where strong collaborative approaches are delivered.
- Ongoing engagement with partners to share commissioning procurement intentions plans in a timely manner to identify suitable opportunities for partnership approaches.
- Develop stronger links with other organisations (including business groups, LEP's, Schools and Colleges, VCS and community groups) to deliver best practice commercial activity procurement.
- Promote collaborative working relationships with key suppliers to maximise opportunities for both parties.
- Commercially Active procurement influence, network, benchmarking at a national level through the Council's management board membership of the Central Buying Consortium (CBC) and engagement with the procurement leads of the Local Government Authority (LGA).
- Review definition of "local" (default being the local authority area of Dorset Council) when procuring with others in order to take into consideration their geographical localities.

PRINCIPLE OBJECTIVE 65: MAXIMISING THE DORSET POUND

The Challenge

To deliver additional value for residents through the way the Council spends money on goods, works and service. Consideration to the use of ~~innovative procurement~~ approaches, such as social value, to help to **maximise the Dorset Pound** so it goes further than just the delivery of core services. *"If one Dorset £ is spent on delivery of services, can that same £ be used to also produce a wider benefit to the community of Dorset?"*

The Council to embed a clear message about its intention to maximise the Dorset Pound through commissioning and procurement every time it communicates with the marketplace – **"Being more business friendly"**.

Objectives: Key actions

- Large contracts to be broken down into lots to encourage wider local supplier participation, where it has been identified that this will secure better value.
- In accordance with the National Procurement Policy Statement (NPPS), to take a broad view of value for money that includes the improvement of social welfare or wellbeing; encourage ways of working and operational delivery that achieve social economic and environmental benefits.
- Apply Economic considerations ~~to procurement and contracting activity~~ that will:
 - Support the local economy by choosing, where possible, local suppliers close to the point of service delivery.
 - Support local businesses both directly and through activity encouraging sub-contracting opportunities with Tier 1 suppliers, with an emphasis on developing local supply chains in sectors that will deliver the biggest impact on economic growth, including employment and skills opportunities, over a longer term.
 - Make more use of early market engagement to capture views from a wide cross section of potential local suppliers and service users, to help identify co-design and create benefits from any subsequent contract and encourage new business to develop which addresses key challenges and fill gaps in local provision.
- Apply Social considerations ~~to procurement and contracting activity~~ that will:
 - Support local businesses to create new jobs and support existing jobs for residents
 - Support the creation of apprenticeships and the upskilling the Council's residents and their pay.
 - Support the development of new forms of enterprises locally.
 - Stimulate social innovation through institutions co-designing services with local communities and utilising social economy and social enterprise organisations in delivery.

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PRINCIPLE OBJECTIVE 76: CLIMATE AND ECOLOGICAL EMERGENCY

The Challenge

There is clear scientific evidence to show that climate change is happening and is due to human activity. This includes global warming and greater risk of flooding, droughts and heat wave. As a local authority, Dorset Council has a responsibility to play its part in helping tackle this growing danger and as such declared in the Council's Climate and Ecological Emergency Strategy, in May 2019.

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The Council to apply environmental considerations within within commercial activities – “Being more commercially minded”. ~~procurement and contract activities.~~

Objectives: Key actions

- To take into consideration the national priority outcome of “Tackling climate change and reducing waste”, alongside the Council's own local priorities as set out in the Council's Climate and Ecological Emergency Strategy, in accordance with the National Procurement Policy Statement (NPPS).
- As stated in Principle 2 – Effective Commissioning. To be able to demonstrate how commissioning contributes to the Council's environmental targets and these should be an early consideration in the commissioning; not left until the procurement.
- Reduce the distance which goods and services travel to the Council's point of delivery.
- Assist in stimulating technical innovation through encouraging the local market, and others, to develop new technologies which address both goods and services requirements and enable environmental advances.
- Support improve the local environment particularly where innovation processes are utilised in the design process and where creative individuals are commissioned ~~procured~~ to design, build and manage new facilities and infrastructure.
- All commercial activity to consider how it can contribute to deliver the Council's environment aims in respect of carbon reduction; that this is recognised and valued.
- Encourage and influence local suppliers, and others, to improve their sustainability practice such as the use of:
 - low carbon production techniques;
 - recycled materials;
 - alternatives to single use plastics, etc.

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Social Value

Through commissioning and procurement, the Council will consider the requirements of the Social Value Act 2012 to enable and support the delivery of economic, social and environmental benefits that will help meet the priorities and the ambitions of the Council's Corporate Plan.

The Council will seek to use Social Value principles across all commissioned procurement of services, including those delivered directly, and of all contract values.

What is the Social Value Act?

The full name of the act is the "Public Services (Social Value) Act 2012" and it was passed in February 2012 then became law on 31st January 2013. It applies to the procuring of services, or the purchase or hire of goods or carrying out works that is subject to The Public Contract Regulations 2015.

The Act states - "*If a relevant authority proposes to procure or make arrangements for procuring the provision of services, or the provision of services together with the purchase or hire of goods or the carrying out of works ... the authority must account how what is proposed to be procured might improve the **economic, social and environmental well-being** of the relevant areas and, in conducting the process of procurement, how it might act with a view of securing that improvement*".

It also states the authority must "*consider whether to undertake any consultations as to matters to be considered*" under that process.

The Act asks public bodies to "*account*" for social value following recent amendment that replaced "*consider*". To comply with the Act, the Council needs to show that it has thought about these issues and has thought about whether to consult on them. This to be evidenced by documenting the internal process that took place to come to a decision on these issues, or by evidencing that there have been discussions with the local provider market, service users, or community about them.

Proportionality

While the Council recognises the benefits of social value it also acknowledges that measurement is one of the key areas of challenge both in terms of what and how to measure. The resources expended on measuring the impacts and value of services should be in proportion to the: total value; importance of the service; level of impact anticipated; and the types of impacts likely to be generated.

This is important for several reasons:

- achieving maximum social value from a contract should not be materially reduced by diverting resources away from the frontline;
- both the Council and suppliers are working with straitened resources;
- if measurement requirements become complex or burdensome, it may favour larger scale suppliers (of any sector) that have the capacity to respond;
- measurement of social value needs to be meaningful, credible, and evaluated over the course of a contract.

Applying Evaluation of Social Value ~~within Procurement~~

The Council shall seek measurable, verifiable social value outcomes across all commissioning and procurement of services that:

- are relevant to what is proposed to be commissioned/procured and proportionate to the value and its importance;
- can legitimately be included in the contract specification;
- will contribute to the Council's Corporate Plan.

Suppliers will be required to propose within a procurement process, as part of their Tender offer, what contribution to social value they can provide to support the aimed outcomes. Depending on the procurement objective, the social value questions listed in Appendix A of this strategy are to be applied within evaluation criteria.

Where relevant and proportionate, to include social value evaluation criteria in procurement that reflects a minimum of 5% weighting out of the overall 100% of total evaluation criteria and provides opportunities for suppliers to offer innovative approaches to deliver wider benefits.

Applying Corporate Social Responsibility (CSR) ~~within Procurement~~

Procurement will incorporate the following Council values, as part of CSR to encourage suppliers to align with these values. These will be shown as statements within procurement exercises, as listed in Appendix B of this strategy.

1. Mindful Employer

The Council is a signatory to The Charter for Employers who are positive about mental health and as such it has made a commitment to improve the working life of its staff.

Aim: To encourage suppliers to also become a signatory to reflect the Council's own commitment to staff wellbeing.

Mindful Employer is an NHS initiative run by Workways, a service of Devon Partnership NHS Trust, and supports people with a mental health condition to find or remain in employment. It was originally developed by employers in Exeter and launched in 2004. Initially as a purely local initiative, it has since developed throughout the UK and has been launched abroad. Mindful Employer has been recommended as good practice by the UK government and other national organisations.

For further details: <http://www.mindfulemployer.net/about/>

2. Dementia Friendly

The Council is registered with Dementia Friends who provide best practice guidance to organisations, such as the Council, to work towards becoming dementia friendly.

Aim: To encourage suppliers to also register to reflect the Council's own commitment to dementia awareness.

Dementia Friends is an Alzheimer's Society Initiative and provides registered organisations access to resources / information aimed to help employees to understand dementia and how it may affect a person. Any type of organisation from large to small across the private, public and third sector can roll out Dementia Friends to their workforce. For further details: <https://www.dementiafriends.org.uk/>

3. Armed Forces Covenant

The Council is a signatory to the Armed Forces Covenant which is written and publicised voluntary pledge from organisations who wish to demonstrate their concrete support for the armed forces community.

Aim: To encourage suppliers to also become a signatory to reflect the Council's own commitment to support the forces through services, policy and projects.

The Armed Forces Covenant is a promise from the nation to those who serve or who have served, and their families, which says we will do all we can to ensure they are treated fairly and not disadvantaged in their day-to-day lives. The Armed Forces Covenant relies on the people, communities, businesses of the UK to actively support it in order to make a difference. For further details:

<https://www.gov.uk/government/policies/armed-forces-covenant>

4. Equality and Diversity

All organisations have statutory obligations under the Equality Act 2010. The Act replaces previous anti-discrimination law, consolidating it into a single act, and recognises the following protected characteristics:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity
- Race (includes ethnic or national origin, colour and nationality)
- Religion and belief (including lack of belief)
- Sex
- Sexual orientation

The Council also has a Public Sector Equality Duty as part of the Equality Act 2010 which requires it to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- advance equality of opportunity between people who share a protected characteristic and people who do not
- foster good relations between people who share a protected characteristic and people who do not

The Council must consider the three parts of this duty when making decisions as employers and service suppliers, and must ensure the organisations it contracts, to deliver goods and services on its behalf, will support it in meeting the duty requirements.

Aim: To ensure that suppliers either have an equality and diversity policy or that they commit to meet the requirements set out in the Council's Dorset Equality Scheme.

The Equality Act 2010 sets out the different ways in which it is unlawful to treat someone, such as direct and indirect discrimination, harassment, victimisation. The Act prohibits unfair treatment in the workplace and when providing goods, facilities and services. The act also protects people from being treated less favourably because of certain characteristics; known as 'protected characteristics', promote good relations. For further details: <https://www.equalityhumanrights.com/en/equality-act-2010/what-equality-act>

5. Apprenticeships

The Council supports the Government's ambition in English Apprenticeships: Our 20:20 Vision for apprenticeships to be an 'attractive offer that young people and adults aspire to go into as a high quality and prestigious path to a successful career'.

Aim: To encourage suppliers to also support this Government ambition, contribute to the development of the Dorset economy and to improving workforce skills.

Apprenticeships (in England): vision for 2020 is the Government's plan on how it will increase the quality and quantity of apprenticeships, achieving 3 million apprenticeships by 2020.

For further details: <https://www.gov.uk/government/publications/apprenticeships-in-england-vision-for-2020>

6. Environmental Management and Sustainability

The Council recognises that successful commissioning and procurement is not simply about securing the lowest price but also about whole life considerations such as environmental management and sustainability.

Aim: To encourage suppliers to define the sustainability considerations of their organisation and address such issues.

Environmental management and sustainability are not simply about being "green" but involves minimising environmental impact through the supply chain as part of commissioning and procurement.

7. Fostering Friendly Employers

As a Corporate Parent, the Council supports the recruitment and retention of foster carers by promoting fostering to its own employees and the employees of its suppliers. This is to help achieve better outcomes and life chances for children and young people in care.

Aim: To encourage suppliers to support the Council in its commitment to recruit and retain of foster carers by promoting fostering among their employees and customers.

In Dorset, the Council strives to provide the best service for children in care, foster carers and their families, and promote the wellbeing and development of each child and young person in care throughout his or her childhood. For further details: <https://www.dorsetcouncil.gov.uk/children-families/childrens-social-care/fostering/fostering.aspx>

Case for Commissioning

At an early stage, a clear and concise business case for each commissioning activity should be developed that:

- establishes the need for the commissioning investment that reflects, if applicable, previous approaches, e.g. by using incumbent supplier data and management information
- sets the out the objectives of the service delivery;
- as part of feasibility and development deliberates the following as equal important factors in order to achieve best value and a cost-effective model:
 - cost
 - quality
 - environmental considerations
 - social value considerations
 - balance of risk between the Council and supplier
- includes a proportionate Delivery Model Assessment (also known as Make versus Buy) to provide an evidence-based analysis to support options appraisal; as part of this assessment complex projects to include a 'Should Cost Model' to estimate the total cost of the service to protect the Council from low bid bias.
- appraises the main options for the service delivery that includes whether this is based on outcomes, i.e. supplier freedom to operate; or input based, i.e. rigidly prescribed;
- how, if outcome based, outcomes will be measured;
- outlines the result of co-production, if that has been applied;
- reflects of any stakeholder contribution and influence on the requirement;
- provides a recommendation or a way forward for further analysis;
- evidences that what is required from all parties is achievable;
- includes evidence that the proposed commissioning:
 - is a compelling case of the intervention, that provides holistic fit with other parts of the Council – "Commissioning as One Council";
 - represents best value, affordable and achievable.
 - is attractive to the market, can be procured if procurement is required, and is commercially viable;

The Procurement Toolkit

Where commissioning requires procurement activity, the Council's Procurement Toolkit sets out the routes that will be followed for all procurement undertaken by the Council in accordance with the Council's Contract Procedure Rules. The following key procedures shall underpin effective and efficient procurement activity:

Procurement Initiation Document (PID)

This defines as concisely as possible all major aspects of the commissioning and forms the basis for assessment of its overall success. Along with the Business Case it enables the governance structure responsible to make the decision to give the approval to proceed and commit resources to it. If a procurement does not appear viable or worthwhile it will not go ahead or will be referred to the Project Team for further information.

Procurement Sourcing Plan

This provides the procurement routes available, based on the commissioning intentions, with a recommendation on the most appropriate and why. Details include the implementation plan; the contract management plan - and how these will be managed. Along with the PID, the sourcing plan enables the governance structure responsible to make the decision to give approval for the tender to be released (key approval being the Tender Evaluation Model).

Tender Evaluation Model

This sets out how a tender will be evaluated in relation to the requirements and must contain the right criteria, scoring and weighting that ultimately secures the Most Economically Advantageous Tender (MEAT). Particularly important is the criteria split in relationship to Price and Quality. **Price should attract at least 50% weighting unless there is robust evidence not to do so.** This model sits alongside the approval of the Procurement Sourcing Plan that secures the agreement to release the tender.

Recommendation to Award Report

This outlines the key aspects on the outcome of the tender process. To provide enough detail to enable the Council to make the final approval to award the contract in line with the governance structure. Includes an explanation of how the winning offer demonstrates value for money and meets the essential aspects of the commissioning requirement. Also stating any impacts of not awarding, e.g. delay in service delivery, further procurement activity, etc.

Mitigating Fraud and Corruption Risks

Public sector commercial activity can be attractive to organised criminals. It is therefore important for the Council to consider risks of fraud and corruption when commissioning and procuring goods, works and services. Effective management of risk in these areas are part of being a risk-aware council, that manages its resources efficiently to secure value for money outcomes. The Ministry of Housing and Local Communities (MHCLG) defines such fraud and corruption as:

"... any fraudulent or corrupt activity occurring within the entire procurement lifecycle, from decision to procure through to the conclusion of the contract and including all purchasing with a value below the level of a formal tender process. This will therefore include commissioning, contract management and purchasing, as well as the tendering process itself". ①

The Council mitigates the risk of fraud and corruption using various tools, such as:

E-tender System

The Council has a centralised electronic tender system to manage the procurement process. This helps to guard against the risk of fraud and corruption by supporting transparency in the process. Tender opportunities ② are published through the system, independent tender openings are built into the system, and all communication with tenderers are conducted and tracked via the system, reducing the opportunities for direct contact between officers and tenderers.

Accord e-contract management system (e-CMS)

The Council has a centralised contracts database to record details of all awarded contracts, such as: contract title; start and finished date; estimated total contract value; name of the organisation awarded the contract. An external view of the database ③ is within the public domain therefore supporting transparency and freedom of information. Within its internal view, the database is used to record

contract management activity such as contract extensions, reviews, and key performance indicators, etc.

Spend Dashboard

Spend within the Council should be undertaken in line with the Council's Contract Procedure Rules (CPRs). In some cases, spend is low value and as such not required under CPRs to be subject to competition nor subject to a formal contract but secured with a purchase order only. The Spend Dashboard provides visibility to the Council of this 'un-assigned' / 'off contract spend'. This type of spend is unlikely to be an indicator of anything untoward, however the Spend Dashboard acts as a detection mechanism in terms of providing the ability to analyse spend not only for inappropriate activity but also looking for commercial opportunities to make savings by consolidating spend.

① <https://www.local.gov.uk/review-risks-fraud-and-corruption-local-government-procurement>

② <https://procontract.due-north.com/Register>

③ <https://dorsetcouncil.accordcontracts.com/admin/login>

Definitions

What is 'Commissioning'?

Commissioning is about ensuring that the Council's provides the right services, in the right place at the right time. This means identifying needs, what's available and what is not, planning and designing evidence-based solutions.

What is 'Procurement'?

Procurement is the process of acquiring goods, works and services from third parties. The process includes options appraisal (the 'make or buy' decisions) which is a key stage of major projects. The aim is to achieve best value for money.

What is 'Contracting'?

Contracting is the process of negotiating and agreeing the terms of a contract, and on-going management of the contract including payment and monitoring.

What is "Best Value for Money"

In the HM Treasury publication Managing Public Money ④ value for money is defined as:

'It means the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought. It is not about minimizing upfront prices'

Optimum results are achieved by early market engagement as part of commissioning before commencing procurement, to achieve good response from suppliers. Robust contract management, in accordance with the **Contract Management Procedure Guide** and **Guide to Managing Contract Criticality**, shall ensure what has been procured is being delivered to meet the initial requirements within the contracted terms and conditions.

④ <https://www.gov.uk/government/publications/managing-public-money>

Summary

The Commercial Strategy – Commissioning and Corporate Procurement Strategy has set out the mechanism to ensure that the commercial approach to commissioning and procurement takes place in accordance with the Council's strategic aims, that it is effective and delivers best value to the residents of the Council's local authority area. The strategy sets out the Council vision under commercial principles ~~five objectives~~ that will collectively aim to deliver robust and effective commissioning and procurement that will contribute to achieving value for money, create opportunities for savings and maximising the Dorset Pound. It supports the focus of the Corporate Plan of Dorset Council to make Dorset a great place to live, work and visit, priorities being:

- Economic Growth
- Unique Environment
- Suitable Housing
- Strong, Healthy Communities
- Staying Safe and Well

The Council recognises that the context in which it operates will evolve locally. ~~Therefore~~ this Strategy will need to be updated and refreshed, as necessary, to ensure that commissioning and procurement activity continues to be innovative, efficient and effective.

This Strategy shall underpin Dorset Council's procurement commissioning and procurement activities as it moves through a programme of transformation and will be subject to review to ensure that it continues to reflect the needs and aspirations of the Council.

Appendix A - Social Value Evaluation Questions

Evaluation Scoring

5 - Excellent

Comprehensive and detailed response that provides high levels of confidence that the required social value and delivery will be achieved. Demonstrates excellent understanding of social value.

3 - Good

Response addresses key issues and is adequately developed. Provides good levels of confidence that the required social value and delivery will be achieved. Demonstrates good understanding of social value.

1 - Basic

Response addresses a limited range and is basically developed. Provides only limited levels of confidence that the required social value and delivery will be achieved. Demonstrates only a basic understanding of social value.

0 - Unacceptable

No response or response fails to address issues and is poorly developed. Provides little or no confidence that the required social value and delivery will be achieved. Demonstrates little or no understanding of social value.

Questions

Local Employment

Outcomes: *Increased number of employment and training opportunities for local people of Dorset, improving the employment opportunities for local people through training, apprenticeships and offering employment to local workforce.*

Outputs:

- How many new jobs (full time equivalent) will your organisation create within Dorset?
- How many apprenticeships will your organisation support within Dorset?
- How many hours of voluntary work hours will your organisation provide to the community of Dorset?
- How many people within Dorset will your organisation support back to work with Coaching, mentoring, CV writing, mock interviews, etc?
- How many people within Dorset will your organisation support into employment who face challengers, e.g. ex-offenders, disabled, etc?
- What % of your organisation's staff live within Dorset or within 10 miles of Dorset?
- What % of your organisation's staff live within 30 miles of where the services are being delivered?
- Any other measure

Buy Local

Outcomes: *Support the local economy by choosing suppliers close to the point of service delivery where possible, building the local economy by supporting local businesses and building your organisation's supply chain locally. In particular, by opening up procurement opportunities to the local market.*

Outputs:

- What % of your organisation's spend will be suppliers located in Dorset?
- What % of your organisation's spend will be with SMEs (less than 205 employees) located in Dorset?
- What % of your total spend will be with the 3rd sector (Social Enterprises, Charities, etc) located in Dorset?
- Any other measure

Partners in Communities

Outcomes: *Help to develop local communities – your organisation will need to evidence how it will provide both practical and financial support to the local community of Dorset.*

Outputs:

- Paid voluntary time given for staff to do community work (hours, days, number of staff, etc)
- How many schools will your organisation support through, becoming a governor, reading, mentoring, career advice, CV writing, etc
- Hours of paid voluntary time given by staff
- What is the value of donations raised / give to Charities?
- What is the value of spend with Social Enterprises?
- Number of disadvantage individuals supported
- Number of community organisations supported
- Number of community projects supported
- Any other measure

Good Employer

Outcomes: *Staff development – your organisation will need to evidence how it will support staff development and welfare.*

Outputs:

- How much does your organisation spend on training per employee?
- Are flexible working hours provided?
- Does your organisation have Investors in People accreditation (Gold/Silver/Bronze) or any other accreditation?
- Staff turnover improvement target %
- Does your organisation record and report on employee diversity?
- Any other measure

Green and Sustainable

Outcomes: *Your organisation will need to evidence how it will protect the environment, minimise waste and energy consumption and use other resources efficiently.*

Outputs:

- CO2 reduction target in % or in tonnes
- Waste reduction target in %
- Waste to landfill reduction %
- Gas reduction %
- % of renewable energy used
- Water consumption reduction %
- Number of individuals in fuel poverty assisted with energy efficiency measures
- Environmental Management system (e.g. ISO14001) introduced and maintained
- Implement a Carbon Management / Environmental Policy to reduce impact of CO2
- Single Use Plastic reduction %
- Any other measure

Ethical Procurement

Outcomes: *The highest ethical standards employed in all operations and within the supply chain.*

Outputs:

- % of suppliers paid no later than the terms of the primary contract.
<http://www.promptpaymentcode.org.uk/>
- % of invoices paid within 30 days (this is a legal requirement for public sector contracts)
- % of spend on ethically sourced standards (e.g. Fairtrade)
- % of suppliers audited on ethical practices
- % weighting placed on social value when procuring
- Any other measure

Appendix B - Corporate Social Responsibility Statements

Statements

Mindful Employer

The Council is a signatory to The Charter for Employers who are positive about mental health and as such it has made a commitment to improve the working life of its staff. For further details: <http://www.mindfulemployer.net/about/>

Please state whether your organisation is also a signatory to The Charter for Employers or can commit to be a signatory, if awarded the contract / framework agreement.

Select the appropriate statement:

- Yes, our organisation is also a signatory to The Charter for Employers
- Yes, our organisation can commit to be a signatory to The Charter for Employers if awarded the contract / framework agreement.

Dementia Friendly

The Council is registered with Dementia Friends who provide best practice guidance to organisations, such as the Council, to work towards becoming dementia friendly. For further details: <https://www.dementiafriends.org.uk/>

Please state whether your organisation is also registered with Dementia Friends or can commit to be a registered, if awarded the contract / framework agreement.

Select the appropriate statement:

- Yes, our organisation is also registered with Dementia Friends.
- Yes, our organisation can commit to be registered, if awarded the contract / framework agreement.

Armed Forces Covenant

The Council is a signatory to the Armed Forces Covenant which is written and publicised voluntary pledge from organisations who wish to demonstrate their concrete support for the armed forces community.

For further details: <https://www.gov.uk/government/policies/armed-forces-covenant>

Please state whether your organisation is also a signatory to the Armed Forces Covenant or can commit to be a signatory, if awarded the contract / framework agreement.

Select the appropriate statement:

- Yes, our organisation is also a signatory to Armed Forces Covenant
- Yes, our organisation can commit to be a signatory to The Charter for Employers, if awarded the contract / framework agreement.

Equality and Diversity

Does your organisation have a written equality and diversity policy that covers the following:

- colour
- nationality
- ethic or national origin
- religion and belief
- sex and sexual orientation
- recruitment, selection, training, promotion, discipline and dismissal
- victimisation, discrimination and harassment – making it clear that these are disciplinary offences

Select the appropriate statement:

- Is the answer is YES, submit (upload) a copy of your organisation's Equality and Diversity Policy

- *If the answer is NO, as a response provide an explanation how your organisation meets the requirements of the Equality Act 2010.*

In the last three years has any contract with your organisation been terminated on grounds of failure to comply with either or both of the following:

- legislation prohibiting discrimination, or
- contract conditions relating to equality and diversity in the provision of goods, facilities or services?

If the answer is YES, provide details which should include what steps your organisation has taken as a result.

Select the appropriate statement:

- Yes
- No

In the last three years has your organisation been the subject of a formal investigation by the Equality and Human Rights Commission or an equivalent body on grounds of alleged unlawful discrimination?

If the answer is YES, provide details of the investigation and any consequent judgement, which should include what steps you have taken as a result of that investigation or finding.

Select the appropriate statement:

- Yes
- No

Apprenticeships

The Council supports the Government's ambition in English Apprenticeships: Our 20:20 Vision for apprenticeships to be an 'attractive offer that young people and adults aspire to go into as a high quality and prestigious path to a successful career'. *For further details:* <https://www.gov.uk/government/publications/apprenticeships-in-england-vision-for-2020>
Please state whether your organisation also supports Government's ambition in English Apprenticeships or can commit to support Apprenticeships, if awarded the contract / framework agreement.

Select the appropriate statement:

- *Yes, our organisation also supports the Government's ambition in English Apprenticeship: Our 20:20 Vision*
- *Yes, our organisation can commit to support Apprenticeships, if awarded the contract / framework agreement.*

Fostering Friendly Employers

As a Corporate Parent, the Council supports the recruitment and retention of foster carers by promoting fostering to its own employees and employees of its suppliers. *For further details:*

<https://www.dorsetcouncil.gov.uk/children-families/childrens-social-care/fostering/fostering.aspx>

Please state whether your organisation also supports fostering.

Select the appropriate statement:

- *Yes, our organisation also promotes and supports fostering*
- *Yes, our organisation can commit to support the Council by promoting fostering among our employees and customers, if awarded the contract / framework agreement.*

Provide an explanation what steps your organisation takes to promote fostering.

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