

Place and Resources Scrutiny Committee

10 November 2022

Commercialisation Transformation Programme

For Review and Consultation

Portfolio Holder: Cllr G Suttle, Finance, Commercial & Capital Strategy

Local Councillor(s):

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Brief Summary:

This report provides an overview of the purpose and objectives of the Commercialisation Transformation Programme – “Being more commercially minded” that supports the priorities of the Council and what are national public priorities that have been set out by the Government’s National Procurement Policy Statement (NPPs) ahead of Public Sector Procurement Reforms.

Recommendation:

This report is seeking that Place and Resources Scrutiny Committee note the progress made and proposed future developments under the programme and provide any considered view, and to also consider whether there is a requirement for a further review of any elements of the programme work.

Reason for Recommendation:

The Commercialisation Transformation Programme is wide ranging across the Council and the purpose of this Report is to provide an overview to allow Place

and Resources Scrutiny Committee to understand the progress made and the proposed future developments.

1. **Background**

1.1 The Commercialisation Transformation Programme, first launched in July 2021 to the Senior Leadership Team, is an enabler within the transformation programme that encourages a culture of “being more commercially minded”, so that we can deliver better value outcomes for all.

1.2 The term “being more commercially minded” and other terms such as commercialism, commercial, commercialisation etc mean different things to different people. The programme therefore sets the definition of “being more commercially minded” as broken down into four – separate, but connected – themes:

Theme 1 - Behaving in a more business-like way

Adopting some of the positive culture and behaviours that are associated with commercial organisations

Theme 2 - Being business friendly

To promote local growth and prosperity

Theme 3 - Commissioning as One Council

Identify needs, develop service models and the market to meet those needs in the most cost-effective way, as One Council

Theme 4 - Making money

Doing something that generates profit

1.3 As illustrated in Appendix 1 these themes are separate, but connected, workstreams that support the Council priorities of: Economic Growth; Unique Environment; Suitable Housing; Strong, Healthy Communities; and Staying Safe and Well.

1.4 The [Commercialisation Transformation Programme](#) transformation hub page provides details on the development undertaken by the programme but this report provides some of the key achievements and ongoing developments to date.

2. **Commercial Strategy – Commissioning and Procurement**

- 2.1 The programme established the revised Commercial Strategy – Commissioning and Procurement which was approved by Cabinet on 8th November 2021. In approving the Strategy, Cabinet endorsed the approach of the Council becoming more commercially minded and more business-like in its activities.

[Cabinet - 8th November 2021](#)

Prior to Cabinet, the Strategy received a “minded to” recommendation from Place and Resource Overview Committee.

[Place & Resource Overview Committee - 17th September 2021](#)

- 2.2 It is estimated that 51%* of the Council’s annual budget will be on third party spend, and with the current inflationary pressures this is highly likely to increase. A commercial approach to commissioning and procurement can make a major contribution to meet this financial challenge.

*This is still based on 2019/20 spend, recognising that financial years 2020/21 and 2021/22 do not reflect typical spend years due to what was the high level of commissioning and procurement that was necessary in response to Covid 19 pandemic. The analysis of current financial year 2022/23 spend is indicating it will be more reflective of a normal spend pattern and as such on close of the financial year this estimate of 51% will be reviewed.

3. **Commercial Board**

- 3.1 A Commercial Board has been established which has the strategic aim to provide support, peer challenge, and consideration in respect of commercial activities to ensure that value for money is demonstrated and evidenced.
- 3.2 The Commercial Board’s Terms of Reference is provided in Appendix 2.

4. **Staff Support and Training**

- 4.1 Learning Hub – Commercially Minded

To upskill staff in thinking “Being more commercially minded” we have established an area in the Learning Hub called [Commercially Minded](#) which holds a range of training material and resources as listed in Appendix 3.

4.2 Contract Management Training Course

Effective contract management will ensure the Council maximises commercial opportunities and secures optimum value for money in the delivery of goods, services and works. Improving contract management is a key deliverable.

The programme is leading the on-going contract management training core offer, a classroom training which due to the pandemic has been delivered virtually but it is hoped to return to classroom base in the near future. Appendix 4 provides a brief outline of the training modules being delivered.

The contract management resources available within the Learning Hub – Commercially Minded compliments this training offer.

4.3 Commercial Network

The programme has established a [Commercial Network](#) to help colleagues to collaborate to deliver the Council's commercialisation aims. A place to share ideas, identify opportunities, inspire future learning, encourage discussion etc.

4.4 Negotiation and Influencing

The programme is currently developing an interactive webinar on negotiation and influencing to provide appropriate skills to staff, in particular contract managers, who are having challenging conversations within the Council's supply chains.

4.5 Commercial Training Pathway

The programme is working with Learning & Development colleagues on a commercial training pathway for managers as part of the Management Development Academy

5. Doing Business with Dorset Council

5.1 The commercial presence on the Council's website has been completely renewed by the programme. A commercial page that is now more business friendly and providing more meaningful information to suppliers that wish to engage with the Council. [Doing business with Dorset Council - Dorset Council](#)

The content is summarised in Appendix 5.

6. Planning Commercial Pipelines

6.1 The programme has established process and data for the Council to strategically forward plan commercial activity, particularly important when the new Procurement Bill intends for contracting bodies to publish commercial pipelines at a minimum of 18 months ahead. To help strategic thinking, we have developed further Accord (contracts database) to not only provide a Forward Plan but also provide visual charts against:

- Actual Procurements by Number (these are one that are being worked on)
- Anticipated Procurements by Number (these are ones not stated but are on our plan)
- Total Annual Value of Contracts Expiring *
- Total Number of Contracts Expiring *

**Or have breakpoints*

It is hoped added use of visuals will stimulate some commercial thinking around opportunities and innovation that commercial activity can deliver, in line with our much-needed commercial mindset of “being more commercially minded.”

Examples illustrations of a Forward Plan (Gantt) and the summary reports (charts) are provided in Appendix 6.

7. Fees and Charges

7.1 The programme is developing a Fees and Charges Policy with the intention to set out a corporate approach to effective management of fees and charges that will ensure the Council maximises commercial opportunities to generate income on the delivery of chargeable services.

7.2 “Being more commercially minded” where fees and charges are concerned will enable the Council to be in a better place to continue to meet funding challenges. The pandemic has shown how much residents rely on the council services and has exposed further the budget constraints on delivery of services, the revenue from fees and charges is therefore essential to sustain future delivery.

7.3 The Council needs to have a consistent approach in setting, monitoring, and reviewing fees and charges, and would apply to fees and charges for discretionary services and trading activities across the Council. The approach to include specifying the processes for fees and charges,

providing what factors need to be taken into consideration when charges are initially set and consequently reviewed annually.

7.4 There is always pressure on the Council's budgets, but at the current time, this is particularly due to inflation. The programme, in the development of the policy, is setting out that the application of a policy approach will mean that where services are subject to a charge, that this is set accordingly to a method agreed by Cabinet, and this will ensure that the relationship between price and costs always remain appropriate and sustainable.

7.5 A proposed Fees and Charges Policy (draft) is on the Forward Plan to be reported to Extended Leadership Team (ELT) on 25th October 2022, then to Place and Resources Overview Committee on 24th November 2022, and finally to Cabinet on 17th January 2023.

8. **Financial Implications**

8.1 This report is in respect of the progress and development of the Commercialisation Transformation Programme, however there is, and will be, financial implications if the Council does embrace and embed commercial thinking.

9. **Climate Implications**

9.1 This report is in respect of the progress and development of the Commercialisation Transformation Programme, however any service change or policy as an output of the programme may be subject to individual climate implications or considerations.

10. **Well-being and Health Implications**

10.1 The programme is supporting the development staff and providing training related to "being more commercial minded" therefore benefiting the well-being and health implications within the Council.

11. **Other Implications**

11.1 **Procurement Bill:** The Bill was introduced to Parliament on 10th May 2022 and repeals over 350 individual regulations derived from EU Directives contained in what are four existing statutory instruments and replaces them with a single new procurement regime. It proposes significant major reforms to the rules governing public sector procurement including contract management. Current procurement legislation does not

extend to contract management therefore this is a momentous change and will greatly impact public sector commercial activities.

12. **Risk Assessment**

12.1 **HAVING CONSIDERED:** the risks associated with this decision; the level of risk has been identified as:

Current Risk: LOW

Residual Risk: LOW

13. **Equalities Impact Assessment**

13.1 Not applicable in respect of this report however any service change or policy development under the Commercialisation Transformation Programme may be subject to individual Equalities Impact Assessment and considerations.

14. **Appendices**

Appendix 1 – Being More Commercially Minded

Appendix 2 – Commercial Board – Terms of Reference

Appendix 3 – Learning Hub – Commercially Minded

Appendix 4 – Contract Management Training Modules

Appendix 5 – Doing Business with Dorset Council

Appendix 6 – Planning Commercial Pipelines (Accord Reports]

15. **Background Papers**

15.1 Not applicable

Appendix 1 – 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. The Council’s Commercialisation Transformation Programme defines “Being more commercially minded” as four themes of: Behaving in a more business-like way; Being business friendly; Commissioning as One Council; and Making Money. These themes are shown below as separate, but connected, workstreams that supports the Council priorities of: Economic Growth; Unique Environment; Suitable Housing; Strong, Healthy Communities; and Staying Safe and Well.



Appendix 2 – Commercial Board Terms of Reference

Members

The following core membership to be maintained but subject experts may be invited as and when needed.

- Aidan Dunn (Chair) Executive Director Corporate Development / S151
- John Sellgren Executive Director Place
- Jim McManus Corporate Director Finance & Commercial
- Claire Shiels Corporate Director – Commissioning & Partnerships (Children's)
- Jonathan Price Interim Corporate Director for Commissioning (Adults & Housing)
- Dawn Adams Service Manager Commercial & Procurement
- Fiona Tizard (Support) PA to Executive Director Corporate Development / S151

Strategic Aim

To provide support and peer challenge and consideration in respect of commercial activities to ensure that value for money is demonstrated and evidenced to support the Corporate Plan of Dorset Council to make Dorset a great place to live, work and visit.

Initially the Board's role will be to review and discuss commercial challenges being experienced by business areas, for example, market upheaval and inflationary pressures affecting contract price. Inflation. This remit may widen as the Board matures.

The Board to make recommendations to SLT or CLT where the Board fully supports a commercial activity but considers it requires further overview.

Function

The Board shall have oversight of commercial activity in such that it will:

- Seek assurance that the commercial activity discussed has been fully explored and evidenced by the business area concerned
- Make appropriate and timely considerations as required by them

Standing Agenda Items

- Previous actions
- Discussion topics for the board
- Any general commercial updates

Meeting Frequency

- Monthly

Appendix 3 – Learning Hub - Commercially Minded

[Commercially Minded](#)

Current contents:

[Accord demo - Adding Attachments to a Contract | Dorset Council \(learn.link\)](#)

[Accord demo - Extending a contract | Dorset Council \(learn.link\)](#)

[Accord demo - Creating a supplier and awarding a provision | Dorset Council \(learn.link\)](#)

[Am I a Contract Manager | Dorset Council \(learn.link\)](#)

[Approach to Negotiations | Dorset Council \(learn.link\)](#)

[Commercial & Procurement. Working with you - together | Dorset Council \(learn.link\)](#)

[Commercial Strategy Commissioning & Procurement 2021 | Dorset Council \(learn.link\)](#)

[Contract Management Module | Dorset Council \(learn.link\)](#)

[Contract Management Pathway | Dorset Council \(learn.link\)](#)

[Contract Management Procedure Guide pathway | Dorset Council \(learn.link\)](#)

[Contract Procedure Rules | Dorset Council \(learn.link\)](#)

[Contract Specification learning pathway | Dorset Council](#)

[Dorset Council Advertising and Sponsorship Guidelines | Dorset Council \(learn.link\)](#)

[Dynamic Purchasing System | Dorset Council \(learn.link\)](#)

[Exemption to CPRs Request Form | Dorset Council \(learn.link\)](#)

[Guide to Framework Agreements | Dorset Council \(learn.link\)](#)

[Guide to Managing Contract Criticality pathway | Dorset Council \(learn.link\)](#)

[Guiding Principles to Managing Contract Price | Dorset Council \(learn.link\)](#)

[Introduction to Accord Contracts Database | Dorset Council \(learn.link\)](#)

[Kraljic Matrix | Dorset Council \(learn.link\)](#)

[Modern Slavery and Commissioning, Procurement and Contract Management | Dorset Council \(learn.link\)](#)

[Pareto or ABC Analysis | Dorset Council \(learn.link\)](#)

[Procurement Thresholds - effective January 2022 | Dorset Council \(learn.link\)](#)

[Scheme of Delegation | Dorset Council \(learn.link\)](#)

[Social Value and Maximising the Dorset £ | Dorset Council \(learn.link\)](#)

[Stakeholder Mapping | Dorset Council \(learn.link\)](#)

[The Procurement Process | Dorset Council \(learn.link\)](#)

Appendix 4 – Contract Management Training

The Council recognises that managing contracts well requires specialist skills, including understanding cost and value, negotiating, and commissioning and procurement processes. Ensuring people with the right skills are in place to conduct contract management is essential to release more value from contracts.

The Council has in place formal contract management training to develop skills and increase capabilities of Contract Managers.

Contract management training encompasses the following themes but will be continually reviewed to ensure that the training meets the needs of the Council and Contract Managers:

Contract Management Principles

- *governance, managing performance and change, continuous improvement, and value for money*

Managing Supplier Relationships

- *assessment models, conflict resolution, communication routes and systems, negotiation, and disputes*

Managing Supplier Performance

- *performance indicators (PI), key performance indicators (KPIs), management information (MI), targets and payment mechanisms*

Applying Contract Terms and Conditions

- *consideration, offer and acceptance, express and implied terms, variation, extension, contract exit, and termination, review and lessons learnt process*

Appendix 5 – Doing business with Dorset Council

[Doing business with Dorset Council - Dorset Council](#)

Current contents:

- **Get notified of new contract opportunities**
How suppliers can register their business on the ProContract procurement portal – Supplying the Southwest – to receive notification so new contract opportunities
- **Open contracting models**
Details on current innovative contracting models such as open frameworks and Dynamic Purchasing Systems (DPS) that are open for new entrants to join at any time
- **Supplier resources and top tips for tendering**
Provides guidance on using the ProContract procurement portal and practical advice to help suppliers, particularly small and medium-sized enterprises (SMEs) to prepare winning bids for Dorset Council contracts
- **Commercial strategy**
Takes the reader to the strategy which sets out our commercial approach to commissioning and procurement which includes applying social value and maximising the Dorset Pound
- **Procurement policies, terms and conditions and legislation**
Shows the policies and standard terms and conditions that apply to all contracts for the supply of goods and services to the Council
- **Existing contracts**
Shows the Council's contract database that contains details of our current contracts
- **Business support and advice**
Signposts to other council pages that provide advice and support, funding guides and international trade
- **Mitigating fraud and corruption risks**
Sets out the Council's approach to mitigating fraud and corrupting risks when commissioning and procuring goods, works and services
- **Modern Slavery**
Provides details on what is modern slavery and takes the reader to the Council's Modern Slavery Transparency Statement which sets out the Council's commitment to identifying and mitigating risk of Modern Slavery

