



Sustainable Commercial Strategy

December 2022

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1 Strategic Objectives

1.1 Delivering a new Sustainable Commercial Strategy

1.1.1 The London Borough of Barnet (LBB), like many other local authorities, is facing a series of challenges as it works towards delivering both recent commitments made to residents and the key priorities within the Corporate Plan.

This is within the context of the Council's developing corporate vision, putting caring for people, our places and the planet as part of the vision of the new Corporate Plan. Implementing the Sustainability Strategy and Climate Action Plan is now a priority for the Council. The Commercial Team will have a pivotal role to play in supporting the Council achieve its target of being a Net Zero organisation by 2030 and Barnet as a place, to achieve this by 2042. Supporting and developing the supply chain to provide products and services which increase sustainability and embedding sustainability within the commercial lifecycle will be key drivers of the Commercial Team.

1.1.2 Economic pressures, across all markets means that LBB must realise operational efficiencies and manage supply chain performance to deliver:

- Innovation
- Cashable & cost avoidance savings
- Sustainable commercial activity that considers environmental and social factors in decision making
- Improved commercial performance through continuous improvement

1.1.3 Increased cost pressures through **rising inflation, the levelling up agenda, climate change emergency** and continued **funding pressures**, will require highly proactive and strong Commercial Team to meet these challenges. The Commercial Team at LBB must now move into a more pivotal role to become a key business partner, both internally and externally, to a **proactive, influential, and high performing team**. This will be through early and continued engagement with the supply chain markets and fully supporting the commissioning cycle. By doing this, the Team will put residents and local communities at the heart of decision making by creating economic, environmental and social value in everything it does.

1.1.4 Achieving these objectives and priorities is not only about taking specific actions but seizing the opportunity to step back and adopt a different strategic vision for a Commercial Team.

1.1.5 A new Sustainable Commercial Strategy will enable services to realise this vision, drive longer term initiatives and behavioural change that will deliver sustainable improvements in services to the residents of Barnet.

2 Benefits

Barnet is transforming the way in which it will deliver commercial activities, focusing on improving the lives of residents, the place and the planet

2.1 Building a strong Commercial Team

2.1.1 A structured approach to building and delivering a highly effective Commercial Team within LBB will have significant benefits to the whole organisation. Through collaborative working relationships and utilising data and insights, the Team will make better decisions and drive improved outcomes, resulting in improved services for residents and communities across the borough.

2.1.2 **Adding Value:** LBB will benefit from a Team that delivers procurement activities to a high level but also providing its internal customers a strategically led service covering the full commercial lifecycle, working closely with stakeholders to plan, challenge traditional service requirements.

- 2.1.3 **Improved Relationships:** The Team will be proactive in its communication with key customers and stakeholders understanding the wider LBB priorities and demands facing the service areas. This will enhance knowledge and build trust, driving mutually beneficial relationships which are honest and open, working together to improve outcomes.
- 2.1.4 **Working closely with the Supply Market:** Improving how LBB interacts with the supply market through improved market engagement will support improved planning, understanding trends, future capacity and how local providers can help to shape and support internal strategic plans. As planning and pipeline development becomes structured, this external engagement will support market testing; how the market will support changes in legislation and give visibility of available supply chains. This will also include how local community organisations can be well placed to provide future services in partnerships and collaborations.
- 2.1.5 **Utilising the right tools to drive better decision making:** The Commercial Team will use digital tools and automate processes to capture and effectively use sources of information for the benefit of its internal customers and the management of its external suppliers. This will support the Team to be a more effective, efficient and dynamic to ensure improved procurement outcomes. This will also positively impact how suppliers and contracts are managed, with improved quality and visibility of performance information. Improved tools and information will also assist how risks are managed, particularly in a more volatile supply environment, together with tracking and reporting internal governance and controls.

2.2 Service offering and the benefits to ensure the strategic plan is delivered

Table 1: Service offering and benefits

Service Offering	Benefit
Successfully integrate Sustainability goals and objectives, including the SV Toolkit and Sustainability Decision Making Wheel into commercial lifecycle decision making, track and monitor progress and implementation impact on goals and objectives	Support the delivery of the Council's Sustainability goals and manifesto promises
Deliver strategically important procurement activity, that maximises value for money	Maximise budgets and deliver better outcomes and services for residents of the borough through cashable savings and cost avoidance opportunities
Be seen as a centre of excellence to internal stakeholder in supporting across the commercial lifecycle	Drive value for service users and positively impact commercial outcomes, providing support and guidance where needed
Provide a forum through a new Commercial Board to robustly review and approve future procurement and contracting activity	Oversight of all commercial activities to enable the Council to deliver strategic priorities, within the context of Council controls
Provide the right tools, guidance and documentation to internal stakeholders to ensure they can deliver efficiently and effectively commercial activities within their service areas	Provide clarity to service users, making commercial activities simpler to carry out, improving confidence and commercial skills within the Council
Deliver a service that is proactive, consistently applied, efficient and proportionately applied, which reduces time and bureaucracy	

3 Background

The Sustainable Commercial Strategy will put sustainability at the heart of decision-making with the newly established Team provide a leading role

3.1 Overview and context

- 3.1.1 There is a need for a strategy that sets out the direction of the Commercial Team, and how it will meet the future needs and challenges of the Council in the years ahead.

- 3.1.2 The Commercial Team will be at the heart of the organisation driving the delivery of the commercial lifecycle whilst providing support and guidance to the service teams. Where service teams carry out commercial activities, (within spend thresholds and based on levels of complexity and impact), they will receive the necessary tools, guidance and information to do this efficiently with reduced bureaucracy. Larger strategic procurement activity will be managed by the Commercial Team, working closely with key internal stakeholders in a collaborative way to deliver the best outcome within the desired timescales.
- 3.1.3 A new Commercial Team operating model will be in place by April 2023, where a fully resourced team and structure will be supporting the Council to achieve the wider strategic direction and election manifesto commitments. The final structure and roles will be part of a further update.

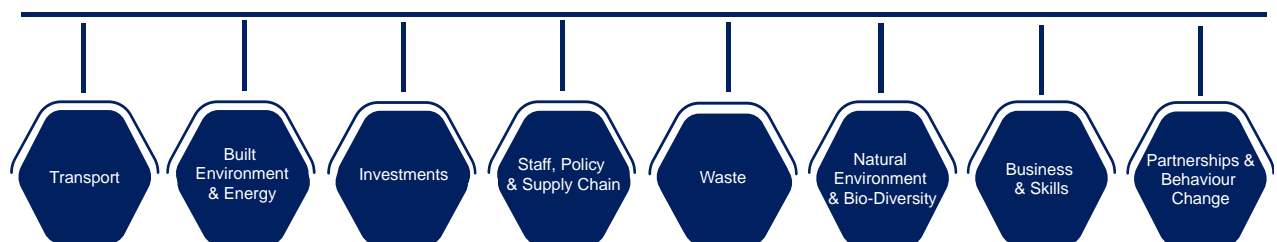
4 Supporting Barnet’s Social, Economic and Environmental priorities

How Commercial supports the Council’s ambition to be one of the most sustainable boroughs in London

4.1 Embedding sustainability into all commercial activity

- 4.1.1 The Commercial Team will support this ambition to promote activities through the full commercial lifecycle, which achieves value for money but in the context of the how value is determined. This will be through benefits to the borough, the local economy, residents’ quality of lives and minimising the impact of decision making on the environment.
- 4.1.2 The Commercial Team will create opportunities to make Barnet an attractive place for business and investments that support the Council’s vision. The Commercial Team and stakeholders will work with the supply chain to monitor current and future market trends, potential suppliers and legislation to improve sustainable choices and decision making to make a positive impact in supporting the objectives of LBB.
- 4.1.3 Sustainability goals will be integrated into the procurement and decision-making processes from the Sustainability Framework and the identification of key themes which will be the focus of achieving the Council’s sustainability goals.

Figure 1: Sustainability Framework Key Themes



- 4.1.4 As part of the structured approach to procurement activities, sustainability will be at the heart of planning and pipeline development; implementing a strong and consistent governance process which will reflect existing national policy legislation and recent Government priorities such as the Public Services (Social Value Act) 2012, Modern Slavery Act 2015 and UK Climate Change Act 2008.
- 4.1.5 The Commercial Team will support delivery of the LBB Sustainability Action Plan, demonstrating how activities, decision-making, and outcomes are contributing to the Sustainability Strategic Framework.

- 4.1.6 The Commercial Team will work with service leads and internal stakeholders to:
- Review the need: Do the goods/services need to be procured or can it be delivered in another way?
 - Consider the impact of the activity, quantity and requirements: If the procurement is necessary, how can the specification focus on the relevant social, economic and environmental outcomes?
 - Consider and manage risks (with mitigations) and opportunities: When procuring products or services, what are the impacts throughout the lifecycle, consider alternative routes of supply procurement decision making?

4.1.7 An example of sustainable decision-making:

Figure 2: Sustainable decision-making process



4.1.8 Sustainability will be embedded into the business planning process and where high impact and strategically important procurement activity has been identified, a member of the Sustainability Team will be a key partner and support the delivery of the project. Links will also be made to the MTFS (Medium Term Financial Strategy) contributing to financial sustainability.

4.2 Social Value

- 4.2.1 LBB would like all suppliers and partners who provide services to support and contribute to the Council's values and aspirations to be a more social, economic and sustainable borough. As part of the legal duty within the Public Services (Social Value) Act 2012, LBB already considers the social benefits of procurement activity which is set out within the council's Social Value Policy and toolkit.
- 4.2.2 To support the Social Value Policy, the Commercial Team will continue to utilise the existing Social Value Toolkit, giving guidance and information to service leads and teams as to how to apply the Social Value themes, outcomes and measures (TOMs) throughout the commissioning and commercial lifecycles. This will provide a consistent understanding and approach to Social Value, with supporting training (with external expertise) where required to fully understand the impacts of Social Value and how this links to the wider tracking and reporting within the Council. This toolkit will be reviewed and updated where required to ensure its consistency with wider corporate goals.
- 4.2.3 Refreshed and relevant guidance documentation will also be available to potential suppliers and partners in how they demonstrate their Social Value to the Council as part of a tender or proposal response. This will include user-friendly working examples of the TOMs and sources of information outlining what the benefits are to them, the Council and the wider borough community. This will be clear and accessible information to also encourage local SMEs and VCSEs to participate in procurement opportunities.
- 4.2.4 The Commercial Team will be working closely with the Social Value / Community Investment team to ensure joined up working within the early planning of procurement activity and contract management (with service teams) to fully realise the Social Value benefits of contracting models and opportunities for suppliers including SMEs and VCSEs.
- 4.2.5 As part of the implementation of the Procurement Bill (in 2023) and the change of procurement evaluation methodology to Most Advantageous Tender, the Commercial Team will implement new legislation allowing the Council greater emphasis on Social Value and sustainability objectives.

4.3 Ethical Procurement Practices

- 4.3.1 The Commercial Team will work proactively with its supply chain, contractors and partners to set out wider ethical procurement practices, as part of procurement and contract management activity. This will communicate the high ethical standards and code of conduct required by external partners as to how it conducts business. It will complement existing policy documents promoting fair and equal opportunities.
- 4.3.2 LBB is committed to high standards in its procurement practices and therefore an Ethical Procurement Policy will outline and define ethical standards, practices and requirements which will cover the following areas:
- Financial: fraud, taxation & compliance, bribery, corruption, conflict of interest
 - Employment: Modern Slavery, employment rights, working hours, minimum wage, H&S, child labour, training, working conditions, access to employment support etc
 - Equality in the workplace: sex, age, disability, gender
 - Environmental: sustainability through the supply chain and key partners
 - SMEs and local organisations: using legislation and the new Procurement Bill, providing access and opportunities locally
- 4.3.3 Clear objectives within procurement documentation (such as pre-qualification) will set out proportionate expectations and minimum standards for suppliers to self-declare, where appropriate (then validated) before entering into contractual arrangements with LBB. This will be tracked as part of ongoing contract management activity.

5 Delivering the new service

New and enhanced service offering to internal teams to unlock opportunities, deliver value and improve outcomes for residents, the borough, and the environment

- 5.1.1 Summary of the service offering, how and when these will be delivered (targeted KPIs will be published to demonstrate and progress the success criteria of the Commercial Team)

Table 2: Strategic Delivery Milestones

Strategic Delivery	Milestone Delivery Date
Establish Commercial Board as governance vehicle for relevant commercial activities with supporting revised ToR	January 2023
Review of strategic contracts to develop appropriate negotiation strategies (where relevant) to alleviate proposed inflationary cost increases from suppliers, consolidation opportunities and specification reviews	
Develop and finalise Commercial Team Target Operating Model and structure	Feb 2023
Establish/Review Commercial Team key documentation: Procurement policy, Contract Management policy, Risk Register, PID	
Develop and issue a Technology Roadmap for the Commercial Team, setting our key deliverables and actions	March 2023
Integrate Forward Planning to proactive pipeline management setting up regular review points to plan commercial activities, resourcing, and priorities	
Establish procurement activity input to Sustainability Action Plan and associated process to assign relevant Sustainability support during activity	
Identify, review & (re)issue of all procurement guidance and supporting toolkits for service users with roadshows & training sessions to drive usage and understanding	

6 Business Planning

Improved planning outputs with increased visibility and oversight to build effective pipelines of activity

6.1 Increasing visibility of commercial activity and decision making

- 6.1.1 The Commercial Team will work to increase visibility of planned procurements by linking activities to the Council’s strategic objectives and business planning process and will demonstrate that the activity contributes to achieving these objectives during regular pipeline reviews every 3-6 months.
- 6.1.2 Where strategically important activities are planned (regardless of value), they will form a future outlook which is shared with both senior management and the relevant Members.
- 6.1.3 This will promote greater visibility and improve confidence that planned activity is carefully considered from the outset and the rationale supporting each activity meets the overall Council’s strategic objectives with the associated benefit analysis.

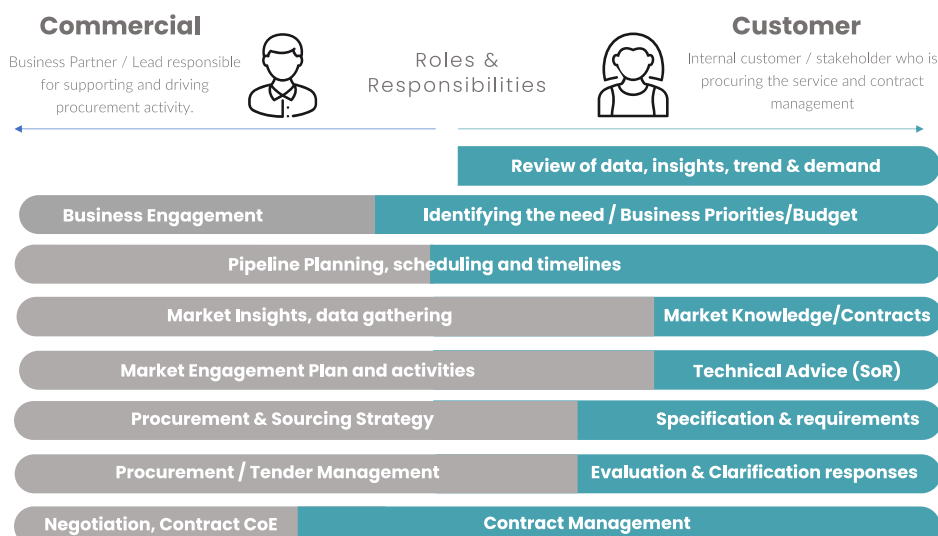
7 Commissioning Objectives

Supporting commissioning objectives with efficiency in an environment of increased demand and decreasing resources

7.1 The Commercial Team will provide a business partnering model to its internal customers

- 7.1.1 The Team will actively support service leads in **understanding market dynamics** and matching service delivery requirements with the supply chain through market management and engagement activities, from the outset of business planning. This will support horizon scanning and early detection of trends and best practice in the marketplace.
- 7.1.2 There will be **clear accountabilities and roles** defined to encourage joint working and support, agreed project deliverables, timelines and outputs to provide clarity and principles to what success looks like, to achieve better outcomes.

Figure 3: Example roles & responsibilities Commercial and Stakeholder



- 7.1.3 **Proactive and joint working** with service leads of services will enable better ways of working both internally within LBB and externally with the market, service providers, local organisations and partnership opportunities through:
- Understanding needs and challenge priorities
 - Promoting sustainable and responsible procurement
 - Developing and shaping a strong supply market
 - Challenging existing service models
 - Undertaking timely procurement activity using the forward planning process
- 7.1.4 **Efficient and effective procurement** will achieve better outcomes and improved value for money. The Commercial Team will support innovation, routes to market and solutions that promote innovative procurement practices and commissioning objectives. They will consider opportunities to develop projects that can generate income for LBB and positively contribute to delivering value for money and efficiencies through the procurement of excellent and cost-effective services.
- 7.1.5 The Commercial Team will positively contribute and support service leads to **drive value for money and maximise operational efficiencies through the life of contracts** through improved tools, resources and robust commercial expertise, including training and guidance. This will improve contract management skills and outcomes throughout LBB.
- 7.1.6 The Commercial Team will support service leads to **affect change**, presenting wide ranging ways and creative options about how compliant procurement activities can be completed effectively and efficiently. These will be presented with associated levels of risk, benefits and outcomes so that informed decisions and judgements can be made.

8 Commercial Capability and Organisational Structure

Providing high quality skills to stakeholders that is proactive, adds value, and drives innovation

8.1 Commercial expertise and support using a Hub & Spoke model

- 8.1.1 This approach facilitates communication and collaboration, with the Commercial Team developing and leading on the Council's commercial strategies, processes and policies.
- 8.1.2 The team's role is to demonstrably deliver value-added solutions for the Council working diligently across the commissioning lifecycle. The team will ensure the professional management of tenders, efficient handover to contract management, and supporting contract managers to deliver value providing tools and techniques to enhance skills and consistency of application across the organisation.
- 8.1.3 Local service teams will be expected to undertake routine, low risk procurement activity (to be determined by engagement with the Commercial team and decision-making criteria) using templates and processes provided by the Commercial Team and in accordance with the Council's Procurement Rules set out in the Contract Procedure Rules (CPR).
- 8.1.4 The team will ensure that all relevant Public Procurement Notices (PPNs) are reviewed and implemented fully and adhere to the wider transparency obligations of public sector contracting authorities.
- 8.1.5 Changes under the new Procurement Bill (expected into law in 2023) will be implemented within the transition period allowed as the new legal framework.

- 8.1.6 Professional development and retention of the Commercial Team is vital to its success, specifically within the context of the impact the team and individuals can make to the wider organisation. Using best practice commercial standards to improve performance and demonstrate a clear career path will ensure the support and advice given will be of a consistently high standard.
- 8.1.7 The Commercial Team will adopt the following attributes to fully support the needs of the Council:

Figure 4: Commercial Attributes



9 Governance, Assurance and Approvals

Providing confidence to all stakeholders and suppliers that a robust, fair, and managed process is undertaken which promotes transparency

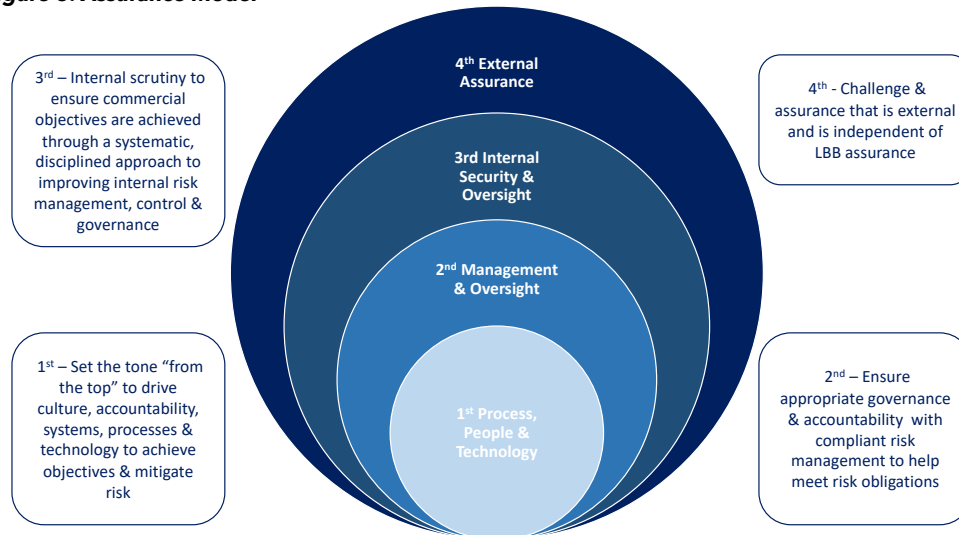
9.1 The governance and assurance approach

- 9.1.1 Through the Commissioning Lifecycle the Council has very clear approval gates and peer reviews to ensure that robust challenge happens, and that all public money has a clear and thorough audit of decision making. At the heart of the approval process is the ability for the expenditure proposed to deliver the Sustainability and Net Zero commitments.
- 9.1.2 The Commercial Board will be the forum to review and approve strategic procurement activity from the forward plan and new activities required outside of this process. The Terms of Reference will set out the role of the Commercial Board, frequency of meetings and the decision-making process. This will allow greater insight to planned activity, rationale and a value for money approach, with the oversight of the relevant Procurement Strategy outlining procurement objectives and how they are aligned to the Council's wider strategic objectives.
- 9.1.3 The Commercial Board will also review and approve at the Contract Award stage, to give confidence before entering into external contractual arrangements, that the procurement outcome and proposed contract will meet the needs of the service team and residents through the delivery of the strategy.

9.2 Assurance

- 9.2.1 The Authority will embed a 4 lines of defence model in line with the Authorities assurance framework. Specific focus from a Commercial perspective is as follows:

Figure 5: Assurance Model



10 Contract and Supplier Relationship Management

Introducing best in class contract management that is effective and efficient across the Supply Chain

10.1 Driving savings

- 10.1.1 In light of inflationary pressures, all strategic contracts clauses will be reviewed, and associated negotiation strategies will be planned to respond to any supplier cost increases. Through contract management discussions, inflation will be explored as to its relevance together with options for specification changes and operational efficiencies which could impact price.
- 10.1.2 There will be a focus on planned cashable savings activities (and reporting) together with cost avoidance savings as part of contract management activities.

10.2 Managing contracts in a structured and planned way

- 10.2.1 LBB has the responsibility to manage contracts, drive collaboration and integration across the supply chain and it is critical that proportionate and effective contract management is applied consistently throughout the lifetime of the contract.
- 10.2.2 The Commercial Team will develop and implement a single, common framework approach to contract management. This will be shared with all relevant contract managers to provide consistency in approach and improve skills.
- 10.2.3 Service teams will be the responsible for managing their own contracts, the Commercial Team’s role will be to provide a Centre of Excellence, this includes training, guidance materials, appropriate toolkits and documentation to aid in the management of contracts. Commercial will support service teams with additional resource and practical interventions such as complex contractual negotiations or escalations where required. In addition, the team will identify a number of Strategic Contracts to the Council, which it will lead on in the roll out of a Strategic Supplier Relationship Management capability.

- 10.2.4 The Contract Management Professional Standards as set out by the Government Commercial Team (GCF) outline the core capabilities required for the successful management of third-party contracts in the Public Sector. These standards will be used proportionally as the basis of training and development to support contract management activity, where relevant within LBB
- 10.2.5 The benefits of raising capability of individuals managing contracts or suppliers through learning, development and formal accreditation are that LBB can achieve:
- **Greater efficiency** by having confident individuals in place to manage risk and complexity
 - **Better value** through informed and timelier contract management decision-making
 - **Quality services** and satisfied service users
- 10.2.6 Through the contract award process and subsequent contract management, the Council will embed mechanisms to constantly review the scope of delivery and the outcomes to ensure the Council is flexible and agile to meet the changing needs of its residents and service groups.
- 10.2.7 The visibility, performance monitoring and tracking of the Council's contracts will be improved as part of the overall monitoring and risk reporting of suppliers and contract management, in particular, the Council's most critical external supply relationships.

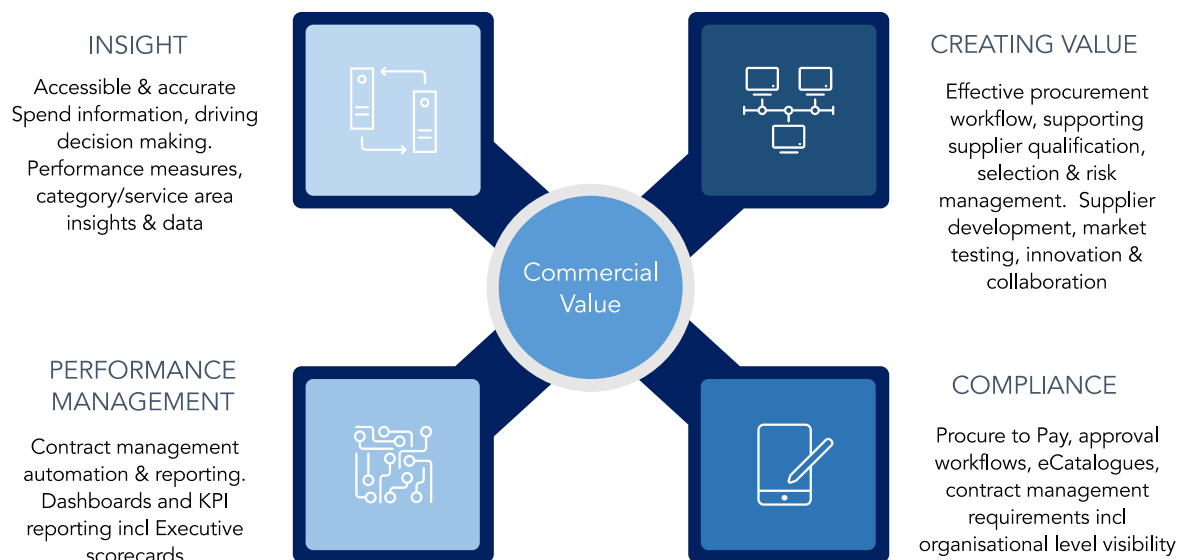
11 Technology

Use tools to transform and support decision-making, enhance supply chain and performance visibility

11.1 Improving ways of working and improve visibility of performance.

- 11.1.1 Accelerating the use of digital procurement tools will support efficient commercial activity, processes and outcomes together with improved visibility of contractual performance and delivery. A Technology Roadmap will be developed to underpin the team activities and drive effective performance.
- 11.1.2 The Commercial Team will look at how automation can improve internal processes and positively impact visibility and agility within the team. We will remove duplication of data throughout the process and rely on systems to hold relevant data in the most efficient manner. The sharing of more reliable, accessible information across the Council will ensure that better, informed decisions are made.
- 11.1.3 The use of e-catalogues and technology solutions to support low value spend across the Council will be implemented, reducing handling costs and providing better value for money and automation for commodity purchases.

Figure 6: How the right tools will create Commercial Value



12 Supporting the Borough’s business community

Commercial activity will promote new business models, community organisations and local businesses to help deliver requirements

12.1 Positive engagement and building local capacity

- 12.1.1 The Commercial Team will ensure the right balance of collaboration with the local business community in the borough through procurement activity, actively promoting opportunities (using relevant procurement legislation), local events and engagement; all supporting the local economy.
- 12.1.2 They will work closely with local businesses by holding supplier events with service leads to further understand the local supplier market and what they can do to support the Council, so that a local network of suppliers be developed. By sharing insight and information with suppliers, they too will understand the local needs so that they can support the wider community.
- 12.1.3 By engaging with larger suppliers in Barnet they will introduce them to the local networks in order that they can build skills pipelines and local supply chains where possible, therefore building local opportunities.
- 12.1.4 The Commercial Team will ensure the Council’s procurement toolkit promotes and supports the local supply chain through providing social value, sustainability and achieving net zero in Barnet by 2042 or earlier. Through the implementation of the Procurement Bill (in 2023) and subsequent legislation (via amendments of the Local Government Act 1988) the Commercial Team will embed ring-fencing low value applicable procurement opportunities to SMEs and VCSEs within the locality, promoting economic and social benefits to the local borough economy.
- 12.1.5 The Commercial Team will also support the Council by working with local businesses, Middlesex University, Barnet and Southgate College and others, to build supply chains and partnerships to develop the skills needed to support the green economy.

- 12.1.6 It is important that SMEs find it easy to come together as consortia and bid for opportunities at the Council and that systems, payments and communication all support SMEs to participate with the use of proportionality and clear guidance. The Commercial Team will review the Federation of Small Business (FSB) direction to take key steps to encourage and support local business engagement to help to deliver for local communities and drive economic, social and sustainable benefits¹.
- 12.1.7 Opportunities and supporting tender documentation will be clear, concise and user-friendly to encourage SMEs and VCSEs to prepare tender responses. Focussed service specifications will enable participants to respond to service and sustainability requirements.

13 Risk & Issues

Understanding and being aware of risks, ensuring they managed at the right level to benefit the delivery of commercial activities

13.1 Proactive risk identification and management

- 13.1.1 Allocation and management of risk is key to all LBB commercial activity, with a proportionate, pragmatic approach to initial risk identification. Assessment will be carried out periodically as circumstances change during the commercial lifecycle, specific procurement activity and the life of relevant, strategically important contracts.
- 13.1.2 A Commercial Risks & Issues log will be utilised to identify and categorise risks within the commercial lifecycle. This will be shared where appropriate as part of wider LBB risk reporting.
- 13.1.3 A risk allocation matrix will be developed to shape the approach to risk allocation as recommended by the HMG GCF Green Book², the Construction Playbook³ and the Sourcing Playbook.⁴

¹ [FSB Developing Local Supply Chains](#)

² [GCF Risk Allocation & Pricing Approaches May 21](#)

³ [The Construction Playbook](#)

⁴ [The Sourcing Playbook](#)